

# EXECUTIVE INTELLIGENCE REVIEW

October 3-9, 1978

## Why Schmidt Wants to Save the Dollar



**IMF Exclusive: Denis Healey's Secret War**

**New Solidarity International Press Service**

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# EXECUTIVE INTELLIGENCE REVIEW

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## Why Schmidt wants to save the dollar



West German Chancellor Helmut Schmidt has emerged in the final days of September 1978 as the leading Western

statesman in power who represents a positive policy alternative for the United States following the Camp David fiasco.

Our EUROPE section brings you the full story: How Schmidt and his closest collaborators see West Germany's and their own roles in the process of building a world of peace and economic growth, told in their own words. What are the latest moves in the drive to put the EMS into operation. And, by a European writing with non-European audiences in mind, an analytical account of the two-year process by which Schmidt progressed from an advocate of Schachtian austerity economics to a leading advocate of world industrial development — by Helga Zepp-LaRouche, who, as chairman of the European Labor Party, was an important participant in that process.

On the cover: Helmut Schmidt, with a nuclear power plant.

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### **Denis Healey's secret war**

This week's **ECONOMICS** section is a first hand report by Economics editor David Goldman from the just-concluded International Monetary Fund Annual Meeting in Washington, D.C. Anchored by Goldman's 2,000-word on-the-spot analysis of the proceedings — dominated by Britain's Chancellor of the Exchequer Denis Healey and Healey's plans to dump the U.S. dollar as the world's reserve currency — our report also includes exclusive interviews with Danish Central Bank Governor Erik Hoffmeyer — on the European Monetary System — and Mexico's Finance Minister David Ibarra, on the New World Economic Order. Also: key excerpts from statements by the French, Japanese and West German delegates to the Meeting. page 25

### **Map of Mideast being redrawn after Camp David**

A country-by-country report on London-initiated plans to balkanize the Middle East headlines our **INTERNATIONAL** section. Coverage includes a map of Britain and Israel's projected Middle East border realignments, an exposé of Israeli plans for a massive expansion of settlements on the West Bank, and a special statement on Camp David by the Parliamentary Association for Euro-Arab Cooperation and its honorary President, Raymond Offray. page 33

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**Behind the "Camp David" hoax**

Lyndon LaRouche lays bare the story behind the Camp David story in our SPECIAL REPORT. His finding: "Camp David" and its principal protagonists were mere actors in a "living theater" performance which was part of a larger operation aimed at wrecking the value of the U.S. dollar, and plunging the U.S. economy into a "fiscal austerity" general depression. LaRouche's report spells out the "who," "how," and "why" of this operation, including a special analysis of the pressures on Israeli Prime Minister Begin, and Begin's perception of what he must do. page 17

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The origins of the Ku Klux Klan: Intelligence correspondent Paul Goldstein has prepared a background profile of the creation and control of the Klan by B'nai B'rith conduits of the British-Canadian intelligence service. Among those figuring in this exposé of an organization that plays a role in "right wing" terrorism in the United States to this day are the grandfather of Bernard Baruch, British-Rothschild agent Judah Benjamin, and, as organizations, the B'nai B'rith, Jesuit networks, and the Scottish Rite of Freemasonry.

Plus: What happens after the International Monetary Fund wrecks the dollar and blocks development policies aimed at North-South technology transfers?

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really negotiated at the July 1978 Bremen and Bonn summits of industrialized countries . . . and how the European Monetary System launched at Bremen was *modeled* on a 1975 proposal by the American political economist Lyndon H. LaRouche, Jr. as the "seed-crystal" of a new, development-oriented world monetary system . . . how the United States can get into this system and out of the depression . . .

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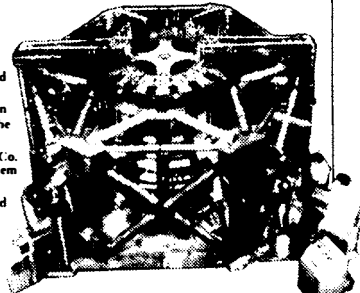
fusion energy researchers in the United States achieved the milestone breakthroughs reported in August, 1978 from Princeton, and what other advances are coming in this clean, cheap and virtually unlimited solution to the world energy crisis . . . how and why there was a massive sabotage attempt against the U.S. fusion program, and who's backing fusion now . . . what were Japan's and the Soviet Union's offers in 1978 to the USA for joint fusion R&D.

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August 22-28, 1978

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what's behind the world outbreak of terrorism . . . the names of the global networks that deployed both "left" and "right" terrorism to kill Juergen Ponto, Hanns-Martin Schleyer, and Aldo Moro—and plan an even bigger terror wave for the United States . . . Executive Intelligence Review provides the first-hand documentation from the world's press, including accurate translations from non-English sources, showing how continental Europe, Japan, the East bloc, the Arabs and developing sector countries are seeing and acting on events.

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# The 'real conspiracy'

What N.M. Rothschild's Managing Director John Loudon (see ECONOMICS) characterized as "the real conspiracy" was in full swing this week: Schmidt and Giscard are gently running a coup to take charge of world monetary affairs. The long list of Canossa-style retractions by a list of West German bankers who previously had attacked the Franco-German European Monetary Fund, and now publicly endorse it, should clue in close observers of the European situation. The press flak from the International Monetary Fund's Annual Meeting in Washington, by the meeting's close, had begun to circulate the actual story: Britain's Chancellor of the Exchequer Denis Healey had turned from the hunter to the hunted.

The Sept. 29 *Frankfurter Allgemeine Zeitung* editorial by Herr Robert Dohm of the Commerzbank, West Germany's third largest, is the most visible smoke-signal that Schmidt has sent up so far. It is not much different in content from similar statements issued by the Deutsche Bank's Christians and the Dresdner Bank Friderichs, but is most representative in terms of content, and particularly significant, given Dohm's public opposition to the Schmidt monetary plan up to a few days ago.

Contrary to its detractors, Dohm argues in the extraordinary piece of directorial journalism, the European Monetary Fund is not inflationary. It will promote stability and growth. Most important to consider, Commerzbank's chairman added, is the question of timing: it is bad to have political negotiations without a time-limit set, particularly when political questions are at stake.

This and other statements reflect a counter-coup in the works against

Mr. Denis Healey's proposal to drive the dollar out as a world reserve currency, hinted at in the Chancellor of the Exchequer's remarks at this week's Annual Meeting of the Internal Monetary Fund. The Europeans will preserve the dollar at all cost; for them, and the Japanese, and the Saudis, it means preserving world peace.

Readers should not expect the masterful hand of Helmut Schmidt to show itself in this process. The entire object of the Western European leadership is to make the transformation of the world monetary system appear to be the consequences of unprompted events. For that reason the West German, French, and Japanese delegations to the International Monetary Fund's affair paid formal lip-service to the hegemony of the IMF over and above their

proposed new monetary system. All such statements should be viewed as pure deception, intended to deflect political pressure from London.

Unfortunately, among London's allies at the moment are to be numbered almost all departments of the U.S. government. Zbigniew Brzezinski, Henry Owen, and the core Anglophile crew in the Administration are sufficiently hostile to the Schmidt-Giscard initiatives as to accuse Schmidt of disloyalty to NATO in retaliation. This ugly slander has been making the rounds of the British press, Henry Kissinger's Future of Business programs at Georgetown University, and the leak-channels out of Brzezinski's office. The most encouraging feature of this sordid group of events is the extent to which the West German government pays closer attention to America's potential than to its current state of mind.

— David Goldman

## The effects of expanding NATO

As *Executive Intelligence Review* goes to press, intense fighting is reported in northern Lebanon between Falange and Syrian troops marking a deadly deterioration in the Middle East. The Lebanon carnage is accompanied by destabilizations and war threats in north Africa and along the Egypt-Libyan border, the toll of massacres carried out by Israeli-armed dictator Somoza in Nicaragua, the re-emergence of terrorism in Italy, and an ominous turn in southern Africa.

This is the initial accounting of the badly misguided "peace initiative" taken by President Carter in the recently concluded summit with Egypt and Israel, which we likened in our last issue to the 1938 Munich Pact that hastened the ad-

vent of World War II. This century's previous experiences with British geopolitics seem to have taught Britain and its American front-man little about the strategic consequences of "encircling the Soviet Union."

Secret documents circulated among the three leaders who met at Camp David reveal that the "Middle East peace" negotiations there were a mere diversionary cover for plans to achieve NATO-encirclement of the Warsaw Pact countries. The secret provisions include "two air bases in Israel and/or in the Sinai" which Premier Begin reports having offered to the USA, and the transformation of the Egyptian military into Israeli-controlled "special forces."

The strategic objectives of the

Camp David "victory" were addressed more fully at last week's Atlantic Treaty Association meeting in Hamburg. There Nelson Rockefeller, fresh from a personal Henry Kissinger briefing, NATO Secretary General Joseph Luns, and NATO Supreme Commander Alexander Haig, set up a chorus for extending NATO jurisdiction to the Middle East, Africa, and all "flank areas" of the Third World.

"NATO's frontier — the frontier of free Europe — is no longer just the frontier of Central Europe but is to be found in the Middle East and Africa as well," the former U.S. vice president said. "Soviet flanking moves in the Horn of Africa, the southern end of the Arab peninsula, and other areas must be matters of concern to the NATO nations and the whole free world. . . ." Rockefeller's prescription: "NATO must stand not only for the North Atlantic Treaty Organization, but for all nations against totalitarian oppression."

Fortunately, sane voices have been raised to dispute this policy for the Atlantic Alliance. At the Hamburg NATO meeting, Chancellor Helmut Schmidt rebuffed the geopolitical strategists and put forward economic cooperation with the socialist bloc and the Third World as the only viable policy. West German Foreign Minister Genscher, speaking for the entire European Community, told the United Nations General Assembly session on Sept. 26 that "detente in Europe and in East-West relations can and should release new political and economic energy to master the great challenge of our times: the elimination of hunger and want in the Third World." Genscher also indicated that Europe is taking steps to make the United Nations a real peace-keeping force.

Genscher's point was reiterated at the UN on Sept. 27 by Mexican Foreign Minister Santiago Roel, who said that more than avoiding war, what is required "is to win the peace in its dynamic concept . . . to resolve the vital needs of development of food production, health, education, work, housing and security for every human being."

## Kissinger victor in South Africa

The conjuncture of the selection of the warhawk Defense Minister Pieter W. Botha to head the government of the Republic of South Africa and that nation's rejection of the previously agreed-upon United Nations settlement for the former colony of Namibia is an ominous sign for the securing of peace in southern Africa.

It would be foolhardy, however, to think that the policy of South Africa is in the hands of its government. The real winner in the fight for the successor to resigning Prime Minister Vorster is Henry Kissinger, whose growing influence upon the Carter Administration made P.W. Botha's selection possible.

Botha's own statements this week that the East-West conflict overshadows any internal racial problems echoes precisely Henry Kissinger's scenario for a super-power showdown in Africa. Last week the former Secretary of State attacked the Carter Administration for being "needlessly compliant towards Soviet geopolitical expansionism," adding emphatically that "the Soviets have gotten away with more than they should in" Africa.

Kissinger's gaining control over U.S. foreign policy through his protégé National Security Council chief Zbigniew Brzezinski has succeeded in wrecking the positive policy initiatives in the region by UN Ambassador Andrew Young. Numerous signals from Kissinger's own Center for Strategic and International Studies (CSIS) at Georgetown University and the invitation by 27 U.S. senators to Rhodesian Prime Minister Ian Smith to visit the U.S. were ample evidence for South African hardliners that the U.S. would not disapprove of South Africa's intransigence.

At the same time, the Rhodesian situation is fast moving from any negotiated settlement as the U.S.

foreign policy collapse has permitted Great Britain to proceed with trying to split Rhodesian nationalist forces, the Patriotic Front, and impose a phony British-dominated settlement on Rhodesia.

Britain is now following the guidelines put forward by CSIS Africa analyst Chester Crocker in the *Washington Post* Sept. 25: If Smith submits to British authority, says Crocker: "London would move ahead with establishing all parties commissions and councils to take decisions on such matters as security, elections, the constitution and the civil service. All groups would be urged to participate but none would be offered a decision-making vote."

But like London's Camp David, Crocker's "all party commissions" are a hoax. They are predicated on maneuvering the labile Front leader Nkomo into a settlement with Smith, breaking his partnership with Front leader Robert Mugabe. Such a fake settlement would be absolutely unacceptable to the front-line states bordering Rhodesia and South Africa. The Rhodesian armed forces are now running daily murderous raids into Mozambique, where Mugabe's forces are based.

The end result, as Kissinger and his masters in London know, can only be an escalation of guerrilla warfare in both Namibia and Rhodesia. The hardline turn in South Africa now promises to bring that country to Smith's aid, with U.S. de facto approval, forcing the frontline states to seek Soviet help. Delivering Kissinger's promises, Admiral Thomas H. Moorer, former Supreme Allied Commander of NATO and presently an advisor to CSIS stated during a recent trip to South Africa and Namibia: "The U.S. would probably get more involved in the case of another Angola-type conflict in Africa."



# Why Helmut Schmidt wants to save the dollar

Who is Helmut Schmidt, and what is making him and his associates so determined in their political commitment to the Franco-German "Grand Design?" According to the British and most of the American press, the European Monetary Fund is a scheme against the U.S. dollar, and Schmidt's "Rapallo" overtures toward the Soviet Union represent a threat to U.S. strategic interests. *Executive Intelligence Review's* first-hand report on Schmidt's political organizing activities proves that the perpetrators of that portrayal are those who really want to collapse the dollar and American policy with it.

Over the past 12 months Schmidt has created the immediate potential for a complete reorientation of the West's military posture toward the Warsaw Pact alliance. When he told the International Institute for Strategic Studies in London last year that military policy was identical with economic policy, he was dead serious. His meeting in May with Soviet President Brezhnev and the resulting 25-year economic and technological cooperation treaty has precisely this significance. Schmidt does not want to turn West Germany and Europe into a Soviet satrapy as Zbigniew Brzezinski and the British maintain; on the contrary he intends to make the Western alliance stronger than ever before by transforming its relationship to its Eastern neighbors.

Schmidt is therefore far more seriously committed to actual Western defense than madmen like NATO Supreme Commander Alexander Haig, and he indi-

cated as much at the just-concluded conference of the Atlantic Treaty Association in Hamburg. Schmidt said that NATO must begin to think of "more ways to establish trust and mutual cooperation with the Warsaw Pact, rather than thinking of ways of conflict and crisis management." The current balance of forces between the two military alliances, he stressed, must under no circumstances be "leveraged to other theaters" in the Third World: doing so, he warned, could spark a full-fledged international confrontation.

A Europe governed by the policies of Schmidt and French President Valéry Giscard d'Estaing — and not by Great Britain's deindustrialization program — is a strong and reliable alliance partner, and this is now turning into a reality. Speaking at the United Nations for all nine European Community members, Schmidt's Foreign Minister Hans-Dietrich Genscher pledged to turn Europe into a center for world economic development, and furthermore pledged to transform the United Nations along the same lines.

Helga Zepp-LaRouche, chairman of the European Labor Party in West Germany, traces in an exclusive background profile the historical roots of Schmidt's current race against time to establish the EMF before world war becomes inevitable. Accompanying her analysis, our specialists in West Germany and New York City under the direction of International Editor Nora Hamerman have assembled the key texts of the Schmidt government's peace and economic development offensive.

## Set October deadline for EMF

The European Monetary System, created in July at the Bremen conference of European Community (EC) heads of state, has its de facto lending channel ready to go, according to the governor of the central bank of EC member Denmark. Opponents of the EMS now expect it to start operations next month unless they can unseat, in particular, West German Chancellor Helmut Schmidt, which appears impossible short of war or assassination. The Japanese government is in "daily consultation" with Bonn about consummating the EMS and "dealing with the geopolitical problems

affecting it," Japanese sources confirmed to this journal Sept. 27, terming the EMS "unalterable" at this point.

Meetings between Japanese Premier Takeo Fukuda and Saudi Arabian leaders in Riyadh earlier this month have produced an impressive Saudi-Japanese alliance to exchange oil for technology and "boost the dollar," as the Sept. 27 *Christian Science Monitor* emphasized in a lead article headed "Saudis stand by U.S. dollar despite strains of summit." Saudi Foreign Minister Saud al-Faisal stopped en route to the U.S.

specifically to brief Bonn and Paris officials on the Japanese-Saudi discussions of reviving the dollar and the world economy, according to the *Monitor*.

It is now clearer than ever that the EMS is the monetary and financial staging ground for a policy of drawing the less-developed countries, from the Persian Gulf to Ecuador, from Indonesia to Turkey, into a 1980s takeoff which will simultaneously see the "advanced sector" finally realizing its own potential for exponential technological and living-standard growth. Based on fixed currency parities and gold backing that allow long-term planning, investment, and trade arrangements, the EMS will use part of its planned \$50 billion European Monetary Fund to defend the dollar's spot price in the currency markets, and the rest to expand world purchasing power, through noninflationary credits for development of industry and nuclear-centered energy.

This transformation of world markets and the world labor force will provide the demand for U.S. high-technology exports which will rapidly turn around the dollar and the American economy.

Eric Hoffmeyer, who heads the Danish central bank, spelled out in Washington, D.C. (1) the EMF's intent to perform mammoth lending operations, and (2) the previously unrevealed fact that the EC's dormant European Monetary Cooperation Fund, presently capitalized at \$500 million, can at any moment be used to allocate EMS funds deposited by European central banks and governments. (For Hoffmeyer's remarks, see *ECONOMICS*.) Hoffmeyer emphasized that no lengthy disputes over parliamentary ratifications or treaty authorizations will be able to delay the EMS's operations when heads of state—that is to say, Giscard d'Estaing and the EC's financial heavyweight, Helmut Schmidt—decide to pour funds into this existing institution. His comments were privately confirmed point for point by West German officials.

### "Race for time"

"A race for time" between the EMS and its anti-U.S., anti-modernization antagonists was the identical phrase used by several of the latter in recent days, pointing to October as the month of decision. Most specific was an official at the feudally inclined Geneva bank Lombard Odier. In an interview made available to *Executive Intelligence Review*, he said "the race for time" is between Schmidt and Giscard on the one hand and "we bankers" on the other; October will be critical for the EMS's institutionalization, which "we" don't want. Tighten interest rates enough in the U.S., he proposed, and the dollar will stabilize, making the EMS's help unnecessary. Meanwhile, France and Germany can be deterred if "we speculate against their currencies," an absurd option clearly meant as a code phrase for attacks against those governments themselves.

The British Exchequer, which has outspokenly opposed the EMS since it failed to sabotage the latter's

inception at Bremen, is trying to make the EMS an adjunct to the IMF. U.S. Treasury Undersecretary C. Fred Bergsten, who during his Brookings Institution career promoted the reserve role of both the pound sterling and the SDR against the dollar, expressed the Treasury's collaboration with the Exchequer in statements to an Airlie House, Va. conference. The conference was sponsored by the U.S. government and the Brussels EC commission. According to the Sept. 25 issue of the West German business daily *Handelsblatt*, "C. Fred Bergsten, U.S. Treasury Undersecretary, emphasized the U.S.'s right to pose questions to the Europeans. . . . Bergsten repeated the already-known Washington criteria: the system must be neither deflationary nor inflationary, not directed against the dollar, not mean circumvention of the IMF agreement regarding strengthening the role of the the SDR in a reformed currency system, not obstruct in any way the demonetization of gold or the intensification of exchange-rate surveillance by the Fund, not circumvent the Fund as chief lender of conditional international liquidity, and not result in any additional controls on currencies. . . ."

To hear a Treasury dollar-wrecker informing the U.S.'s creditors that they may not rescue the dollar against IMF wishes must have been quite memorable.

### UK wants to derail EMS from within

*Financial Times* of London, "The Shaping of EMS," Sept. 25:

Mr. Denis Healey, it seems, has yet to learn the elementary lessons of negotiations. . . . It quickly became clear . . . that a system of some kind would go ahead with or without British participation. From then onwards there was only one sensible course for the British Government to take. That was to declare a commitment in principle and to seek to negotiate the best possible terms. . . . It has been argued that (the EMS) might seem anti-American or even undermine the IMF. Yet the way to prevent either of those contingencies is to have an influence from the start. . . . The French and German determination behind EMS is such that it will simply go on without us, while at the same time making our relations with the Community on other matters more difficult. . . .

*The Times* of London, "'Tactical errors' by Britain over European money system," by David Blake, Sept. 25:

. . . (On) a long list of mistakes (Britain) is felt to have made in dealing with the scheme . . . the next mistake is said to have been an over-estimation by the Treasury of the importance of official opposition within Community countries to the proposal worked out by Herr Helmut Schmidt, the German Chancellor, and President Giscard d'Estaing of France. . . . A lack of recognition that the scheme was certain to be implemented is thought to have led the Treasury to take the wrong tone in negotiations.

# Schmidt: Building a foundation for the next century

*'Peace has a concrete meaning only for those who know what war means'*

There can be no doubt that over the last two years Helmut Schmidt has developed into one of the greatest statesmen of this century. His opponents particularly have had to take increasingly embittered note of that fact.

In the United States there are few who would not be glad if President Carter exhibited the potential to go through a similar process. Those Americans who complain about the failure of leadership of this Administration (and not only this one), however, are only rarely willing to make the intellectual and emotional effort to discover the roots of the greatness to which West Germany's Chancellor has grown.

The difference between the two nations and their leaderships is simple: Germany has twice already been the battleground for world war, and that is an experience that the United States has, happily, never yet undergone. It is the threatening certainty of the danger of a third, this time nuclear, world war that, more than anything else, gave Helmut Schmidt the strength to realize his world-historic initiatives of this year — the 25-year treaty that he concluded with Leonid Brezhnev in May, and, in collaboration with France's Giscard d'Estaing, the launching of a new, gold-backed monetary system.

Both these closely linked initiatives are based on the recognition that a nuclear war can only be prevented if the world economic crisis is overcome by a "Grand Design" program, that is, a global development program based on the most advanced technologies, in which close economic cooperation between East and West represents the only sure foundation for detente. And precisely because Schmidt has acted so decisively this year, his person is now perhaps the most important barrier to a total confrontation between NATO and the Warsaw Pact states.

Japanese Prime Minister Takeo Fukuda, during his recent trip to Saudi Arabia, directed an urgent appeal to the world, in which he compared the current situation with the eve of World War II. This assessment is shared down to the finest detail by Italy's Prime Minister Andreotti, the Vatican, French President Giscard d'Estaing, Chancellor Schmidt, and Soviet chief of state Brezhnev.

In the United States, on the other hand, which bears a special responsibility in this extremely dangerous crisis, not one responsible politician has yet been heard from.

Granted, the U.S. did take part in the European theater of war during the last two world wars. It was also engaged in wars like Korea and Vietnam. But

never was its territory, and thus its entire population, subjected to modern warfare. And therefore the population and its political leaders have no sensuous understanding of the unspeakable horrors of a world war, of the terror of bombardments, of the grieving over dead, the hopeless sight of the rubble, a horror that has already been deeply engraved on the consciousness of the population of East and West Europe over generations.

Helmut Schmidt made this explicit in a speech — which the press greeted with deadly silence — on May 5 at a reception for Brezhnev.:

"In this century Germans and Russians twice took up arms against each other. Particularly the last and most horrible of all wars brought immeasurable suffering to the people of both nations. We, the political leaders, must therefore make sure — this is our mandate and at the same time our political legitimation before history — that this is never repeated. I am convinced that the farmer in the Ukraine thinks no differently about this than does the miner in the Ruhr.

"The memory of the war cannot, however, stand as an unbreachable wall between us. Despite all the horrors, despite all the misery, wars have brought our peoples comparable experiences and similar insights. I'm thinking of the words that one of your poets wrote:

"The word peace can have a concrete meaning only for him who knows what war means; and if there is anything conceivable for which I can be thankful for war, it is that it has bestowed on me the understanding of the word peace."

"This, I know, is as true for you, Mr. Secretary-General (Brezhnev), as it is for me."

What is expressed here is the driving motor behind the agreement between Brezhnev and Schmidt. Anyone who doubts it either has no notion of history, or is insane in the clinical sense, in the sense of losing his grasp of reality — like Zbigniew Brzezinski, British columnist and intelligence stringer Robert Moss, and others who immediately began to chatter about "self-Finlandization."

The broader problem is that there exists a profound blindness in the United States to the connection between the political processes directed by monetarist policy and the developments toward war. It was recognition of this fact that made it possible for Helmut Schmidt to achieve a complete break with the conception he presented to the West German Bundestag in May 1976: that the way out of the economic crisis was to be found in the methods of John Maynard Keynes and Nazi Finance Minister Hjalmar Schacht.

In the last two years Schmidt was confronted with a flood of developments that had unignorable parallels with events before the First and Second World Wars, and that above all made explicit that there was a point of irreversibility beyond which tendencies toward war could virtually not be stopped — namely, when the constellation of forces that motivated a war-prevention policy was decisively weakened. In those two years Schmidt had to learn in an often grueling fight what it meant to defend the interests of his country, the Federal Republic — the fight for the Federal Republic's nuclear-energy policy, the fight against the dollar crisis. The stronger Schmidt grew, the heavier the fire from the opponents of his policies, from countless internal destabilizations to terrorist assassinations of his closest advisors and friends, like Jürgen Ponto and Hanns-Martin Schleyer. Where a weaker personality would have capitulated under this incredible pressure, Schmidt grew to greatness. And he learned, as not many other Germans have, to overcome the trauma of German "lack of history," enforced on them by British psychological warfare experts like Hugh Trevor-Roper, to discover the historical basis for two catastrophes in this century, and also the historical roots for the policy of a humanist republic.

## The dynamic before the World Wars

Toward the end of the 19th century an alliance had formed, based on technological and economic cooperation, between Russia, Germany, and France, whose success would have led to enduring peace and a permanent economic boom in Europe. Count Sergei Witte, the son of a German-born industrialist in the Caucasus and the Finance Minister of Russia from 1892 to 1903, wanted to transform Russia into a "hothouse of capitalism," and hoped to realize this with the help of particularly French and German capital and know-how. Witte's model was the American economic boom, and, with regard to the anti-British McKinley Administration, he saw Germany's role as that of middleman between Europe and America.

On the French side, Foreign Minister Hanotaux followed a policy that would have integrated the French economy with the blossoming industry of Germany's Rhineland, a concept that Adenauer took up once again in the 1920s. Particularly after Bismarck was discharged, the influence of German industry on the policies of Kaiser Wilhelm opened Germany for such a trilateral alliance, which was expressed in, among other things, the decisive German support for the Krueger Republic in southern Africa. On the occasion of a German state visit to St. Petersburg in 1898 Witte expressed his policy as follows:

"Above all we must strive to create an enduring alliance between Russia, Germany, and France. When these states finally ally firmly and unshakably with each other, then doubtless other states on the conti-

nent will join this central alliance, and in this way will be created a united continental alliance that will free Europe from those burdens that it has placed on itself by its own inner dissension. Then Europe will become great and bloom again."

It was precisely this continental alliance that the British monarchy and aristocracy feared would end the era of British imperialism. Certainly there were battles over colonies, as the tensions with Russia over Persia, Afghanistan, and Manchuria make clear. But it was far more this newly strengthened self-consciousness of the continental Europeans wanting to pull away from England's financial control that brought the aristocrats and Black Guelphs to counter-attack. In France the "Dreyfuss Affair" led to a destabilization of the government, in which Hanotaux was forced to resign. England succeeded in manipulating Russia into a war with Japan, which first weakened Witte's position and then finally, via the British-incited "Revolution" of 1905, led to his resignation. Meanwhile the American President, McKinley, was murdered by a British agent. After all of Germany's anti-British foreign allies had thus been eliminated, it was easy for England to turn Germany to an anti-Russian course, and at that point nothing more stood in the way of World War I.

The outcome of the First World War brought the British Guelphs no successes, despite the Versailles Treaty forced on Germany. The dream held by British geopoliticians like Cecil Rhodes and Houston Chamberlain of ruling Russia, the "Eurasian heartland," was nullified by Lenin's successful revolution. Moreover, Lenin's policy was based on technological and economic progress to a far greater degree than before, under Count Witte. Lenin's plan for "Restoration of the World Economy" that Chicherin brought with him to the Rapallo Conference after Genoa in 1922 contained not only many far-reaching proposals for German-Soviet cooperation, such as the creation of a new world monetary system on the basis of an international gold unit, but it was above all an explicit revision of the Versailles Treaty, that had once again threatened to consolidate the rule of the Black Guelphs over continental Europe. On the German side it was Hugo Stinnes, Otto Wolff, and other representatives of mainly Ruhr industry, as well as the head of the Reichswehr, General von Seeckt, and General von Schleicher, who concurred with the Rapallo policy. The British aristocracy feared that from this beginning a new "Grand Design" would develop, that would also draw in France, Japan, and the United States, and therefore gave the green light for the project that turned out to be the most consequential intelligence operation in history.

It was directly the British aristocracy and its Black Guelph allies, the Bavarian royal family of Wittelsbach, that sought out and built up Hitler and the rest of what later became the Nazi leadership, with the help of Chamberlain protégé Karl Haushofer. Haushofer

dictated the text of *Mein Kampf* to Hitler word for word while the latter sat in prison, and as a result the book is nothing but a *volkisch* recapitulation of what British geopoliticians had long ago cooked up in the interests of British imperialism. All aspects of Nazi ideology — the myth of the superiority of the Aryan race, the theory of “blood and soil,” and so on — were simply the concrete application of British studies of the cult of Apollo and Dionysus to the national particularities of Bavaria and Austria. An ancient concept, but so effective that it is still being used by the same Black Guelphs, as we will see.

It was the same Hjalmar Schacht whom Milton Friedman so hotly defends today whose initiative, with Haushofer, is to thank for the fact that the British Round Table Cliveden Set, Neville Chamberlain, and Winston Churchill decided, after Hitler's electoral defeat in 1932, to bring Hitler to power.

The parallels to the situation today are only too obvious. The same British aristocratic circles and their Black Guelph allies are, with the same ideas, on the way to provoking a third world war. And therefore it is particularly significant when Helmut Schmidt stresses again and again that the transfer of government power from his Social Democratic-Free Democrat coalition to the Christian Democrat-Christian Social union opposition would be a disaster. The reason for this disaster is named Franz Josef Strauss.

CSU head Franz Josef Strauss, for whom scandal is the political method of choice, and his friend Otto von Hapsburg are intimately associated with the circles following an international strategy with one clear goal: to destroy the new European Monetary System, the EMS, at any price, and to eliminate all of its supporters via scandals, government crises, and terrorist assassination.

The latest party conference of Strauss's Christian Social Union has just one parallel: Hitler's appearance at the Sportpalast. In the Munich Gymnasium, before a crowd of 20,000, with floodlights beamed on the speakers, the *volkisch* spirit was called to life. Men in *lederhosen* stood on their chairs and cracked long whips, as the slogan was declared: Let the whips crack, to drive the spirit of the Reds out of Bavaria. And in the speeches of Strauss and his minion Goppel: “We need law and order, we Bavarians need love of homeland, we Bavarians have a 1,500-year history, in all those centuries our way of thinking has not changed, we must be proud of our Bavarian roots.”

Here is the applied version of the British studies of the cult of Dionysus; here is how it is possible to keep a backward population under total control with a simple mythos based completely on superstition.

The basis for Strauss's success is the same that helped Hitler to success in Bavaria. The population in the rural areas of Bavaria work predominantly as small farmers, peasants, and to this day have not completely freed themselves from a belief in feudal structures. It is thanks to the Black Guelph-controlled

tabloids, the “rainbow press,” that this peasant population finds the latest bedtime stories about Princess Margaret a subject worthy of discussion, and the networks of Archbishop Lefebvre are responsible for the fact that part of Franz Josef Strauss's electoral base actually believes that World War II occurred only because Our Lady of Fatima predicted it would in 1917.

Strauss's electoral base is to West Germany what the Shi'ites are to Iran, and they have the same mother: the British secret services. And it is also no accident that Strauss's house organ, the *Bayernkurier*, retailed the Chinese thesis that World War III is unavoidable on the same day as did Lord Allport in the British press.

## Humanist tradition

The meeting between Helmut Schmidt and Giscard d'Estaing in Aachen was without doubt one of the happiest events of these difficult times. Not only because it reflected the firm decision of the two heads of state to counter the threat of war with the rapid realization of the new monetary system, but also because the two leaders called upon the spirit of Charlemagne, the founder of both Germany and France. Both leaders were consciously carrying forward the inheritance of Adenauer and de Gaulle, but the bond between the French and German peoples goes much deeper. In citing Charlemagne, Schmidt and Giscard pledged themselves to the thousand-year-old humanist tradition of the city-builders.

Charlemagne has an important place in that tradition. He brought to an end the phase of dark barbarism in Europe with the spread of technology and, in the tradition of the early Neoplatonics of the Catholic Church, particularly St. Augustine, laid the basis for a never-before-seen system of education of the population. The achievements of Charlemagne were possible above all because of his work with the Caliph of Baghdad, Harun al Rashid. Through trade and the importing of technologies created by the Arab renaissance, the economy achieved considerable expansion, and the strategic alliance with Harun al Rashid assured stability for Charlemagne's empire.

Even if Prince Saud and Prince Faisal did not officially participate at the Aachen meeting, nevertheless this historic Islamic-European bond from 1,200 years ago was reflected in the talks, a bond lately strengthened by the ties of the EMS to the Arab Monetary Fund.

Anyone who has followed Helmut Schmidt's speeches and interviews of the last few months will have noticed something else as well. They reveal not only an intensive study of the Hanse — a significant example of the progress that produced urban culture — but also Schmidt's particular interest in the ideas of the American Revolution. In an interview with the *Herder Korrespondenz*, a journal close to the Vatican,

Schmidt directed a ringing appeal to the American population on the occasion of the Fourth of July to return to the spirit that is expressed in the American Constitution.

This calling upon the great humanists of the past for the political fight today is more than mere historical allusion. It is a necessary component of self-conscious action on the basis of reason. Schmidt — who, as even the most hostile press, such as *Der Spiegel*, must report, has been asking himself over and over again in recent months what of his policies will be of enduring value — could happily declare in Aachen that with the realization of the EMS he had laid the foundation for the next hundred years.

A great politician is one who, beyond the day-to-day tasks and the considerations of power politics, takes on, as the leader of a nation, the responsibility to achieve a decisive contribution for the development of humanity as a whole. That Schmidt has thereby grown conscious of the humanist tradition, and therefore understands his own actions not just in themselves, but as part of the successive development at successively higher levels of the history of mankind, means that he has probably come very close to the secrets of the Neoplatonist humanist elite.

That Schmidt and his allies are today standing up for a global development program on the basis of the most advanced technology reflects not the advice of distinguished economists and “power brokers,” but the fact that Schmidt recognizes that material progress alone cannot solve the moral crisis into which the West has fallen since the 1960s.

Continuous technological and economic progress is indeed the prerequisite for bringing men out of bestial conditions, but that is not the end in itself. On the contrary, it is much more the case that the development of humanist thought has made material progress possible, and thereby effected the ennobling of men to the highest level of human spiritual-intellectual quality, to reason.

Most important, what Schmidt has begun to do since Brezhnev's visit is to give the German population a reason for the life of each individual, by giving the Federal Republic a national purpose: German technology for the development of the world. With Schmidt the Federal Republic has ceased to be an occupied country for the first time since the Second World War, and has begun to develop real consciousness of itself as a sovereign humanist republic.

The rocketing increase in Schmidt's popularity since the beginning of this year — noted by the British press with the greatest annoyance — proves that the majority of the population is demanding such a humanist policy with all its might. Aside from excrescences such as Strauss's electoral base and the so-called left, whose acceptance into the Social Democratic Party (SPD) after the student upsurges of 1968 is regarded by Schmidt's *Kanalarbeiter* faction in the party as the biggest mistake in the recent history of the SPD, the majority of the German population is genuinely humanist. This is expressed not only in the fact that the Federal Republic built itself up into one of the strongest industrial nations in the world after World War II, but above all in the widespread humanist education of the population. Even if certain “left” reforms have threatened this education since the end of the 1960s, the majority of the population has, to varying degrees, at least in its youth been introduced to the works of Schiller and Goethe, of Bach, Mozart, and Beethoven, and to the moral values transmitted in those works. Granted, for most in the population the fostering of this tradition is usually thought of only on holidays, but the precise identification of one's “better self” with that experience of a particular time in one's life is the prerequisite for the development of a people, which can then be tremendously encouraged by a humanist leadership. When a child has heard even once in school Schiller's notion of “the beautiful soul,” chances are that later, as an adult, he will still look up to the ideal of passionate action on the basis of reason, as Schiller defined it.

And although Helmut Schmidt's policies have the greatest significance for the maintenance of peace, it is perhaps even more important that he has given the population of the Federal Republic a great task in its dealings with the world. The Soviet Union, France, Italy, the Arab states, Japan, and certain countries in the Third World have set out on the same path, and with them the Federal Republic has achieved a unity of principle that is the only basis for lasting peace. This league of sovereign humanist republics, underwriting together the development of the world, must be expanded as quickly as possible. The biggest question now, as Helmut Schmidt knows, is whether the United States can be brought into that alliance before world war occurs.

—Helga Zepp-LaRouche  
Chairman, European Labor Party

# West Germany mobilizes for peace

*'The Federal Republic has tremendous responsibility in the world'*

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## TO INTERNATIONAL PARLIAMENTARIANS: North-South progress indispensable

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*Chancellor Schmidt delivered the speech excerpted here to the meeting of the International Parliamentarians Union held in the West German capital, Bonn, on Sept. 10-17.*

Today, we need an all-embracing partnership of political security in the interest of peace. This partnership must be binding for all states throughout the world, irrespective of social and political aims or conditions. Central to this concept is a policy of political, strategic and military equilibrium and of detente. A policy of containment, of risks and of the balance of interests. . . .

I also wish at this point to reaffirm my view that progress on the North-South Dialogue is indispensable if international economic problems are to be solved and peace and stability in the world safeguarded.

It is our belief that, in addition to an increase in public development projects of improved quality, promotion should come above all from private investment and a further opening of markets in the industrialized states for products from the developing countries.

We have repeatedly and emphatically called upon the South African government to abandon their policy of apartheid. South Africa must surely realize that the time in which a peaceful reform by means of a constructive dialogue between all groups of the population could still be attained is now coming to an end.

In order to bring the influence we bear on South Africa, we have entered into a critical dialogue with its government so as to convince them that adherence to their present policy prevents peaceful solutions to the conflicts and enhances the risk of Africa becoming the scene of international conflicts.

. . . We regard a policy of sanction as having small chance for success. Any policy which today destroys the basis for the growth of the African national economies is also destroying the chances and hopes of future generations in these countries.

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## TO GERMAN CATHOLICS: Eastern and Western Europe must live in trust

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*On Sept. 17, Chancellor Schmidt gave the keynote address to the biannual German Catholic conference in Freiburg. As the basis for peace Schmidt stressed the ecumenical tradition of humanist European culture, including Christian humanism — implicitly counterposing this to the confrontation policies of his nominally Catholic opposition, the Christian Democrats and Christian Social Union parties:*

Ladies and Gentlemen, Europe is not only an ad-hoc association for the purpose of raising the standard of living. The European Community serves the securing of peace, the securing of freedom, the securing of democracy and economic and social equalization. The real moral and political legitimization of the European Community lies in serving these goals constantly and better.

We are also burdened with the responsibility for peace in the outside world. What long appeared to be utopian, that is, that it would actually be made impossible for war to be a means of settling disputes, is now self-understood today in Western Europe. . . .

European policy must remain open. The Community is on the way to accepting the Greeks, the Spaniards, the Portugese, all of whom are presently on the path to democracy. But this enlarged Community should not be understood as a bloc against our Eastern European neighbors. Warsaw, Budapest, and Moscow are European cities, and the mandate for peace does not end at the Elbe river, nor at the Werra. We cannot allow Europe as a political or intellectually historical concept to be limited to Western Europe. He who wants to learn from history knows that historical Europe encompasses Rome and Byzantium, Oxford and Zagrosk, it encompasses Aachen and Prague, Cracow and Paris. . . . However, he who does not compromise with his neighbors in Eastern Europe is not qualified for peace. . . .

Europe lives according to spiritual powers, that are rooted in the Christian heritage of thought and in the classical heritage of thought. This cannot mean that people dream of a "Christian Occident" that once existed. The Christian tradition in thought only allows itself to be mediated today when we Christians affirm the pluralistic society, that is, a society in which we

Catholics and we Protestants and we Jews and we Free Thinkers want to live together with each other in peace. . . .

We all need trust. After two horrible world wars, after the most horrible crimes, I want it to be known today that the people of Europe — of all of Europe — are determined to prevent a repetition of the horrors of the past. I put a lot of trust into this understanding in the East and the West.

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## **TO THE BUNDESTAG: Self-Finlandization is an insult**

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*A speech made in the West German parliament (Bundestag) on Sept. 21 contains Chancellor Schmidt's first public attack on U.S. national security advisor Brzezinski's plan to use the China option as part of an expanded NATO drive against the Soviet Union. It also documents Schmidt's rejection of the thesis of the German people's collective guilt for World War II, and his rejection of Brzezinski's charge that the Federal Republic of Germany's close trade relations to the Soviet Union represent a case of "self-Finlandization."*

*Schmidt went after the West German spokesmen of Brzezinski's "China card," Franz-Josef Strauss and Herr Zimmerman of the Christian Social Union Party. Zimmerman has introduced a parliamentary question querying the "constitutionality" of the European Monetary Fund and charging that the EMF would bypass the central bank. He also recently accused the Schmidt government of not being willing to "exploit the coincidence between China's security interests and our own nation's security policy." Here are highlights of Schmidt's response:*

The term used by you, Herr Strauss, namely, "social market economy," is nothing but an invention by the Union, and has no reference point whatsoever in our state's constitution. (Strauss interrupts) . . . I know, I know . . . there are some ideas coming from the 19th century too. The term is not in correspondence with our state's constitution. . . . But regardless, you were among those who voted against the constitution in 1948. Nevertheless, you will have to stick to that constitution. . . . Every passage of your speech, Herr Strauss, was intended to subvert and destroy every kind of trust our state possesses — inside and outside this country. . . .

Our government is in full agreement with the EEC resolution on the recent talks. We approve of Sadat's trip to Jerusalem, and maintain that Camp David was a good step in achieving an overall peace settlement in the Mideast, including all concerned parties and also those states which were not present in the recent discussions. Bonn maintains that the unity of the Arab camp is indispensable. We use whatever means of influence we have at hand to intervene in the Mideast

region. We had a series of discussions with government representatives of the Saudi Arabian government.

We also met with President Assad of Syria, whose country is indispensable for a peace settlement in the Mideast region. I hereby inform you that President Assad confirmed to us that his government approves the same EEC declaration which also grants Israel's right to exist, and that his policy in Lebanon is not one of annexation. . . .

Mr. Zimmerman, this is a democratic country, therefore I am not going to accuse you of committing treason, of being an agent of a foreign power. . . .

NATO thinks that for our own security, China is not essential. . . . The present government of the Federal Republic is not willing to exploit the coincidence with China's security interests for our own nation's security policy. I can assure you that this kind of policy does not coincide with that of the alliance.

I do not know whether the term "self-Finlandization" was originally invented by Mr. Brzezinski . . . but I want to comment generally, that whoever speaks on Finlandization is in fact insulting a people who are making the best out of their very problematic situation. It is also an insult to the policy of a head of state who is a friend of mine and of our nation. It is an insult to the Finnish people.

Everyone, the sharpest critics too, should be aware of the simple fact that the framework for all policy today is a system of fixed parities like we had before the founding of the EEC in 1957 . . . this has to be defended today. If the EEC falls, one of the pillars of this nation's detente policy falls. Who is willing to face the risk of such a policy? I can assure everyone that the European Monetary Fund will be worked out in an agreement between the central banks.

There is no collective guilt. We and our state reject that. . . . I am willing to discuss the themes of history here in this house, . . . but not in the public, among sensationalist media. . . . 1848 was the hour of the birth of Republican Germany, so was 1918, so was 1944, on July 20. Germany's history also has many good periods. . . . Europe cannot be limited to the western part. Europe is also Pushkin, Tolstoy, Shakespeare and Petrarch. . . . We have to remind ourselves of our common European history in order to avoid repeating the catastrophes we once had here.

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## **TO THE UNITED NATIONS: Europe must be Third World's development partner**

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*West German Foreign Minister Hans-Dietrich Genscher took the Schmidt Government's Grand Design into the fall 1978 General Assembly opening of the United Nations on Sept. 26. Speaking on behalf of the European Community, Genscher stressed that*



*development aid to the Third World was key to the July Bremen accords launching the European Monetary Fund. In another section of the speech, Genscher put forward the May 1978 Bonn-Moscow treaties as the model of his own country's foreign policy. The following are highlights of the speech:*

... However, the Europe of the Nine is not an inward-looking community. Indeed, it endeavors in the wider world as well to promote peace and the welfare of all. It is the biggest trading partner in the world, and especially of the Third World. And it is the biggest donor of development assistance. . . .

The Nine support the countries of Africa in their quest for peaceful development. We do not seek to impose our political and social system on Africa. We want to see an independent and united Africa whose nations will find African solutions for African problems. . . . The nine member states of the European Community have . . . expressed their hope that the results of Camp David will represent another important step on the path to a just, comprehensive and therefore lasting peace settlement.

For such a settlement to be achieved, it is imperative that all parties concerned should participate in its negotiations and completion. . . .

In this context, it is important that Security Council resolutions 242 and 338 have been accepted both by Israel and its neighbors. This must be the starting point for any progress in the peace-making process.

... It is furthermore necessary to improve the instruments of the United Nations for peace-preserving measures, for example, by providing training facilities for personnel required for peace-preserving operations, by keeping the Secretary General informed of available units, or logistical capacities for peace-keeping operations. . . .

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## **TO THE SOCIAL DEMOCRATIC BASE: Bonn and Bremen are our responsibility to the world**

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*George Leber, a close associate of Helmut Schmidt who is chairman of the Conference of Lay German Catholics and was formerly Schmidt's Defense Minister, gave this perspective on West Germany's role in achieving world peace to a Sept. 27 Social Democratic Party electoral rally in Darmstadt in the state of Hessen:*

In the beginning, back in 1945, it was still possible to go back and forth, to meet with people, to work in reconstruction and to live side by side. But it got worse and worse, all the way up to 1969. It got much worse: first the East-West zones were solidified, then came the barbed wire, then the Wall, and then there was shooting. I used to walk around Bonn with my fists

clenched, not at fellow Germans, but because of the situation which had divided Germany. I knew even before 1969 that it couldn't go on that way.

One day, and the public knows of this, the German Democratic Republic closed an autobahn. I and others sat in Bonn, wondering what we would — or could — do about it. In the meantime, an American tank unit got the order to clear the road. They went to the border, but were stopped from going to Berlin by Bonn: They sat there with their motors running for six days: if there had been a misunderstood move of the hand, a gun going off by accident, there very likely would not be anything living today on earth. The fact that there has been no war is mostly our responsibility.

The German achievement in over 33 years has been to win the respect, politically and economically, of every nation without the force of arms. . . . After the war, we had to build hard and fast, and we did. We built, for instance, a large construction industry, cement factories, etc., and to build cement factories, we had to build factories which built machines to build cement factories. Now, today, the construction industry is doing relatively well, but the industry which builds the machines to build cement factories is on short time work. Why?

Brazil wants to buy these factories. So, sit down at the table and discuss price. The problem is that with the U.S. dollar doing what it is doing, the cruzeiro could be devalued 20 percent between the time of the contract and delivery, so what price do you demand if you are a businessman? We have a world economic crisis. That is why the world came to Bonn this summer. They came to put the world's economy back on its feet, and they came to see us, the Germans, because they wanted to see us and how we did it, why we have the strongest economy, how to build it. . . .

So — Bonn and Bremen: that is our responsibility to the world, because we depend on the world for our business, and because we must secure the peace. It's hard, but in the end, Brazil will be able to buy the factory which builds cement factories at a price they can afford and at a price we demand because our workers need the high wages they have and we won't take less.

Now, education: education, not just school education, but professional education, engineers, scientists, skilled workers, is the capital with which we build for the future. I guarantee you that if we let our education slip, we won't be able to sell anything in 20 years. That is our capital. That is what makes life worth living.

In the federal army, I gave the order in 1972 that it was henceforth forbidden to teach German soldiers to hate anyone. They were in the army to defend their country. So then the real question was: was it worth defending? Over 33 years it's been proven. The Federal Republic has a tremendous responsibility in the world. But others have to work hard too. How good can Germany be, how good can its engineers, scientists, politicians and governments be, how good do they have to be to keep the peace?

# 'Just one German spy scandal away'

Reports leaked at the International Monetary Fund meeting, that U.S. national security advisor Zbigniew Brzezinski is about to launch a new "Soviet spy scandal" to topple Helmut Schmidt, keynote the high-profile reemergence of Henry Kissinger in control of U.S. foreign policy after Camp David.

Informed journalist sources in Washington say that Brzezinski, who is collaborating with West German Christian Democratic Union leader Helmut Kohl, will use Kissinger conduits columnists Evans and Novak to peddle the new scandals. Kissinger has been privately meeting with Brzezinski and was the author of the Camp David "step-by-step" negotiating approach. The operation against Schmidt ties in with Kissinger's line that the U.S. has been overly compliant toward "Soviet geopolitical expansion."

The issue has been identified, in the *Christian Science Monitor* and other locations, as Schmidt's leadership of a "new Rapallo tendency."

For this, Schmidt is being treated by British and British-controlled press outlets as riddled with suspicious Soviet "spy" connections, and at the same time harboring "Nazi-like" German imperial ambitions. The Israeli government — according to French intelligence sources — is currently activating the blackmail weapon of Nazi war guilt against Schmidt.

The pedigree of the "Nazi-Communist" slander and its real purpose can be traced directly back to London, and is being purveyed, not accidentally, through press conduits which are also retailing the line that Schmidt's European Monetary Fund is aimed against the dollar.

But this week's unequivocal dismissal by the German Federal Constitutional Court of the latest engineered "Soviet spy scandals" against associates of Schmidt (the affair of Romanian defector Pacepa) is just one of many indications that, this time, Kissinger and the British may have seriously underestimated the political strength of their intended victim.

## London: Schmidt political survival fragile

**The Economist**, Sept. 23, 1978 editorial, "Two-man Europe?":

At Aachen last week the heads of government of West Germany and France once again acted bilaterally, to drag Europe's financial officialdom and central bankerdom in their wake. Can any fractured continent, let alone the European Economic Community, expect policies to last which are devised

by two elected leaders whose political survival is as fragile as is any narrowly elected politician's? Can a club of two or three temporarily and nationally elected individuals be even a European way of running a Europe of nine (let alone 12) nations . . . ? It is a question as old as de Gaulle's efforts to set up a directorate. And it is as new as the resentment, stated by the Dutch and other small EEC members, plus Britain before the Bremen summit of European heads of government in June — and as the repeated ineptitude of British officials and ministers who have been trying to get in on the Franco-German act. . . .

What recommends Helmut Schmidt's and Valery Giscard d'Estaing's way of doing things is its mixture of charm and success. . . . At EEC summits they sit side by side and support each other's arguments. To the astonishment of other summiteers, Mr. Schmidt has sometimes opened with the regal words, "The president and I feel. . . ."

In democratic Europe, such episodes of personal liking cannot be institutionalized. When their turn comes Europe will not quickly see President Jacques Chirac of France and Chancellor Helmut Kohl of West Germany saying "tu" and "toi" to each other in English: and that turn could be just one more German spy scandal, and just two more French economic upheavals away. . . .

**Christian Science Monitor**, Sept. 26, 1978:

. . . for another generation, West Germany "will still have to pay off the mortgage of history" — as a highly placed official here put it. What he meant was that Germany still cannot afford to move without taking into account the sensitivities of its neighbors who suffered so much at German hands during the Hitler years. . . .

. . . From time to time there is speculation about the possibility of a "New Rapallo" — that is, a repetition of what happened in 1922 when defeated Germany did an about-face and made a deal with the Bolsheviks in Moscow, and again in 1939 when Hitler made an about-face and signed his pact with Stalin. By this course (the speculators argue), West Germany might be able to detach itself from its alliance with the U.S. in NATO and move into closer association with East Germany as a prelude to reunification under Soviet patronage — and presumably Soviet control.

Apparently . . . Brzezinski was referring to this line of thinking when he was quoted as telling his West German visitor in May that the visitor's country "seemed to be engaged in a process of self-Finlandization."

# Behind the 'Camp David' hoax

*LaRouche exposes IMF scheme against the dollar*

*We reprint here an official U.S. Labor Party statement by party chairman Lyndon H. LaRouche, Jr., which first appeared in the Sept. 26 issue of the Labor Party newspaper New Solidarity.*

Crucial breaking developments of the past 48 hours have proven beyond all doubt that the "Camp David summit" was an intentional hoax from planning through its aftermath. The Arab-Israel issue was predominantly only a diversionary operation, and the delegation led by Menachem Begin only a collection of British monarchy puppets performing an assigned part. The true purpose of the "Camp David" sideshow was to aid an operation whose objectives were wrecking of the value of the U.S. dollar, and plunging the U.S. economy into a "fiscal austerity" general depression.

Admittedly, President Jimmy Carter, like Begin and Sadat, was merely an actor performing an assigned "living theater" role in the performance. There are the most compelling reasons of evidence to doubt that President Carter yet knows who is shaping U.S. Administration policy, or to what ends policy is currently being shaped.

The crucial indicators include the U.S. State Department's "flat no" response to current proposals for reopening the United Nations "North-South" dialogue, and international deployments in behalf of the Atlantic Council's proposal to develop the International Monetary Fund into a new kind of world central bank. Under the proposed IMF scheme, every nation participating in the IMF would be subject to an IMF dictatorship over its governmental policies and appointments, and national tax and credit policies most emphatically. The nations to be subjected to that dictatorship during the period immediately ahead include the United States itself. If the UNO "North-South dialogue" were immediately reopened, as is being proposed over present State Department opposition, the IMF proposal would be wrecked at inception.

## The crucial issue

The crucial issue in every capital of the world today is the choice between the new world monetary system, for which the European Monetary Fund is a keystone,

and the old, bankrupt world monetary system, the International Monetary Fund (IMF) and World Bank. Every other issue is subordinate and defined by its relationship to the different kind of world represented, respectively, by the EMF and IMF. The issue of NATO posture vis-à-vis the Warsaw Pact is merely a subordinate issue *at this time*; the issue of alternative approaches to the Middle East, to Africa, to Latin America, to Southeast Asia, and the Asian subcontinent, are also merely subordinate issues *at this moment*. How each of these subordinate issues is to be approached, to be defined, is determined differently under an EMF or IMF world order, respectively.

The European Monetary Fund, adopted by a majority of Western European nations — excepting Great Britain — during early July 1978, is the projected \$50 billion new European central bank, intended to serve as the "seed-crystal" for a new world monetary system. Other key elements of that new monetary system are the Arab Monetary Fund and the recently established Tokyo capital market. The operation of the new monetary system will be as outlined in the author's *International Development Bank* proposal.

The major objectives of the new monetary system include saving the value of the U.S. dollar, stabilizing the dollar's role as a world reserve currency, and increasing volumes of world trade in the order of probably \$300-500 annually during the medium term beginning January 1, 1979. Such objectives were communicated to the U.S. government, and were confirmed in representations made by Chancellor Helmut Schmidt and others to President Jimmy Carter at the Bonn "summit." An orientation to support of the EMF was indicated as U.S. policy by President Carter following his return from that summit.

Then, the rats — including Zbigniew Brzezinski, James R. Schlesinger, and Henry A. Kissinger — went to work, playing key roles in bringing the nation to the mess in which we find ourselves at present.

The British monarchy and the City of London are in deadly opposition to both the EMF and the development of the new world monetary system. Since Brzezinski, Schlesinger, and Kissinger are "Tory traitors" in substance, and British agents-of-influence in formal fact, it is not astonishing that those agents have acted

in the interests of the British monarchy against the interests of the United States and its people.

The British policy is stated clearly both by official representatives of Her Majesty's government, and the City of London, and also in that British press which is known to be under the total management control of the British intelligence services: the London *Economist*, *Daily Telegraph*, *London Times*, *Financial Times*, Reuters news service, et al. (Reuters was taken over directly as a subsidiary arm of British intelligence early in this century. The British Broadcasting Company was created as a subsidiary of British intelligence.)

It is stated, most emphatically, in studies prepared for the Bank of England, studies adopted as working papers for promoting British efforts to wreck the U.S. dollar, that the goal is to end the dollar's role as a world reserve currency, and to plunge the U.S. economy into a "fiscal austerity" depression, enabling total British and Canadian takeover of U.S. finance, U.S. corporate boardrooms, and to consolidate control over top levels of all U.S. political parties.

The foregoing characterization of British policy is not inference, but a report of what official British governmental and financial powers state British policy to be.

The British fear the EMF on two, interrelated counts. Most immediately, the establishment of the EMF will end the power of the City of London over the bulk of the world's financial markets, reducing London's power to that represented directly by the British, Canadian and certain other Commonwealth economies. More profoundly, the EMF-led conversion of up to three-quarters of a trillion dollars of presently churning liquidity in international markets into gold-secured trade and long-term investment credit will end forever the last vestiges of the British System of colonialism, imperialism and neocolonialism, and will lead to a reorganization of most of the world along the lines of the American System.

The EMF's success will mean that most of the world is committed to policies of generalized scientific and technological progress, and to high-technology, capital-intensive development of the world's productive powers in industry, agriculture and infrastructure. This second feature of the EMF's policies arouses the deepest passions of fear and hatred in the British monarchy and its "black" aristocratic allies internationally.

Weak, bankrupt Britain's sole option for defeating the EMF-spearheaded effort is to subvert the government of the United States, and to subject the United States quickly — to a semi-colony of the British-dominated IMF. Only by controlling the power of the United States can the British have a prayer of stopping the EMF developments.

For this purpose the British monarchy has two principal powers at its disposal: the financial power centered in the City of London — including the IMF and Eurodollar market, and the vast networks of British

agents and agents-of-influence in many nations, including the United States itself. Henry A. Kissinger is an outright British agent. Brzezinski's father was a British agent, and Brzezinski, like James R. Schlesinger, was brought up in status within the USA by networks controlled by British intelligence. The top levels of the "Zionist Lobby" in the USA are all either British agents or British agents-of-influence.

All the principal issues of international policy and all the principal features of internal conflicts within the USA are governed by direct or indirect reflections of the factional alignments between the respective supporters and opponents of the EMF and IMF.

## The 'North-South' aspect

The only solution available for either domestic or international inflation, for the current decline in levels of world trade, and for the growing debt problems domestically and internationally, is a twofold approach to developing the region below the Tropic of Cancer as a vast, expanding market for high-technology investments in industry, agriculture and infrastructure. This requires two measures: a new source of long-term credit at borrowing costs of four percent or less, and a reorganization of the existing external debt of those nations.

The debt problem of the developing nations is analytically analogous to that of the United States at the time of the first inauguration of President George Washington. Under Washington, and with a leading role performed by Treasury Secretary Alexander Hamilton, the United States successfully reorganized its domestic and foreign debt on the basis of an accompanying commitment to generalized scientific and technological progress. The development of infrastructure (roads, canals, etc.) combined with the promotion of industry and commerce produced an explosion of increased per capita productivity in key urban centers and in agriculture. By tying the re-scheduling of our debt to the increased tax-base and per-capita output realized through technological progress in industry, agriculture and infrastructure, the U.S. liquidated its debt problem within two decades, laying the foundations for the most powerful economy the world has seen.

This great progress of our own nation was accomplished chiefly through groundwork accomplished during three periods. The first period was that of the Federalist administrations of George Washington and John Adams. The second period was from approximately 1818 through 1828, under Federalist Monroe and Federalist-Whig John Quincy Adams. The third period was under President Abraham Lincoln, a Carey-Clay Whig representing the Whig faction within the Republican Party. Lincoln's reorganization of national credit for a *dirigist* approach to fostering industrial and agricultural progress during the war capitalized on achievements

established during the two preceding periods, to institutionalize the industrial-development impetus which carried into the present century — despite such Tory sabotage of our progress as the 1879 Specie Resumption Act and the creation of the Federal Reserve System.

It has been persisting *nationalist* U.S. policy to bring to an end the British “18th century” system of colonialism, imperialism and neocolonialism associated with the Tory doctrines of Adam Smith, and to create a secure and prosperous world order for our own nation by extending the American System to other nations, especially developing nations. Federalists, Whigs, Whig Republican currents and other nationalists have proposed that developing nations generally ought to develop through suitable forms of the policies our Founding Fathers (e.g., Franklin, Washington, Abraham Lincoln) employed for the greatness achieved by our own nation. With a world of such nations, we could enjoy security in our own prosperity at home, a prosperity enhanced through trade and through acquiring to our own benefit the contributions to technological progress contributed by others.

This was the policy which President Franklin Delano Roosevelt put forth as U.S. policy for the postwar period at the outset of World War II. Roosevelt, at the “Atlantic Charter” meeting, and again, at Casablanca, instructed an apoplectic Winston Churchill that the United States’ postwar policy was to eradicate all vestiges of British imperialist order and British “18th century methods” (e.g., Adam Smith) from the postwar world. Roosevelt specifically insisted that American methods would replace British policies worldwide, and outlined a high-technology development project for Africa’s potential breadbasket, the Sahel, as illustrative of such U.S. postwar policies.

Under President Eisenhower, our Atoms-for-Peace policy, and the U.S. government’s righteous and proper humiliation of Britain and its French Fourth Republic and Israeli puppets in the 1956 Suez crisis, represented the same *nationalist* thrust of U.S. policy. This self-interested, nationalist U.S. policy was revived in the form of the Rogers Plan under President Nixon — a policy which British agent Henry A. Kissinger, working in complicity with the British monarchy and the British Israeli-puppet government of that period, succeeded in sabotaging.

To argue that such a policy is not workable is to deny that you exist as an American. Without such a policy by our forefathers, you could not exist today. Hence, your argument against the policy’s practicability not only nullifies the criticism, but also puts the critic in the interesting position of denying his own existence — and hence of the existence of his criticism itself. To argue that such a workable policy *should not* be pursued is anti-American, a repudiation of the intent of our Constitution, and a posture of profoundly injuring our nation’s present most-vital interests.

Southeast Asia alone represents approximately a half-billion persons. U.S. partnership with Japan in the high-technology development of this region represents a cumulative forward potential for investment and trade in the trillions of dollars. The nations adjoining the Indian Ocean represent populations reaching toward a billion more persons! Again, the potential for trade and investment aggregates into the trillions.

In partnership with Japan and West Europeans, Mexico alone has a development potential amounting to trade and long-term capital loans in the order of tens of billions of dollars annually by some time during the medium term. In Latin America generally, the opportunities are vast. Brazil and Argentina are major “threshold” nations for advanced development projects. Potentialities in Africa for capital flows run presently in the tens of billions annually of newly launched industrial, agricultural and infrastructural projects.

The initial rate of in-sight increased capital flows into the developing nations — during 1979 — under joint efforts led by the EMF, AMF and Tokyo run in the order of over \$100 billion in projects immediately to be launched — contracts to be awarded for high-technology products and heavy engineering.

Why, then, in the face of this vast opportunity, are there so many industrial plants stagnating in obsolescence, so many skilled and semi-skilled operatives unemployed, misemployed (in service employment), and a shrinkage of our national tangible output in ratio to our growing GNP and monetary aggregates? It must be some lunacy in policy which prevents us from matching our idled and misused potentials to these vast opportunities. There is, indeed, nothing but lunacy ultimately responsible for this monstrous configuration.

If we enable these developing nations to secure cheap, long-term credit for useful industrial, agricultural and infrastructural high-technology projects, to increase thereby their per-capita social productivities and gross national tangible output, the reorganization of their debt poses no different problem in principle than Secretary Hamilton’s magnificent transformation of our own national credit by such policies. Under such arrangements, “nonperforming” existing debt can be converted into low-yield, highest-grade paper for purposes of exchanging dubious portfolio holdings of our commercial banks into high-grade convertible assets, discountable within the institutions of the new monetary system for purposes of creation of new volumes of domestic and international hard-commodity credit.

Precisely such a transformation is the central issue of the “North-South dialogue.” Any sensible U.S. Administration would seize such a proffered opportunity without a moment’s hesitation. Unless that Administration were under the control of treasonous British monarchy agents and agents-of-influence.

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### The recent U.S. shift

The feasibility of such an approach depended to a most significant degree on securing a special sort of agreement from the leadership of the Soviet Union. Federal Republic of Germany Chancellor Helmut Schmidt gained exactly such agreement — and even more than he regarded as probable — from President Leonid Brezhnev at May 1978 meetings in Bonn and Hamburg. Brezhnev set forth in those agreements a new quality of Soviet foreign policy, the policy which Presidents Roosevelt, Eisenhower, and Nixon had sought from Stalin, Khrushchev, and Brezhnev respectively in earlier probes.

The policy adopted was modeled consciously on the Great Design policies of Gottfried Wilhelm Leibniz, and of France's Henri IV. They had also been the policies of such Holy Roman Emperors as Charlemagne, Otto I and his successors, and such successors of Friedrich Barbarossa as Friedrich II. This was the policy of Dante Alighieri, of Petrarch, of Cardinal Nicholas of Cusa, and the policy of Benjamin Franklin and his European co-conspirators in bringing the United States into being with the aid of the League of Armed Neutrality.

It was also the policy governing the treaty which Ambassador Cassius Clay negotiated on President Lincoln's behalf with Czar Alexander II — the treaty which prevented the British monarchy, the Rothschilds, and British puppet Napoleon III from daring to make war upon the United States in 1863.

Under the policy of the Great Design, sovereign nations, defined in character only in terms of their common dedication to generalized (globally) scientific and technological progress, enter into *economic and political* cooperation against policies and forces which oppose scientific and technological progress. Whether the partners are democratic-republican, monarchical, autocratic, capitalist or socialist is of secondary importance. What is primary is a form of commitment appropriate to the institutional and cultural development of populations, which is a dedication to scientific and technological progress and a dedication both to fostering scientific and technological education of their citizens, and to providing those citizens opportunities to realize the

development of their minds in fruitful forms of productive and related employment.

The case of the government of Shahanshah Reza Pahlevi of Iran exemplifies an Islamic humanist prince who is properly developed as an ally of the United States against the forces of backwardness and evil. The case of Iran, burdened with the vestiges of oligarchical, rural backwardness, exemplifies the range of states which qualify as suitable partners for Great Design alliance by the United States.

The leading strata among our nation's Founding Fathers, who read and understood Niccolo Machiavelli, understood this principle, as President Lincoln also demonstrates in his conception of the principled basis for the Russian Treaty.

The essential feature of the Schmidt-Brezhnev agreements is that they go behind formal affirmation of respect for the sovereignty of treaty-partner nations. Mere formal agreements are next to worthless, unless there is a durable basis in mutual benefits and interests which gives each treaty-partner a powerful, overriding motive to enhance the sovereignty of its treaty-partners. This substantial feature of agreements must go beyond the existence of such interests in fact; the existence of such substantive interest must be conscious, and the consciousness of self-interest must be in efficient correspondence with objective self-interest. The essential feature of the Schmidt-Brezhnev agreements is that they not only enable the fostering of powerful motives for defending the sovereignties of the partner-nations, but that they correctly define the nature of that interest for consciousness. No nation so engaged will conduct or tolerate subversion of the sovereignty of its partner. It will follow this principle, not to honor mere formal agreements; it will do so because it is contrary to its actual and perceived fundamental interests to do otherwise.

The kernel of the Germany-USSR features of the May 1978 treaty is that the mutual benefits of economic cooperation between the two nations are readily developed to such gigantic proportions in respect of trade and scientific and technological cooperation, that those advantages give a most-durable content to the desire for preservation and enhancement of peace. This, immediate aspect of the treaties is only a subsumed, although important feature. Much more than a "new Rapallo" agreement is involved.

The Schmidt-Brezhnev agreements were keystone agreements. Through interlocking agreements of both immediate partners, the agreements reached by Schmidt were immediately on behalf of continental EEC nations — especially France, Italy, Denmark — and other European nations — Spain, Greece — and also on behalf of the Arab nations, Japan and the United States. Although the USA did not participate in the May 1978 agreement, Schmidt secured in effect a Soviet agreement to extending the same policy offer to the United States.

This accomplishment of May 1978 was decisive. Only a tiny handful of the topmost layers within the Executive Branch, or the Congress, or the financial and corporate elites, have as yet the slightest perception of the implications of the May 1978 summit. The top British circles do have such a perception, but it is an adversary's perception. On this issue, as has become usual throughout this century, the top U.S. strata are being led around by the nose by British agents, hypnotized dupes and errand-boys of the British monarchy.

The global, strategic implication of the May 1978 agreements and accompanying policy declarations was that East-West economic cooperation would be viewed as the basis for joint East-West cooperation in the economic development of the developing sector. This same proposal was reflected in quasi-official statements given through Barbara Walters's TV interviews by Cuban officials, proposing joint Cuba-U.S. cooperation in economic development in Africa.

The policy was put forward in the climate shaped by the history of PCI support for two successive governments of Giulio Andreotti. Although major Communist parties are divided factionally on this issue, the support of the majority of the PCI for the Andreotti government reflects a growing perception among leaders of those Communist factions dedicated to scientific and technological progress that their general function must be to act as an independent political force in support of capitalist parties and governments dedicated to generalized scientific and technological progress. It is only Communist party factions known to be controlled top-down by elements of British and Zionist intelligence networks which oppose this policy.

The leading forces of the developing sector, barring those controlled by British or Zionist intelligence networks, desire above all their own version of an American Revolution. The most sophisticated Soviet circles understand this strategic reality, especially in the aftermath of Fidel Castro's victory over Podgorny in respect to Africa policy. This writer can tick off, sitting at his typewriter, leader after leader of one developing nation after another who has expressed that policy either to him directly or through his immediate collaborators. It is certain that all senior State Department professionals — barring Kennedy-machine and Kissinger holdovers — not only have corroborating evidence in depth from their country teams, but can document this far, far better than this writer.

If, then, we secure a political-cooperation agreement matching economic-cooperation agreements with the Soviet and Cuban leaderships, we have secured the policy toward which Roosevelt and Eisenhower worked, the policy expressed by the Rogers Plan of the Nixon Administration. This means that the only remaining significant sources of political destabilization of developing regions of the world are London, Jerusalem, and Peking. Under the indicated

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agreements, those problems are controllable. Jerusalem will behave itself, London's teeth will be pulled, and Peking can be contained.

If we do not secure such agreements, if we continue with the directions determined by the IMF and World Bank, the world is headed toward thermonuclear war during the medium term, and we are presently on the verge of a combined arms race and "fiscal austerity" depression in Western civilian economies which rules the process of economic development *politically* out of practicability.

Beginning May 1978, escalating immediately in the wake of the Bonn Schmidt-Brezhnev summit, the Queen of England launched a political organizing tour against Chancellor Schmidt in the Federal Republic of Germany. Elements of the Maltese Order intimately allied with the British monarchy accompanied and followed that Queen's tour with a clamor for a Queen in Germany. Key oligarchist Otto von Hapsburg celebrated the addition of his German (Bavarian) citizenship to his Austrian and Maltese citizenships by promoting this clamor.

Meanwhile, both British intelligence networks and British-Canadian intelligence-controlled Zionist networks in the USA deployed to attack the Bremen EEC summit *weeks before the summit occurred*. Since British intelligence spokesmen had openly identified U.S. Labor Party Chairman LaRouche as the architect of the conceptions to be embodied in the new monetary system coming into being, the attack on the Bremen agreements (EMF) since May-June 1978 has been conducted by the same constellation of forces coordinating various rumors, harassments, attempted financial warfare, and assassination projects against the U.S. Labor Party and this writer.

The principal conduit for the initial campaign (of May-June 1978) was the Heritage Foundation. The Heritage Foundation, since a 1975 reorganization, has been a tax-exempt conduit for British intelligence operations. Its directors are members either of the IISS branch of British intelligence, or of the Mont Pelerin Society, a semisecret foreign intelligence agency which is the arm of the British networks of the Maltese Order. The activities of the Heritage Foundation were funded in part by the Eli Lilly Endowment, which was formerly chief funder of Philip Agee's CounterSpy operation, and which funded

the recent Atlantic Council proposal to turn the IMF into a Schachtian form of world central bank.

The other principal agency involved in the slanders ("CIA," "KGB," etc.) against the U.S. Labor Party were top Zionist circles. These included the B'nai B'rith, founded in the United States as a British intelligence cover during the 1840s, and the Anti-Defamation League, with top Israeli assassins deployed under the cover of "official courtesy" arrangements in the middle of discovered "black operations" being deployed by Zionist organizations against the Labor Party.

The B'nai B'rith and Jerusalem Foundation dirty operations and slanders were complemented by such fascist networks as those of Congressman Larry McDonald (D-Ga), the Shelton Ku Klux Klan, indicted hoaxster Glenn Turner's "Ten Million" operation, and Minuteman DePugh. DePugh, Shelton, McDonald, Turner and others were not only working in parallel, in the same "I.D. format," but were discovered in direct collusion in this effort. These networks are jointly controlled by B'nai B'rith special operations and the branch of the Maltese Order associated with Frank Cappel of Zarapeth, New Jersey. Cappel is spokesman for the "Eastern," or fascist branch of the Maltese Order, the Sovereign Order of the Knights of St. John of Jerusalem.

At the top level, the Heritage Foundation, the top Zionist networks, and the fascist networks are all the same thing — as are also most of the so-called left organizations in the USA, including controlling circles of the Communist Party, the Maoists, and so forth. Exemplary is the network focused on the Canadian Bronfman interests. This represents organized crime in the U.S. and Caribbean since the 1920s, represents the networks currently running illegal drugs into the USA, and has a stranglehold on paid sports, legalized gambling, and various real estate and other conduits for laundering dirty money. They penetrate directly and very high into the leadership of both the Republican and Democratic Parties — why no President has succeeded in continuing efforts against organized crime or illegal drug traffic — and control a major element of the New York City and other cities' investment-banking operations, penetrating heavily into commercial banks and corporate boardrooms through these and other routes.

Bronfman's links to fascist organizations are massively documented. Exemplary is the case of the Permindex entity expelled from Switzerland for funding fascist organizations then engaged in attempted assassination of President de Gaulle. Permindex was also a prime target of Attorney Garrison's investigations of operations bearing upon the assassination of President John Kennedy, and associates of that organization have been directly linked to the recent kidnapping-assassination of former Italian Prime Minister Aldo Moro. Permindex was coordinated by Major (ret.) Louis M. Bloomfield, a former SOE (British Special Operations Executive)

operative and otherwise most prominent in the Canadian side of various Bronfman operations.

Bronfman is at the center of Canadian banking, and interfaces the top circles of British-Canadian intelligence, including the Montefiore family. These same circles are at the top level of British monarchy secret-intelligence in London itself, as well as City of London finance. The Beaverbrook press (and intelligence) empire, with such spinoffs as the Rupert Murdoch press empire are part of the same incestuously, many times interlocked nest within which Bronfman interests are inextricably situated.

As an organized force, Zionism is not a creation of ordinary Jews, but an entity created and controlled by the British monarchy beginning in the 1840s, in which British monarchy agent Rothschild was delegated to perform a key role. Zionism — as such cases as Henry Jackson illustrate — is not a Jewish institution, but a cover for British operations.

The U.S. Labor Party has been situated to observe closely how outright gangster methods were used against leading elements of the Administration, of finance, of industrial leadership and trade unions, to dragoon these frightened persons into either giving support to an anti-EMF posture, or at least to cutting off contact with the Labor Party. This pattern has been significant, since the U.S. Labor Party is associated with knowledge of and support for the EMF proposals in every leading circle throughout the United States. In every case a key figure or institution has been forced into either rejecting EMF postures or simply dropping advocacy of that posture, there has been a correlated operation run to pressure that individual into cutting off contact with the Labor Party.

The operation has been run on various levels. The first level is "buzz-buzz-buzz ... CIA, don't you know ... KGB, don't you know ... East Germany, don't you know ... at least something fishy ... no one knows where they get their financing." If that sort of rumor-mongering doesn't succeed, outright gangster methods are brought into play.

This operation is assisted directly by Zbigniew Brzezinski, who has been running a special, illegal surveillance total operation against the U.S. Labor Party domestically and internationally since early August 1977. Through these illegal taps and other surveillance two kinds of operations are run. By widely distributing lists of all Labor Party activity in detail to various agencies, the information is leaked into the hands of the Kissinger machine, the Kennedy machine, and B'nai B'rith circles, as well as into the hands of British and Canadian intelligence. Through this information, elements of Labor Party conversations and so forth are selectively distorted and amended to afford what the credulous person assumes is a secret document "proving" this or that. Through this Brzezinski-coordinated operation, "black operations" are sometimes run against the Labor Party and its contacts within even minutes or less.



The information circulated to foreign governments, including heads of state, as part of this operation is somewhat effective. Some heads of state and heads of parties have been temporarily fooled by this black propaganda operation. Others have confided this to us and noted that the astonishingly massive surveillance and harassment of us presents a problem to them respecting direct contacts between this writer and his representatives on the one side and prominent officials on the other. Unfortunately, although experienced political figures with an intelligence background and knowledge of British methods and networks are never fooled by this, most prominent figures in industry, finance, trade unions, parties and so forth are astonishingly ingenuous, and have no idea of how the world is really run.

We have learned to smell out such operations and to track them to their sources. In no case has a single slander, harassment, or other operation against this writer or the U.S. Labor Party during recent years been deployed by any source but British-monarchy networks and the subordinated Zionist, fascist, "left" and Maltese networks of the sort we have indicated. Every slander circulated is centrally coordinated, using British methods based on those used by SOE during the last war.

The associated feature of the indicated process of moral degeneration in finance, industrial and other leading circles over recent weeks is the every-man-for-himself immorality which the British-coordinated networks bring out in these strata. These people are not converted to a policy of IMF support because of any concern for national interests. They are concerned either with such things as short-term profits on marking up Eurodollar money for commercial loans, or simply with the narrowest sort of personal advantage. They are "looking out for themselves" and really don't give a damn about their country or the human race generally.

## IMF policy

The proposal to make the IMF a world central bank — the gist of the Atlantic Council proposal — is a conscious imitation of the policies of Nazi Finance Minister Hjalmar Schacht. It will lead to a thermo-nuclear war which the United States will probably lose, just as Schacht's policies produced a parallel result for the case of Nazi Germany.

The problem of the U.S. and world economies generally is not a matter of too small or too large a mass of monetary aggregates. The problem is that monetary growth is being funneled into paper refinancing of old debts or purely speculative ventures. This tendency is aggravated by rising interest rates. At high interest rates, industrial and construction activity must sag or even collapse. Production can not afford such high-priced money, only inflationary speculation can provide marginal

yields of five-to-fifteen percent on eight-to-fifteen percent money. High interest rates, furthermore, suck capital out of the circulating capital of production and commerce into speculation. The object of major retailers becomes not that of selling merchandise, but of generating cash receipts for overnight-money markets' profits.

The problem is not the amount of monetary aggregates. The problem is that capital is flowing into inflationary speculation rather than into productive capital formation and financing of commerce in tangible goods. The point is to reverse that process, to drain monetary aggregates out of speculation into long-term capital formation and trade-financing. If the inflation rate can be brought down — which only a tie to inflation-proof monetary gold can accomplish under present circumstances — money can be made cheap enough for hard loans (an international prime rate of about four percent). Gold-denominated bonds could obviously sell for one-three percent yields, since three percent on an inflation-proof bond is a net gain, against the net loss represented by a 10 percent SDR yield under conditions of double-digit inflationary tendencies. By providing capital markets with inflation-proof, low-yield bonds for dollars, we attract dollars into a low-price, hard-loan market, draining away capital from inflationary speculation into useful production and trade — and productive employment.

That is what the new world monetary system will do. That is the secret of the EMF's role.

If we do not adopt the EMF, how do we manage the monetary system under conditions associated with the IMF? There is only one answer: *fascism*. To maintain yields on existing paper, interest rates must continue very high. To keep production from collapsing, large sections of industry must be virtually junked, or simply worked into the ground, so to speak, to squeeze the last drop of income from past accumulations. Production is maintained on some sort of level in basic industry by fascist methods of wage reduction ("fiscal austerity"), while the unemployed are soaked up in nonproductive or, at best, semiproductive labor-intensive "WPA" jobs (e.g., CETA, Humphrey-Hawkins).

The bankrupt IMF system as a whole is then maintained by some swindle like Schacht's Mefobill. The SDR is the paradigm for any suitable arrangement of the IMF. Where the EMF will swallow up monetary accumulations for, relending through low-interest, gold-reserve-tied bonds, the SDR will be an unsecured piece of fiat paper, tied to general inflationary rates, and thus intrinsically sold either at a loss to the buyer or at high interest rates.

The late Jacques Rueff's study of the Nazi economy is a text everyone should read before considering the current Atlantic Council proposal. Schacht's "fiscal austerity" does not halt inflation. Rather, it increases it. However, "fiscal austerity" acts as a kind of economic auto-cannibalism of the populations and productive capacities subjugated to it. The apparent

rate of monetary inflation is lessened to the extent that the bodies of people and the stored-up value of plant, machinery, soil, and so forth are looted to make up the difference. The result of the system of "fiscal austerity" is to produce "useless eaters." The Nazi "death-camp" system was thus created by Schacht, and is being proposed afresh by those, such as Milton Friedman, who shamelessly confess that their "fiscal austerity" measures are Schachtian fascism. (When Milton Friedman or the Heritage Foundation says "free enterprise," read "fascism.")

## Begin's puppet role

It has been the established fact of the matter that the only possible solution to the Middle East crisis is a comprehensive solution, and that no comprehensive solution will work unless it is an arrangement for high-technology transformation of the Middle East, especially high-technology transformation of its agriculture. Begin knows this very well. Every leading figure in Israel knows it. If he or she says differently, he or she is merely a shameless liar. The Eisenhower Atoms-for-Peace and the Rogers Plan were properly based on that principle; Israelis cooperated in a UNO study which outlined, fairly competently, a programmatic approach to creation of an independent Arab Palestinian state on this basis, showing also why such an approach was in several ways in Israel's fundamental interests.

It is also well established that any piecemeal approach which does not bite the bullet on comprehensive, economic-development-centered agreements leads only to more aggravated destabilization of the entire region. Any specialist who argues to the contrary is a liar. That is, he or she knows that his contrary assertion is a lie. The point is approaching at which Israel will be wiped out — not defeated, but wiped out — unless such a comprehensive agreement is adopted.

Why not, then, adopt it? Does Begin not care about the survival of Israel? I do not view him as quite as lunatic as his mouth often represents him to be.

*Britain would never permit it.* A comprehensive, economic-based solution to the Middle East situation would institutionalize economic development as a solution. It would play into the EMF, against the IMF. Furthermore, it would eliminate Britain's policy of creating and using an Israeli state in the Middle East as a crucial pawn in the British destabilization operations against the Middle East generally. On this latter count, the British policy is that expressed by Henry Kissinger's accomplice, Bernard Lewis. The British are bent at this moment on a wave of "tribalist" particularist insurrections and related destabilizations throughout the Middle East, aiming to end the Shah's development policy and to wreck the Arab Monetary Fund.

In brief, the "Camp David" operation had several

functions, none of which was aimed at securing Middle East peace now or during the foreseeable future.

Primarily, it was a flanking attack on the EMF and in behalf of the IMF world-bank proposal of the Atlantic Council. By rallying the Zionist lobby as a wrecking force against EMF sympathizers, it strengthened considerably the position of the IMF faction in the USA and destabilized opponents of the IMF within the parties, financial circles, industrial circles, and among trade unionists.

It had other important side benefits.

It was part of an ongoing "cold coup d'état" which Brzezinski is currently running in his effort to seize dictatorial control over the Administration, in cooperation with James R. Schlesinger, Joseph Califano, Vice President Mondale, Admiral Stansfield Turner, W. Michael Blumenthal, G.W. Miller of the Fed, and the Kennedy machine. The policies under which this coup is operating are those associated with Henry A. Kissinger.

The crucial feature of the Camp David fiasco was that it kept President Jimmy Carter not only out of circulation for a crucial period, but subjected Carter to the effects of a marathon "sensitivity session" in which the Begin crowd and Brzezinski's crew created a controlled psychological environment, forcing Carter to adapt his mind to choosing the options defined by the controlled-group situation. A simple name for this sort of operation is "brainwashing."

By leaving the nation without a reactive national leadership during a crucial period, it facilitated the promotion of the coup d'état in various aspects of government, and thus aided parallel gangster-method operations within the financial and industrial circles targeted for this purpose.

As a result, the Administration has been turned away from its Bonn agreements with Chancellor Schmidt, President Giscard d'Estaing, and Prime Minister Takeo Fukuda, toward an anti-EMF policy. The U.S. State Department's ganging-up with British Ambassador Ivor Richards at the UNO is one of the tip-offs, part of the crucial evidence of what has occurred.

Unless some leading persons currently playing the fool arouse themselves to put an end to this nonsense, we are all going to die. Without the EMF, the world goes into an unprecedented arms race, under the conditions that the Western economies are combining arms-spending with a general erosion in the civilian economy. James R. Schlesinger's continued efforts to wreck all significant research and development shows that the military faction in the U.S. will not get the R and D they assume would flow from an accelerated arms buildup. The trend lines drawn signify an acceleration of the marginal Soviet strategic in-depth war-fighting advantage.

If we choose the IMF at this juncture, we choose national suicide during the medium term. My view of the force behind the IMF proposal is that this constitutes the worst treason in our nation's history.

# Denis Healey's secret war

*An exclusive report from the International Monetary Fund's annual meeting*

Britain's Chancellor of the Exchequer Denis Healey brought off a major coup at last week's Annual Meeting of the International Monetary Fund and World Bank, although few of the participants understood either the scope or the huge stakes attached to Healey's operation. For the public eye, Healey, first, managed to force agreement to a much greater issue of Special Drawing Rights and a rise in IMF quotas than had been expected, bolstering the authority of the Fund; and second, compelled the French and West Germans to swear fealty to the IMF where the new European Monetary Fund was concerned.

The increase in the resources and issuing power of the IMF — at this point a moral victory — provided the context for what seemed to the credulous to be an even more impressive Healey victory. Healey, the Chairman of the IMF's Interim Committee — the institution's ruling body — persuaded the Interim Committee to accept the following "deal." If the United States accepted a "growth recession," i.e., a recession, that would suffice to stabilize the American dollar! The proposition was stated as plainly as that by Interim Committee Chairman Healey and IMF Managing Director Jacques de Larosière before the Interim Committee's Sept. 24 press conference, and repeated in innumerable ministerial speeches before the week-long assembly of finance ministers, central bank governors, and private international bankers.

However, the IMF's "low growth" perspective, the formal statement of policy in the current IMF Annual Report and the remarks of the new Managing Director, was merely *the chosen battleground for Britain's secret war against the United States*. The premise that the United States had to accept recession-breeding types of austerity, whether higher interest rates, Federal budget cuts, reductions in oil imports, or wage-and-price controls, was accepted almost without qualification by the overwhelmingly defeatist contingent of top American bankers. The defeatists prominently include the board chairmen of all the major American banks, judging from public and private comments during the meeting.

The entire purpose of the British insistence on an American recession was to generate this type of defeatism — and not to effect a trade-off between the U.S. economy and the dollar, which no one really believes will work in any event. Healey's secret plan is to

destroy the American dollar as a reserve currency in the very short-term, coincident with the expected unravelling of the so-called Camp David agreements. The fact that the dollar collapsed on the foreign exchange markets through the whole of what, ostensibly, was a prodollar exercise, should have tipped Americans off. The Swiss franc rose to SwF 1.45 to the dollar, a 5 percent revaluation in the course of the first *two days* of the IMF Annual Meeting. But America's financial elite was too far from their trading desks, and too close to the bar at the innumerable private receptions, to take note.

British bankers in attendance gave unctuous assurances to their American colleagues that either the dollar would stabilize, or, at worst, the winding-down of the dollar's reserve position would be a process lasting decades. N.M. Rothschild's Managing Director and former Royal Dutch Shell Chairman John Loudon said, "Britain has no intention of attacking the dollar. On the contrary, the British want to keep the dollar as a reserve currency. The British are only trying to protect themselves — they don't engage in conspiracies. If you want to know what the real conspiracy is, it's Giscard and Schmidt — they are conspiring to fill the power vacuum left by the United States."

However, the British press corps at the meeting, whom Healey shouted at like a pack of hounds, joked delightedly about how the "Chancellor really put one over on you dumb Americans."

The American delegation was under total British control. The Americans, who are naively believed to run the International Monetary Fund in the American interest, took virtually no part in the IMF deliberations, according to a participant in the closed Interim Committee sessions. The transcript of Undersecretary of Treasury Anthony Solomon's Sept. 20 briefing to American reporters shows that the United States had no idea that the Special Drawing Rights issue would sail through as it did only four days later.

Those national delegations who were already committed to the new monetary system centering around the European Monetary Fund/European Monetary System operated virtually underground. For official purposes, both the British and the IMF Secretariat on one side, and the Europeans on the other side, denied repeatedly that the European Monetary Fund ran counter to the IMF and its designs.

Not only did the West German and French finance ministers intentionally lie to the Annual Meeting that the European Monetary Fund would remain subservient to the IMF's powers of currency surveillance; old contacts in the West German delegation scrupulously avoided talking with their American friends. Evidently, the aversive environment in Washington, where British thinking rules the roost, convinced the West Germans and their friends that discussion was futile. Even the American President, in what was expected to be pro forma greetings to the conference, inserted a demand that the Europeans respect the "continued central role of the IMF" in all that they did to create the new monetary system!

The *Executive Intelligence Review*, however, obtained a straightforward statement from Mr. Erik Hoffmeyer, the Governor of Denmark's central bank, explaining that the European Monetary System could be put into place virtually overnight, through technical arrangements already agreed to, including the full range of credit activities formally scheduled to come on line two years from now! Only outside the meeting, under social circumstances, would West German officials corroborate — off the record — that if the dollar was hit in a fashion that would threaten its reserve status, the European Monetary System would purchase tens of billions of dollars, if necessary. That scale of massive intervention would only accelerate the basic West German-French program, to use the

new European institutions to rechannel the flow of Eurodollar market liquidity out of the City of London and back into world trade and development.

### The attack on the dollar

A multi-tiered psychological warfare operation was employed to prevent the Americans present from lifting a finger in their own defense.

First, the general atmosphere in Washington drew on the Camp David manic-euphoria at the White House.

Second, the Americans had been led to believe — and some usually well-informed bank board chairmen continued to believe — that the French-West German effort was directed against the dollar, and even against basic American strategic interests. That was largely due to the intensive efforts of Henry Kissinger's Georgetown seminars and the Atlantic Council, whose recent report and leading members were much in evidence at the meeting.

Third, the content of the Annual Meeting itself, which resembles a week-long convention of salesmen with continuous luncheons and receptions keeping most of the visiting bankers in a high state of inebriation most of the time.

It must be emphasized that few of the American financial elite really believe that an austerity program will stabilize the dollar. If anyone did, Morgan Guaranty Trust's Sept. 25 *World Financial Markets*

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## I. Healey, de Larosière issue the line

*Following are excerpts from the Sept. 24 joint press conference of Denis Healey, British Chancellor of the Exchequer and Chairman of the Interim Committee of the IMF Board of Governors, and IMF Managing Director Jacques de Larosière. The two top IMF officials spelled out the IMF's goal of using a U.S. recession as the lever to replace the U.S. dollar as the world's reserve currency with the IMF's "Special Drawing Rights," and expressed their hope that the European Monetary System would not supplant the IMF.*

*Note that Healey and de Larosière stuck to the British "public" line that the process of replacing the dollar will extend over several years; the actual*

*British timetable for dumping the dollar to head off the EMS is no more than months.*

*Mr. Healey: . . . The United States will be growing more slowly, most of the other industrial countries a good deal faster than last year; and that will have a substantial consequence in the fall in the U.S. balance of payments deficit, which we hope will be further fortified by the actions which Congress may take in the coming weeks on the President's energy bill and by the President's forthcoming policy for dealing with inflation and for promoting U.S. export growth. . . .*

Total Fund resources and allocated SDRs will rise from about 6 percent of annual world trade to over 9 percent; and, as a percentage of official global reserves, these Fund resources will rise from about 18 percent to 27 percent. This goes some way toward restoring the ratios which

have been eroded by the growth of the world economy and by inflation over past years. . . .

There is a second more fundamental and economic consideration. The present world is characterized by a form of reserve creation — the deficit in the United States balance of payments and the easiness of the Euromarkets — that is not necessarily the best way to provide for world needs — and I stress the word "needs." . . .

*Question:* It had been expected in anticipation of the Fund meeting that there might be some confrontation between some of the European countries and the Fund staff of other countries on the issue of the European Monetary System, since it was perceived that the EMS might threaten the Fund's status on three issues, namely, surveillance of currency rates, loan conditionality, and, the monetary status of SDRs.

My question is: Did the

newsletter eliminated doubts. It answered the question that the London *Guardian's* Hamish McRae asked Healey with infinite malice at the Interim Committee press conference: if there is an American recession, what will the U.S. balance of trade deficit be next year? Morgan argued, contrary to the prevailing pabulum, that a mere slowdown of economic activity would not by itself reduce imports. The American trade balance depends on the direction of American productivity, not on gross levels of economic activity, Morgan said (see below).

Healey, IMF Managing Director de Larosiere, and the British press were pretty explicit about the dollar's lack of future. As the attached excerpts from the transcript of their press conference Sept. 24 indicate, the entire point of expanding the issuance of SDR's, in Healey's stated view, was to begin the process of eliminating the dollar as a reserve currency. In response to a British reporter's question about the desirability of throwing the dollar out as a reserve currency, Healey cited the IMF's decision to issue 12 billion new Special Drawing Rights over the next three years as the first step in that process. The reason to expand the IMF's resources — the Interim Committee proposed a 50 percent increase in members' quotas during the next, Seventh Review — was to permit the IMF to take on the burden of world leadership that the United States could no longer carry (see below).

The cover story designed for more sophisticated American bankers — as opposed to the peanut gallery of business reporters — is that the process of removing the dollar as a reserve currency is already underway, but is a matter of years, and no cause for alarm. The current issue of *Euromoney* (see below), copies of which were distributed for delegates' use during the conference, featured a front-page cartoon showing central bankers rolling a huge dollar sign over a cliff. But the text of the article, reprinted in part below, cited a one or two decade time-frame. That general view was also supported by a senior American official in the delegation to the Annual Meeting in off-record remarks.

What attracts some American financiers to this perspective, e.g., Merrill Lynch's Chairman Donald Regan and Chase Merchant Banking Group head Otto Schoeppler, is the chance to get in on the disintegration of the dollar. Regan told a luncheon meeting that his economists forecast a recession in the United States, such that the main action would be on the London Eurodollar markets. Merrill's own merchant banking subsidiary in London wants to get in on the lucrative business of "diversifying" central banks' reserves out of the dollar, according to a senior Merrill Lynch official in an off-record discussion. The business of persuading central banks, mostly LDC's who bring in foreign advisors, is now dominated by J. Henry Schroeder and Wagg, N.M. Rothschild's, and

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European Monetary System issue come up during the Interim Committee meeting and was there any conflict to be resolved?...

*Mr. de Larosière:*...One thing which could have worried the Fund management could have been that the European countries would have shown less interest in world financial arrangements. But today I think we have an absolutely spectacular proof of the support which the European countries have unanimously given to an extremely important increase in the Fund's resources.

*Mr. Healey:* If I can speak for a moment as a member of the Financial Council of the European Communities, we have already taken a decision to keep closely in touch with the Managing Director of the Fund right through the negotiations, and he is being kept fully informed of the way in which things are moving. . . .

*Question:* I would like to go back to the question of currency and stability.

Do you see an inconsistency between the role of the dollar as a reserve asset, and as a tool for adjustment for the United States?

*Mr. Healey:* Well, I obviously accept that the responsibilities which go with the currency which is used as a major international reserve sometimes conflict with the interests of the economy of which that currency is the currency. This is one reason, of course, why we in Britain have tried to phase out sterling as a major international reserve currency.

*Question:* Would you then advise that the dollar should be phased out too? Is this an advisable suggestion?

*Mr. Healey:* I wouldn't advise that at all.

I think the important thing is that it is difficult to operate an inter-

national monetary system unless there is a reserve currency, sometimes more than one; and one doesn't want to get rid of a currency which does exist unless there is some other medium to put in its place. At the moment, there isn't a long queue of governments offering their countries' currencies as an international reserve currency. But I hope that to some extent even the decisions we have taken today will help the SDR to share some of the burden.

*Question:* Wouldn't it perhaps have been an idea to move forward the idea of substitution or substitution accounting in the IMF?

*Mr. Healey:* You will see in the communiqué this is still under study and we shall revert to it in our next meeting.

*Question:* You haven't made any decision?

*Mr. Healey:* No, we haven't done badly, you know, for one day's meeting.

Baring Brothers, according to *Euromoney* magazine.

Even those American bankers who are emotionally committed to a strong dollar fraternize with the enemy, and have few suggestions to maintain a strong dollar. "I'd spend \$100 billion in a minute to support the dollar, and I'm speaking as an old foreign exchange trader," said First National Bank of Chicago Chairman Robert Abboud. In an interview in the current issue of *Institutional Investor*, Citibank Chairman Walter Wriston calls for a national export program as a means of strengthening the dollar and the American economy. However, Wriston's great proposal is to spread the Eurodollar market back to the United States through a banking "free port" in New York City — a proposal the British financial press and bankers love, since it would give them unrestricted entrée into the American market (see, for example, the survey in the October issue of *The Banker*, the *Financial Times* monthly).

### The European counter-coup

There is an ironic measure of truth in John Loudon's allegation that the "real conspirators" are the West German and French leaders. That the Europeans are in position to foil any British move against the dollar is at least broadly recognized, even by the British themselves (see below). The following exchange took place between IMF Managing Director de Larosière and an American reporter:

*Q: Does it not seem likely that the Europeans will kick Denis Healey's teeth down his throat?*

*A: That's an interesting idea. How will they do that?*

*Q: By full activation of the European Monetary Fund, including all the credit facilities, virtually immediately.*

*A: Ah, but will they do it through a numeraire, or a parity grid?*

De Larosière, a man with a characteristically French sense of dry humor, is referring to the so-called technical issues of the European Monetary System, which Danish central bank governor Hoffmeyer argued were of secondary importance; the reference is an inside joke.

However, the fact that to some extent the Europeans opted to act in a conspiratorial manner is a more serious issue. Not that Schmidt or Giscard have disguised their intentions; the entire European Monetary Fund plan for peace and development has been laid out in repeated public addresses, which neither American officials nor private bankers generally read. In the enemy's camp, nonetheless, the West Germans and French — burning with resentment at the British — chose to dissemble, and prepare their counter-moves in secret. That is a good index of West German disgust with the American political scene.

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## II. Joint discussion: reason breaks through antidollar broadside

*Healey, de Larosière, et al. continued their anti-growth, antidollar attacks in the so-called "Joint Annual Discussion" of the IMF, Sept. 25 and 26. But despite the high-powered Healey machine, voices of sanity among European and the Japanese delegations made themselves heard.*

**Healey (Sept. 26 speech to the Joint Annual Discussion).** "...it is obvious that however great the imperfections of the floating regime we cannot go back to the old system, which depended so excessively on the readiness of the

United States immediately after the war to assume a role and responsibility which no country can be asked to carry in the modern world. . . .

"...That is why my Government is so concerned to succeed in the discussions with our partners in the European Community to establish a monetary system in Europe. . . . For it is important that the search for greater stability and closer cooperation at the regional level should go hand in hand with a new drive to strengthen the two central institutions of economic cooperation in the world as a whole — the IMF and the World Bank. . . ."

**De Larosière (speech Sept. 25).** "...Still, let me stress that a pattern of growth rates differing significantly from the one we have seen in recent years is needed to make a sizable contribution to the

desired evolution of current account balances. . . .

"Let me be a little more specific. In the case of the United States, a growth rate well below that of 4.5-5 percent experienced in recent years is clearly suitable in light of the prospects for domestic prices and the current high level of resource utilization.

"...to continue to place reliance on the accumulation of reserve currencies (overwhelmingly, U.S. dollars) for needed reserve increases would mean to relegate the SDR to an ever-decreasing share in international reserves. That would hardly be compatible with the objectivity of the amended Articles of making the SDR the principal reserve asset in the international monetary system. . . ."

**Rene Monory, French Minister of Economy, blasts slow growth (statement, Sept. 25).** "... Every

Evidently, the West Germans and French believe that their American friends are so heavily under British influence that only actions, not words will have an impact. There is an even more dismal undercurrent. At the Annual Meeting, West German circles were aware of a secret agreement between National Security Council director Zbigniew Brzezinski and West German opposition leader Helmut Kohl, to use the ongoing "Bonn spy scandal" in an attempt to destabilize the government of Federal Chancellor Helmut Schmidt. Since the European Monetary Fund has been slandered as a preparation for a West German military break with the United States (see the extracts from the *International Currency Review* below, for example), certain features of the preparations for EMF implementation have been put behind a national security screen.

We understand why the West Germans think they must proceed in this fashion — and hope that our friends in the West German government will understand why we must present the case exactly as it is.

—David Goldman

## Trapped in an elevator with N.M. Rothschild's chief executive

N.M. Rothschild's Managing Director John Loudon was among a group of bankers and a reporter for this publication that became stuck in an elevator on the third floor of Washington's Sheraton-Park Hotel, the site of the IMF Annual Meeting. The doors failed to open on the overloaded elevator car, and the hapless elevator operator punched the buttons at random on the wall-panel without effect.

John Loudon — a British-accented Dutchman who cultivates an ultra-suave image — began to jump up and down, shaking the elevator car. The other bankers in the car looked at Loudon with indescribable horror. Loudon stopped jumping briefly. The elevator operator resumed pushing his buttons, but the doors still failed to open.

Loudon again started jumping, and other occupants of the car begged him to consider the possible condition of the elevator cable. Loudon stopped. The doors slid open a few moments later.

"There's only one way to deal with mechanical devices that misbehave," Loudon explained as he stepped out, "and that is to kick them."

Mr. Loudon is also a former Chairman of Royal Dutch Shell, a partner at Lazard Brothers, a member of Chase Manhattan Bank's International Advisory Board, and a director of the World Wildlife Fund.

effort must therefore be made to bring our economies out of the slow-growth stage they have been in since the energy crisis. The need for broad concerted action has been recognized. Specific commitments have been made to this end; their implementation must be pursued until the desired results are achieved.

"This concerted action should on as wide a scale as possible and geared to the situation of each participant. It seems to me essential that the developing countries be able to join forces with the industrial countries in the endeavor. The industrial countries must help the less developed nations to shake off the constraints that would hinder them from sharing in accelerated growth. . . ."

**Tatsuo Murayama, Japanese Minister of Finance (statement, Sept. 25).** ". . . we should

strengthen business confidence and revitalize the private sector. For this purpose, we should enhance our efforts to solve energy problems, expand our activities to develop new technology, and expedite structural changes of our economies. . . . I highly appreciate a series of actions recently taken by the U.S. government for the defense of the dollar. I sincerely hope and believe that there will be further cooperative efforts along this line. . . ."

"It is vitally important for developing countries to start raising funds by themselves in the world capital markets. The Tokyo market's recent contributions in this field are remarkable. Especially this year, partly helped by favorable market conditions, the yen-denominated bond issues by developing countries have rapidly increased. They have already recorded about \$1.1 billion,

more than twice last year's figures. . . ."

**Hans Matthoef, West German Finance Minister (statement, Sept. 25).** ". . . Before turning directly to matters of our annual discussion I would like to make one short remark concerning the basic condition for an solution of the economic problems we face: the preservation of peace and the diminishment of the risks of war in all parts of the world. . . ."

". . . With integration between the countries of the European Communities becoming closer, the interrelationship between internal stability and the situation in exchange markets is increasingly felt. In July the Community therefore discussed a scheme for tightening monetary cooperation. This scheme — the 'European Monetary System' — is to provide for a zone of greater stability in Europe, contributing to greater stability worldwide. . . ."

## Danish central banker: EMF is ready to go

*Danish Central Bank Governor Erik Hoffmeyer revealed that interim European Monetary Fund lending arrangements could be activated almost immediately — well ahead of the official two-year timetable for the establishment of the Fund. Hoffmeyer's comments together with his perceptions of other aspects of the EMF, expressed in an exclusive interview at the IMF's Annual Meeting, are reported below:*

*Q: Will Denmark join the European Monetary System?*

*A: Yes.*

*Q: How do you view the debates inside the European Community on the EMS?*

*A: There are two major problems that have come under discussion. One is the technical setup and the rules for intervention. The other is the obligations of members concerning economic policy. Both are important. A convergence of economic performance is deemed to be extremely necessary, if one can expect the system to be stable. The technical setup itself is much less important than the differences and*

*difficulties in the way of the necessary economic performance.*

*Q: Both Chancellor Schmidt and President Giscard have emphasized world development as the basis for dealing with economic issues. How do you see European development policy in relation to the European Monetary System and European Monetary Fund?*

*A: That is a different field. We are talking about monetary cooperation now; trade and development is a different issue. However, in a broader sense, the issues are linked. If they achieve their aim of establishing a zone of monetary stability — that is the catchword for the process — this may have an important impact on world monetary stability. The very erratic movement of exchange rates is not helpful for world trade.*

*Q: Are the trade and monetary issues part of a Grand Design?*

*A: No, not in any case in the sense of the Werner Plan. There was a grand design in the Werner Plan, which was behind the monetary system set up in 1972 (the snake — ed.). Experience shows that you have to set up a system without having a grand design. That is a more realistic approach than to suddenly jump to fixed rates, despite divergent economic performance.*

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## III. Big lie propaganda blitz

*Special "IMF" issues of the top international economic publications, the majority from London, were shipped into Washington, D.C. in bulk, to saturate conference participants with glossy editions of the chief economic lies and political slanders on which the Healey operation against the dollar rested. Some examples:*

**"Euromoney" Cover Story: "How Central Banks are Ditching the Dollar."** "This IMF cover story is an investigation into whether the world's most conservative holders of dollars, the central banks, are being forced to take a long-term view and commit themselves to sharply cutting back on the proportion of dollars held. If that is the case, then the chances of the

dollar making anything approaching a permanent recovery are increasingly slight. Instead, the dollar would be entering a period of decline that could last for decades. . . .

"Of the central bank governors that we contacted directly, a significant number indicated that they were deeply concerned over the long-term future of the dollar and highly conscious of how that other reserve currency, sterling, had entered a period of long-term decline that had reduced it to a fraction of its former value and importance. . . .

"As major dollar holders, the central banks are confronted with a classic dilemma," mused Bank of America President A.W. Clausen. "On the one hand it's appropriate for them to diversify their foreign exchange holdings further. On the other hand, a massive shift out of dollars will lead to another depreciation of the

dollar and thereby erode the value of their remaining dollar assets. For that reason central banks may choose not to reduce their aggregate dollar holdings further. However, I expect that central banks will strongly diversify any addition to their reserve currency holdings.

"...The views of Schroeder Wagg's Henry Blackie: The decline of the dollar should be seen in a 20-year framework. It took that long for sterling to be reduced in portfolios to a normal proportion of the total. Very few people have a portfolio background in this business. Once you have, you realize that it is not wild speculation that's taking place against the dollar: it's very prudent people making very prudent decisions.

"Roman Malesa, president of Poland's Bank Handlowy.: It's not the aim of our bank to speculate on possible changes in the rates of exchange versus the U.S. dollar.



*Q: Is it a Grand Design in the sense of the encyclical, Progressio Populorum?*

*A: I can't say what the historical development of the Schmidt-Giscard plan is. The background to the plan involves two aspects. One is that the Germans have felt that the Deutschmark-dollar rate was so unstable that they would do quite a lot to create a zone of stability. The other is that the two presidents feared the disintegration of Europe. They felt that a step forward was necessary from a political point of view.*

*Q: Is the political factor the reason for the IMF's hostility to the EMF?*

*A: Well, your president was positive towards the EMF in his speech.*

*Q: Isn't the intention of the EMF to use the huge volume of dollars absorbed in foreign-exchange intervention as an international lending fund — as the Japanese are doing with their reserves?*

*A: Yes, yes, that's right.*

*Q: Doesn't that threaten the IMF's ability to impose conditions on loans?*

*A: Yes, that is true. But it should be clear that for some time there have been schemes that have had an element of mutual support, such as the West German loan to Italy in 1974.*

*Q: But the proposed scale of operations is incomparably greater now.*

*A: The scale of operations will be much larger, that is true. The large scale is necessary to try to convince the markets that stability will be maintained.*

*Q: Should it prove necessary, can the Europeans accelerate the timetable for establishment of the credit facilities of the EMS, before the European Monetary Fund is formally established two years from now?*

*A: Certainly. There is the possibility that an intermediary system can be established very quickly. The European Monetary Fund may take time, because it must be approved according to the laws of various countries. But we could operate on an intermediate basis. We might use the FECOM (European Fund for Monetary Cooperation). Reserves could be deposited in the FECOM, and credit operations could begin immediately.*

*Q: Would this have to go through Roy Jenkins and the European Commission, or could it be done directly by the governments?*

*A: It would be done directly by the governments, of course, and the central banks. The Commission would not necessarily be involved at all. In any case the FECOM board is made up of the central bank governors.*

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However, to safeguard against any unfavorable development on the foreign exchange market, we try to diversify our holdings, which as a result has brought a decline in the dollar proportion of these holdings.

**"International Currency Review," "Some Thoughts on European Monetary Union,"** by Londoner **Christopher Story:** . . . Operating from a position of financial and economic strength, and without an inferiority complex, Herr Schmidt's government is ready to use the European monetary campaign for its own purposes, if necessary. As it happens, the time for such an initiative is ripe, because of West Germany's increasingly close links with France — which has not signed the Nuclear Nonproliferation Treaty. It is significant, too that West Germany's military preparedness on its own territory has become conspicuous.

## IV. Healey's triumph clouded

*During British Chancellor of the Exchequer Denis Healey's apparent domination of the Washington IMF meeting, the British press was openly wondering if Healey could put across his program. In the fears that the EMS will end the hegemony of Britain and its puppet International Monetary Fund are openly expressed.*

**"The Observer," Sept. 24, "Why U.K. Fears the Snake":** "The proposed European Monetary System (EMS) will dominate the thinking of European delegates assembling here today for the annual meeting of the International Monetary Fund.

. . . So far the British government has been completely outflanked in discussions about EMS. Although official sources emphasize that dis-

cussions have a long way to go, one cannot help but notice that they seem to be going a long way in a very short time, and they are not going the way the British would like. . . .

The uncomfortable truth is that . . . the British are dithering, have no clear policy, and merely want to delay those who will not be delayed. It is the classic preparation for being routed.

. . . it is conceivable that the EEC could evolve an EMS which did not damage the IMF . . . Of course, we don't really know what the impact of EMS will be, and Britain has to make its decision before we possibly can know.

At this week's IMF meeting we still appear as a power in many lands, with considerable voting rights. But it is largely an illusion. Britain's voting rights in the IMF stem from former days of glorious economic power. . . ."

# Mexico's Ibarra: 'new rules for the international economy'

*In an exclusive interview with Executive Intelligence Review during the IMF Annual Meeting, Mexico's Finance Minister David Ibarra elaborated on his proposal to transform the IMF and World Bank into a development institution, and discussed Mexican perceptions of the European Monetary System. The transcript of the interview follows:*

*Q: In a recent speech, you proposed to transform the IMF and World Bank into a development institution. Can you elaborate?*

**A:** In our opinion, the World Bank should be a growing bank, giving assistance to all sectors. We understand banking as a growing business, which should grow in proportion to its customers. We understand the high priority that the poorer developing countries deserve. But there must also be transfer of resources to countries in the middle range of development. Generally speaking, we want an important increase in the use of multilateral funds for development — which have been drastically reduced in real terms over recent years.

*Q: How do you see the European Monetary Fund contributing to development assistance?*

**A:** I am not familiar enough to give a fair opinion. The European proposals are important, because of the need to change imbalances in the world economy. They are well-founded and deserve attention. But I am not sure when the Europeans will create this new facility. What must be done is to reduce exchange fluctuations, which have been acute in recent years. From their standpoint, European countries need more stable exchange rates, in the interests of European integration.

There must be a general agreement among the industrial countries to set the conditions for an international monetary system, taking into account the needs of the developing countries.

*Q: President López Portillo, and the European leaders Schmidt and Giscard, have used virtually the same words to identify development with world security.*

**A:** Yes.

*Q: Can you comment on the Mexican government's perspective in this regard?*

**A:** The actual situation of the world economy is very unstable. Some of the main issues have been tackled — but not solved. In our estimate, international trade is diminishing, and has already fallen to a dangerous level. There is a rise of the protectionist turn in international trade, and also in finance. For the developing countries, it means that the rate of growth of earnings has been reduced. They are finding more and more difficulty obtaining financing, and face rising costs for financing. This can create an important problem for the world. We need new rules for the international economy, in which not only the point of view of the developed, but also the developing countries — a New Economic Order reached by agreement between the developed and developing countries.

*Q: The Japanese have already begun recycling dollar reserves into loans to the developing sector, including Mexico. Could this be a step towards solving the problem?*

**A:** Mexico has been borrowing from the Japanese market for a number of years; this is not new. Japanese banks have been prominent in syndicated loans for Mexico.

*Q: What appears new is that the European Monetary Fund will begin recycling dollars for development credit on a mass scale.*

**A:** Yes. These institutions are moving towards a more fair and more permanent economic order. But we need more than a European agreement. The United States, Japan, and the rest of the developed countries must join in.

*Q: Mexico now has a joint delegation to the IMF with Spain, among other countries. Does that reflect Spain's role as a bridge between Europe and Latin America?*

**A:** Yes indeed. It has been our longstanding position to open up opportunities for collaboration with Europe. With the help of Spain, we want to open up opportunities for European investment in Mexico, and put European technology to profitable use.

# Map of Mideast being redrawn after Camp David

The on-the-ground reality of the Middle East situation after the Camp David summit is unfolding exactly according to the pattern of the first stages of the "balkanization" of the region planned and designed by British Islam-profiler Bernard Lewis and by others in British and Israeli intelligence.

As was the intent of the designer of the Camp David pacts, Henry Kissinger, the fragmentation of existing nations into tribally and ethnically organized units will eradicate resistance to the consolidation of a series of NATO-controlled regional military alliances to encircle the Soviet Union. This plan, put forward under the acronym METO (Middle East Treaty Organization) by the North American Zionist leader and Kissinger crony Edgar Bronfman, is revealed by the secret correspondence which circulated among Carter, Begin and Sadat at their summit to be the real content of what they agreed — not the "Middle East peace framework" handed out to a credulous public.

The main features of this re-drawing of the Middle East map (see map) are outlined in the following sections. They include:

—Egypt plagued by internal Christian-Moslem fighting in the context of a growing isolation from the Arab world and the emergence to power of a British-connected elite believing in an "Egypt first" synthetic ideology. This will set Egypt up for reckless adventures in Africa and elsewhere.

—The explosion of a new Lebanese war and/or the reduction of Lebanon to partitioned "Christian"- "Moslem" regions, triggering in turn a parallel chaos-and-confusion destabilization in Syria.

—The Palestinians on the West Bank and Lebanon not only subjected to increasing Israeli domination but subject to a "divide-and-conquer" attempt to split off "moderate Palestinians" from the Palestine Liberation Organization.

—The extension further East and North of these shockwaves: the collapse of Iran as a functioning nation-state; the triggering of family and tribal disputes in Saudi Arabia and throughout the Arabian Gulf; and the eruption of breakaway sects and tribes in Turkey and along Turkey's borders with Iran and Iraq.

Rounding out this picture is, of course, the most tribal phenomenon in the Middle East — Zionist extremism. Camp David has brought out of the closet

the old bands of terrorists from the Irgun-Stern Gang 1940s days, some of whom, like Agriculture Minister Sharon and Prime Minister Begin, will help implement the Camp David destabilizations themselves, and others of whom, such as Geula Cohen and Moshe Shamir, will use such fascist sects as Gush Emunim to create a live Israeli fanatic-terrorist operation. The internal Israeli developments will be monitored and evaluated in upcoming editions of the *Executive Intelligence Review*.

## Arab moderates organize alternative to Camp David

Arriving last week in Jordan, Saudi Arabia, and Syria to sell the controversial Camp David accords, Secretary of State Cyrus Vance was told by leaders in all three countries that the separate Egypt-Israel peace treaty worked out at the Camp David summit is a totally unacceptable arrangement. According to one Middle East analyst, the Saudis, in particular, are enraged by the Camp David accords, viewing them as a catalyst for the destabilization of the entire region. To counter the Camp David debacle, Arab leaders have launched an intensive round of diplomacy aimed at preventing the polarization and fragmentation of the Arab world around the accords. A summit conference with Syria, Saudi Arabia, Jordan, and the PLO participating is being organized to put forth a responsible and viable solution to the Middle East dilemma.

Following Vance's departure from Riyadh, the Saudi Foreign Ministry issued a statement "noting the lack of reference in the two Camp David agreements to solution of the issue of holy Jerusalem . . . (raising) the need to recognize the Palestinian people's right to self-determination. . . ."

The Saudi statement went on to stress the "natural role" of the PLO in representing the Palestinians, and that due to the "comprehensive and indivisible" nature of the Middle East problem, lasting peace can only be achieved through "comprehensive" and "collective" solutions which are based on the "pan-Arab nature of the region's problems.

Jordan's Minister of State for Foreign Affairs rebuffed the Camp David accords in a similar statement as falling far short of what is required for durable peace.

—Mark Burdman

# 1. The destruction of Egyptian statehood

Although Egypt enjoys universal recognition as the most influential nation in the Arab community and has been a leading spokesman for Pan-Arab unity, a British-Israeli intelligence operation is currently afoot to prove that Egyptian "roots" are in essence non-Arab, as a pretext for cutting Egypt off from its responsibilities for Arab and general Mideast development. This "non-Arab Egypt" argument is simply a retread of the former policies of the restorationist-pharaonic circles and their cohorts in the Coptic community who openly opposed the liberation of Egypt from British colonial rule during the Farouk era.

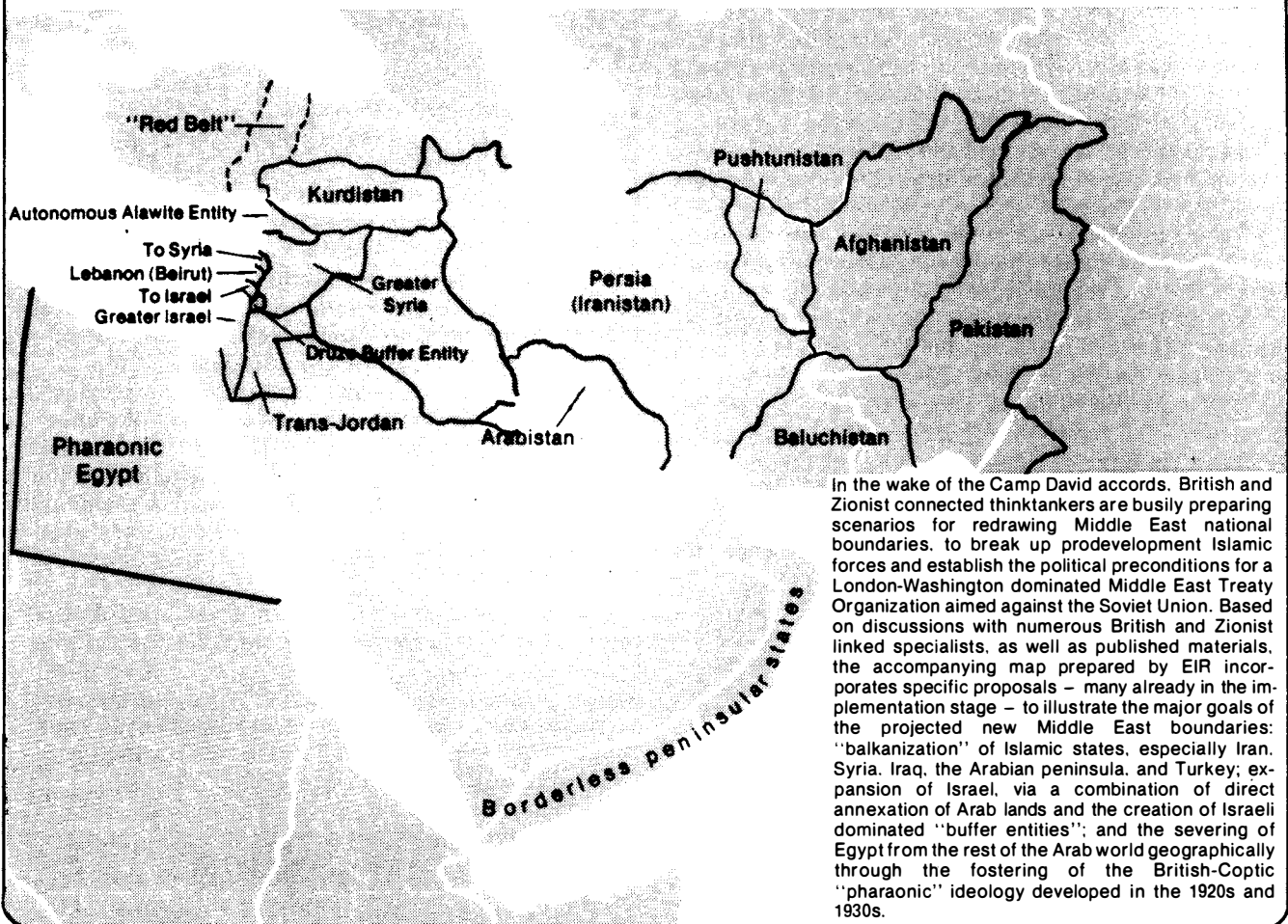
If the plan were to go through, Egypt and the Egyptian army would become a virtual captive of Israeli intelligence. It would be forced to join the anti-Soviet, NATO-style military alliance commonly referred to as

the Middle East Treaty Organization. And under the top-down control of Israel, the Egyptian army would be slated for a transformation from its republican militia structure into an elite, shock troop force to be deployed against pro-Soviet countries like Libya.

In a Sept. 22 *Jerusalem Post* statement, Israeli Foreign Minister Dayan said: "*Egyptian President Anwar Sadat intends to cut down military expenditures and to confine his strength to a small but sophisticated army — to counter such challenges as posed by the Soviet Union.*"

Following this Dayan-inspired plan for a streamlined Egyptian army, the Soviet Communist youth league newspaper, *Komsomolskaya Pravda* of the same day reported that the United States has installed in Egypt a "*secret laboratory for the development of bacteriological warfare which will be utilized against African and Arab countries. The experimental center, known as 'Namro 3,' which has been in existence for the last three years, has been experimenting with viruses and microbes capable of spreading epidemics before initiating military operations.*"

## Britain's proposed new Middle East



Already in this post-Camp David period, reports have circulated that a war between Egypt and Libya is imminent. According to the Italian daily *Corriere della Sera* of Sept. 19, Egyptian troops are reported to be massing on the Libyan border. And the mooted successor to the former Egyptian Foreign Minister Mohammad Kamel is Egyptian Vice-Premier Hassan al-Tuhami. According to the Sept. 26 *Christian Science Monitor*, "Tuhami, in the spring of 1977, transmitted to Mr. Sadat an Israeli intelligence tip that Libyan leader Muammar Qaddafi and the Soviet secret service had installed a training camp near the Egyptian frontier to prepare a special task force for Sadat's assassination." As a result of this "leak," the Egyptian army under Tuhami's personal supervision "knocked out this and other Libyan camps during the Egyptian-Libyan fighting of July 1977, and Tuhami later found himself in charge of coordinating Egypt's secret operations."

In coordination with this NATO-surrogate role for the Egyptian army, Henry Kissinger is personally supervising the economic strangulation of that country under the guidelines of the IMF's austerity policies. On Sept. 21 and 22 Kissinger hosted a seminar on "The Free Market Economy in Egypt" at Washington, D.C.'s Georgetown University. Under the cover of fostering Egyptian development, Kissinger's strategy is to set World Bank and IMF guidelines for the Egyptian economy, thus blocking Egyptian entry into the high technology development policies of the soon-to-be-inaugurated European Monetary Fund.

CBS News of Sept. 24 said that Sadat is seeking a "free hand" to set up a program to "empty Cairo" and to "send the overweighted bureaucracy to the countryside." This is, in fact, the IMF ruralization blueprint for Egypt adopted several years ago. At that time, Sadat had not sufficiently divested his political enemies, many of them Nasserites who were still in important positions in the public sector and the government, of their power. But, according to a U.S. professor of Palestinian origin, who spent time in Egypt in 1973, "Sadat is now in a political position of moving along with IMF policies since most of the intelligentsia has been surgically removed from office."

The job of dignifying this economic drive has been left to the propagandists for Egyptian separatism. Virtually cut off from the Arab world and under tremendous pressure to accept Camp David, the Egyptian population is daily barraged with arguments tracing Egypt's non-Arab identity.

Coptic theoretician Louis Awad and others have appeared in the semiofficial newspaper *Al Ahram* with articles that would have been incredible in Nasser's time. They argue that Arab nationalism has no meaning outside the Arabian peninsula and that Egypt's essence can be found in its Pharaonic roots. Awad accuses Arab nationalism of fostering a racialist doctrine comparable to Nazism. Interestingly, while *Al Ahram* has been preparing the population for a separate peace by pushing Awad's time-worn philo-

sophy of "Pharaohism," the British Bank of the Middle East has informed *Executive Intelligence Review* that "MI-5 (British military intelligence unit) has been circulating a report that proves that 92% of the Egyptian population are not Arabs."

The new line, like the Camp David accords, is meeting resistance not only from Nasserists but from realists. As a California professor knowledgeable on Egyptian affairs commented, "This line has been lambasted. After all, it may have been a good idea for the days of the Pharaohs, but today's reality is that an Egypt isolated is an Egypt weakened. To support the Palestinians is in reality a matter of enlightened national self-interest. To do otherwise is to become a colony, without independence, with no strategic plans, an isolated enclave in the Afro-Asian sphere. An Egyptian version of Israel, in other words."

## 2. Lebanon partition, Syrian bloodbath prepared

Two Henry Kissinger-linked sources this week threatened that the combination of the growing unrest in Lebanon and the ostensible imminent death of Syrian President Assad would trigger months of violent destabilizations from the Levant to Iraq's borders.

In a Sept. 26 *Washington Post* piece, columnist Marquis Childs identifies Lebanon as a "witch's brew, double double toil and trouble...next door to Israel."

This danger is exacerbated because, according to "western intelligence reports," Assad has "an illness likely to prove fatal in 6-9 months." This could put a "hole in the no peace, no war" situation now in Lebanon, especially as Assad could be replaced by a "wild man with no restraint whatsoever."

Assad, Childs stresses, is "indispensable" for keeping the peace in Lebanon. If he goes, obviously, the situation will explode.

At a Sept. 26 Washington luncheon sponsored by the American Lebanese League and coordinated on Capitol Hill by Senator Daniel Moynihan, the son of Lebanese warlord Camille Chamoun, Dory Chamoun, told *Executive Intelligence Review* that "Assad definitely has leukemia. Once he goes, one of two things may happen: either his brother Rifaat will seize the reins of power and bring things under control, or you will see an outbreak of revenge killings, tribal warfare, and so on — a real bloodbath."

Chamoun otherwise publicly vowed that "Lebanon will be partitioned" if Syria keeps its forces in Lebanon.

On the same day as Chamoun's presentation, a leading Washington Middle East expert just back from Beirut presented the following assessment of the situation there:

If the process of isolation of Syria that is part of the Camp David package continues, Syria may feel pressure to get its forces out of Lebanon. This will be very bad for Lebanon. What I saw there last week alarmed me: normally calm cosmopolitan-type people are, out of fear and a growing sense of resignation and nihilism, are in effect rallying around the Falangist and Chamounist militias, using the argument that only these guys can prevent an imposed solution for Lebanon. They insist that the Americans force the Syrians out. This could lead to another explosion in Lebanon, and if the Palestinians are stupid enough to become involved, you will have major national destabilizations there.

Also on Sept. 26, Mahmoud Riad, the Secretary-General of the Arab League, warned that a Syrian withdrawal from Lebanon "would lead to a massacre." Riad angrily accused the Falangist-Chamounist coalition of trying to establish an "agent-state linked to Israel."

Since Sept. 26, fighting in Beirut has in fact escalated, and there have been threats from the Falangists to use "all our artillery."

### The Slicing Up of Syria

Underlying the tension facing Syria are live Israeli-spawned scenarios to carve up Syria, through the creation of a state of the Alawite sect in northern Syria or the establishment of an autonomous entity of the Druze sect along the Israel-Syrian border.

According to sources at Georgetown Center for Strategic and International Studies, Israel is actively pushing for the creation of a breakaway Alawite phenomenon in northern Syria, as part of a larger deal whereby Syria would be allowed to obtain parts of northeastern Lebanon and Israel would create Shi'ite and-or Christian autonomous zones in southern Lebanon.

A Lebanese source in West Germany reports that Rifaat Assad — the same individual identified by Dory Chamoun—could "potentially" lead an Alawite breakaway phenomenon. Rifaat reportedly heads an Alawite faction opposed to Syria's development of closer ties with the Soviets and the Arab world.

According to a U.S. Senate source close to the Israelis, "several years ago there was talk of creating a Druze buffer zone along the Golan Heights area. After all, most of the Druzes live in northern Israel, in the Golan, and on the path toward Damascus. Under conditions of an Israel-Syria deal, you could have an area, perhaps under ultimate Syrian sovereignty, but a haven for the Druzes. The precedents for this certainty exist: France divided both what is now Syria and Lebanon into three autonomous zones apiece, in its own version of the 'divide and conquer' strategy.

"I don't exclude all this: Syria's 'no go' on Camp David is not an absolute. And the Druzes are a pretty unique phenomenon: they are often members of the Histadrut Labor Confederation in Israel, yet they carry Syrian passports. So, if there is progress in the peace talks, they could get their own benefits."

## 3. Camp David: PLO has no place in peace negotiations

In refusing to deal with the Palestine Liberation Organization as the legitimate representative of the Palestinian people, the negotiators at Camp David have taken a giant step in realizing Brzezinski's oft-stated wish to say "Bye-bye PLO." The effort has gone into high gear to shove the PLO aside and to build in its stead a British faction of controlled West Bank "representatives" of the Palestinian people.

A front-page article in the Sept. 20 *Jerusalem Post* plays up this pro-separate-peace faction, and reveals the important role that Osama el-Baz, a prominent official in the Egyptian foreign ministry, has assumed in the British-backed effort to destroy the PLO.

An op-ed by Robert Fisk in the Sept. 19 *London Times* states outright that it is time for the PLO to go.

"Now the PLO, despite its observer status in the United Nations, its apparent willingness last year to accept the legality of the state of Israel and its enormous military as well as political organization can, it seems, be dispensed with . . . The Camp David documents may be regarded as final confirmation that the PLO is no longer considered a viable negotiating partner by the United States: who is to take its place — and how — are not the least of the questions which Camp David has left unanswered.

"Yet the consequences of such a policy toward the PLO are not hard to predict . . . the PLO leader Yassir Arafat said last January, 'The only substitute is the gun.'

". . . If this implies that the Americans and the parties to any Middle East peace treaty should be coerced into negotiations with a guerrilla organization out of fear of increased violence, it might also suggest an alternative that they should find some other Palestinian representatives to deal with."

On Sept. 24, the *London Observer* levied an ultimatum to the PLO to rethink their rejection of the Camp David accords, and, in essence, accept their own dissolution. ". . . Let the Palestinians compare the situation which could exist in three years' time if the agreements are implemented and what it might be like if they are not," declared the *Observer*. "Without the Camp David agreements, the negotiating position of the Palestinians in three years' time would be the same as now or worse . . . The Palestinians, including the PLO leadership, should now ask themselves whether they might not gain more from exploring the new opportunities offered instead of rejecting the agreements out of hand."

## Begin to expand West Bank settlements

*Any pretense that the Camp David agreement is anything other than a capitulation to Israel's intent to heat up tensions in the Middle East is rudely shattered by the following Sept. 27 report from Jerusalem by London Daily Telegraph reporter A.J. McIlroy:*

Israel is actively planning a big drive to settle thousands more Jews in the occupied Jordan West Bank and the Gaza Strip over the next five years, I learned last night.

Existing settlements are to be extended from the outset and Mr. Begin, the Prime Minister, told his supporters yesterday that he was working on the possibility of new settlements in the region. It was a matter of how the new settlements could be achieved, authoritative sources said. . . .

Mr. Begin's initial West Bank and Gaza Strip programme will be to increase, 'in some cases beyond recognition,' the size of existing Jewish settlements in a continuing process after a peace treaty is signed with Egypt later this year.

The difference between a new settlement and extending an existing site is often a fine point. An extension in the shape of a water tower and protected buildings can be put up 10 miles away and still be claimed as part of the existing settlement it is serving.

Leaders of Mr. Begin's Herut party and the National Religious party, as well as others in the ruling Likud bloc, have been told of the renewed settlement programmes for the West Bank and the Gaza Strip.

But according to some sources even they are destined to be surprised at the extent of the settlement intentions for the region which Mr. Begin plans. . . .

Some of the settlers (removed from the Sinai in the next days) may take up tax relief offers and other incentives to go to the West Bank, the Gaza Strip or the Golan Heights on Israel's northern border with Syria. . . .

During private briefings of his own ruling bloc parties Mr. Begin made it clear that when the five-year trial period for West Bank autonomy was over Israel would "assert its rights" to sovereignty over these areas. . . .

Mr. Begin told his followers that more settlers would be moving into Judea and Samaria. . . .

Whatever is the case at home, the planned increase in Jewish settlements on the West Bank is certain to outrage King Hussein of Jordan. President Assad of Syria is not going to be happy either at the prospect of more Jewish settlers moving into the Golan Heights.

## 4. Banking and BP take aim at the Shah

Efforts are continuing by London's Foreign Office to destroy the central government of Iran by using Islamic Shi'ite fanatics. On Sept. 23 Shi'ite terrorists organized by the religious leader Ayatollah Khomeiny, who lived in exile in Iraq for the last 15 years, blew up the Iranian-Soviet gas pipeline, 27 miles south of Qum, the center of religious unrest. According to British press, the so-called Iranian opposition has decided to move into underground activities and turn Iran into an Ireland of the Persian Gulf. Informed Iranian sources have reported that the Sept. 23 incident is the beginning of terrorist attacks against Iranian industrial centers, in order to stop the Shah's economic drive and decentralize the Iranian economy.

The country is facing a serious problem of capital outflow because of the destabilization. Iranian merchant banks with old British partnerships are the bridge to get money out of the country. The Paris newspaper *Le Monde* quotes a senior Iranian bank source that approximately \$1 billion has fled Iran in the last three weeks.

British Petroleum has launched an economic attack against the Iranian government by rejecting a new oil agreement. The agreement calls for an increase of oil intake by the Western consortium and is seen by the Shah as vital to the country's industrialization. BP is being accused of running a blackmail operation.

Meanwhile, the British press is playing up Iran's economic crisis. The London *Daily Telegraph* blames the Iranian government for the 45 percent inflation rate and claims that Iranians are preferring to shop in London rather than Teheran. The Shah, the newspaper claims, very soon will lose the support of his generals because of the army's dependence on the U.S.

Iranian instability is programmed to be the trigger for the activation of several irredentist tribal groups inside Iran and in neighboring Afghanistan and Pakistan. These groups, sources close to Henry Kissinger have pointed out, are threatening to use the Iranian situation to press for an independent Baluchistan, an independent Iranistan within Iran's borders, and an independent Pushtunistan.

The potential of this area for tribal-religious unrest was underscored in a Sept. 27 London *Guardian* article on the decision by Iraq to place Iraq-based Islamic Shi'ite spiritual leader Ayatollah Ruhollah Khomeiny under house arrest.

## 5. 'Centrifugal' forces to erupt in Saudi Arabia

Two leading British intelligence-connected Washington sources informed *Executive Intelligence Review* this week that the Saudi Arabian regime will soon be caught up in increased internal squabbling and possible tribal-like unrest because of the ostensibly imminent death of the head of the ruling family, King Khaled. According to one source, "the Saudis are preoccupied beyond anything else with the very major illness of Khaled and the possibility of a succession fight for the Crown Prince, since the kingship itself will undoubtedly pass to current Crown Prince Fahd. This preoccupation, coupled with their fear of encirclement by Soviet-backed regimes, dictates all their strategy considerations."

The second source is an aide in Senator Ribicoff's office who recently authored a study for the American-Israel Public Affairs Committee on the theme that instability in Saudi Arabia makes it an unreliable ally for the U.S. Entitled, "Saudi Arabia: The Shifting Sands," the study was an in-depth profiling of the tribal patterns in the country.

The aide, Mr. Luks, described the Saudi regime as a "narrow oligarchy that is scared. They're scared of the Soviets, scared of revolts among migrant Palestinian workers, and so on. But above all else, by far the most important thing, is something that will definitely create more centrifugal tendencies in the country: namely, the question of how long King Khaled will live, and will the others in the ruling family allow Fahd to succeed peacefully. While his succession is probably guaranteed given his support in the army, internally there are nonetheless various splits, since there is a neutralist-oriented faction among the Shammar tribe, the sons of ex-King Faisal. They are a footloose element.

"They tie in with the new class of bureaucrats who are very resentful of foreign tutelage: they don't like the United States, to be specific. They spent time among American students and all their attempts to propagandize the Arab cause on campuses came to naught. Their mentality in the worst case is like the guy who killed King Faisal, who had studied in Colorado.

"Remember this too: the problem in that area is not only in Saudi Arabia itself, but in the small sheikhdoms in the United Arab Emirates. The UAE has experienced historical instability, and this is key, since it straddles the Straits of Hormuz and other vital areas. Internally, the UAE is terribly divided. What makes this still worse is that Oman is a nation only in name, and it too sits across a very important waterway which is a *tremendous* source of instability,

especially as there are no borders between Saudi Arabia and the southern half of the Arab Gulf. The Saudis have territorial claims all over.

"What this adds up to is one simple reality: the world's largest oil producer, which should be a highly stable entity, has no borders!"

The above assessments were given added importance by the Sept. 27 arrival in the U.S. of King Khaled for a week's worth of medical treatments in Cleveland, Ohio.

## 6. Sectarian clashes threaten Turkey's security

Violent sectarian clashes that have left more than 400 dead in Turkey this year alone threaten to plunge that country into a severe crisis that could eventually lead to the collapse of the government. The clashes are being provoked by right-wing commandoes loyal to a self-avowed Nazi, Col. Alparslan Türkes, as well as by agent provocateurs in British and Israeli-intelligence controlled Kurdish and Alawite communities. Turkey is being hit from all sides, with ideological clashes (left-right), racial clashes (Turkish-Kurdish), and religious clashes (Sunni-Alawite) all slated for a marked escalation.

The escalated violence is part of a larger destabilization effort aimed at breaking the Turkish government's resolve not to buckle under International Monetary Fund austerity pressure and to forge new alternatives with the Soviet Union, Europe, and neighboring Islamic and Balkan states. Should the Ecevit government falter or be toppled altogether, the chance that Turkey will be manipulated into a regional anti-Soviet Middle East Treaty Organization pact alongside Israel will be greatly enhanced.

After taking power last January, the Ecevit government launched a major campaign to mop up the Türkes commando networks in an effort to put a halt to the left-right terror sweeping the country. At least 15,000 employees of Turkey's government bureaucracy were purged, and thousands arrested or detained. Now, according to an article in the Sept. 17 Turkish daily *Hürriyet*, Turkey's "extreme left and extreme right groups will shift their clashes from the ideological plane to the religious plane."

"Security experts are reported to have discovered that a pattern — called the 'red belt' — exists and that this pattern includes 10 provinces, extending from the Black Sea to the Mediterranean . . . Sectarian fighting will be instigated in stages, starting from Trabzon on the Black Sea coast and extending to Gaziantep," *Hürriyet* reported.

"We can see," said Prime Minister Bülent Ecevit, "that there are efforts to select especially eastern and southeastern Anatolia as fields of operation."



## Euro-Arab Parliamentary group condemns Camp David

*Mr. Raymond Offroy, honorary President of the Parliamentary Association for Euro-Arab cooperation, last week issued the Association's press release on Camp David and this accompanying statement:*

*"The enclosed press release, published Sept. 16 in Rome following the Euro-Arab Parliamentary conference, demonstrates that the Arab nation in its totality — including the Egyptian parliamentarians who were present in Rome and who co-signed this text — condemn the capitulation of Sadat at Camp David and notably the Egyptian-Israeli separate peace.*

*"In our view, the accord signed last night will not only not bring peace to the region but will engender new conflicts."*

The executive committees of the Arab Parliamentary Union and of the Parliamentary Association for Euro-Arab Cooperation met in Rome on September 15 and 16. Representatives of nine Arab parliaments, including those of the Palestinian National Council, and of the nine parliaments of the EEC, studied the critical situation which presently prevails in the Middle East.

Israeli intransigence, manifested by the continuation of its settlements policy in the occupied Arab territories, by the rejection of the United Nations resolutions and by the violation of international law, remains the major obstacle to peace.

If it should continue, this intransigence would lead to another war, the consequences of which would be tragic for the Middle East, for peace, and international security, and would bring considerable loss to the economic and social situation of Western Europe.

The meeting stressed that peace can only be achieved by a global settlement, thus reiterating the stated policy of the governments of the EEC.

The delegates agreed that such a solution must be based on the total application of resolution 242 and must include:

a) Israeli evacuation of all the territories occupied since 1967 and the security of all the countries and of all the peoples of this region within recognized and guaranteed borders;

b) recognition of the right of the Palestinian people to its self-determination, including the right to the establishment of a sovereign state in its homeland.

The parliamentarians stressed that they are deeply concerned by the sufferings of the Lebanese people and by the threat which weighs on the unity and integrity of Lebanon, a threat which is aggravated by the direct or indirect interference of Israel into the internal affairs of this country. They insisted on the necessity of a complete application of UN Security Council 425. The meeting examined current plans and proposals to develop Euro-Arab cooperation in the political, economic and cultural domains.

# Fukuda calls for support of dollar and fusion power

Prime Minister Takeo Fukuda opened a special session of Japan's Diet last week with a call for support of the U.S. dollar and for fusion power. Fukuda located his policies within the context of the agreements reached at the Bonn summit; observers said the speech represented more specifically the coordination on economic policy his government has had since July with West Germany and France. Fukuda's policy is aimed at arranging an informal Asian counterpart with the newly created European Monetary Fund, according to Japanese banking sources.

Fukuda has just returned from a highly successful tour of the Mideast — including Egypt, Iran and Saudi Arabia — in which he attempted to pool Japanese and OPEC funds to finance capital-intensive development projects in both Asia and the Mideast. Saudi Arabian Foreign Minister Prince Saud al-Faisal, currently in the U.S., is reported to have briefed the U.S. side on the close coordination his country has had recently with the West German, French and Japanese leaders. Fukuda's recent Mideast trip is a case in point.

While no specific announcements were made regarding this aspect of the trip, the Dubai-based Bank of Oman announced on the same day that Fukuda gave his Diet speech that it was opening a deposit-accepting branch in Hong Kong for just such projects. The announcement, reported in the Sept. 21 *Journal of Commerce*, said the Bank wants to use Japanese, South Korean and Philippine technology, as well as Japanese and OPEC funds for projects in both regions.

War avoidance has been a prime factor behind Japan's coordination with Germany's Chancellor Schmidt. In Saudi Arabia, Fukuda stated that the trade war resulting from the 1930s depression was the cause of World War II. In order to avoid a similar situation, "a stable dollar is needed more than anything else." Similarly, Fukuda posed fusion power as necessary to overcome presently limited natural resources, thereby avoiding an international scramble for such resources.

Both Fukuda's Diet speech and the West German industrial newspaper *Handelsblatt* emphasized that the time has now arrived for Japan to play a global political role commensurate with its economic strength. As part of Japan's new role at the UN on Sept. 25, Foreign Minister Sunao Sonoda announced that Japan "has decided to extend new grant assistance as a measure which will, in substance, be equivalent to the cancellation of the annual debt-servicing obligation of its least developed (govern-

ment-to-government) debtors or to a reduction in the obligations of its debtors which have been most seriously affected by the oil crisis."

Since Fukuda began coordinating with Schmidt and Giscard, his popularity has doubled from a dismal 20 percent support ratings to 40 percent according to the latest poll. He is now in very good position to retain his Prime Minister post against a challenge by Liberal-Democrat party Secretary-General and London-ally Masayoshi Ohira.

Excerpts from Fukuda's Diet speech follow.

## 'Bonn summit to put the world economy on the right track'

*Following are excerpts from Japanese Prime Minister Takeo Fukuda's speech to the Sept. 20 joint session of the Diet:*

On the occasion of the opening of the 85th Diet session, I would like to express my view as follows:

The treaty of peace and friendship between Japan and the PRC was signed in Peking on Aug. 12. In view of the fact that historically the relations between Japan and China have undergone many changes, I believe it is very significant that the treaty has laid a cornerstone for an everlasting relationship of amity and friendship between the two countries on the basis of the spirit of reciprocity and equality. . . .

Today interdependent relations in the international community have rapidly deepened and Japan's national power has been substantially strengthened. As a consequence, Japan is entering a new era, in which it no longer suffices simply to cope with world development in a passive way in the field of foreign affairs. Long-ending diplomatic issues have been settled. The time has come for our country to take the initiative and play an active role for the sake of world peace and prosperity. The international community strongly urges Japan to do so.

For the first time in our history, I, the prime minister of Japan, have recently paid official visits to Iran, Qatar, the United Arab Emirates and Saudi Arabia. This tour was part of such diplomatic efforts of our country.

Peace in the Middle East is the biggest focal issue facing world politics today. During the tour I clarified Japan's eager desire for the achievement of a fair and lasting peace in the Middle East and exchanged con-

structive views with the leaders of those countries. Those nations have long-standing cultural and historic traditions; and they are the suppliers of energy, which is indispensable to the development of the world today, and occupy an important position in the international economy as well. I reached a consensus with them on further promoting mutual relations in economic and technical cooperation and cultural exchanges, thus laying the foundation for lasting amity and friendship.

On the basis of the outcome of my recent tour, the government will continue to strive to further expand our relations of friendship and cooperation with the Middle East countries and contribute to the stability and development of these relations. . . .

One of the major tasks of our diplomacy is to promote friendly relations with the Soviet Union on the basis of correct mutual understanding. I intend to continue to actively push ahead with broad exchanges between the two countries in various fields such as economic, cultural, trade and technical. However, to develop the Japan-Soviet relationship on a truly stable basis, it is essential to realize the early return of the four northern islands and then sign a peace treaty. To this end, the government is resolved to tenaciously continue negotiations with the Soviet Union. (applause)

It is of great significance to world peace for Japan and the European nations, which share a common sense of value as advanced industrial democracies, to strengthen their cooperative relations.

After attending the recent summit meeting of advanced nations, I went to France and visited the European Community headquarters where I keenly felt that the European nations are pinning great hopes on Japan and attaching great importance to our international obligations. (applause) I intend to further cement relations between Japan and Europe, which have historically maintained close relations, and to further strengthen the cooperative relations existing between Japan and Europe.

Our foreign policy, in a nutshell, is a policy of peace with all countries — a policy of pursuing peaceful and friendly relations with all countries of the world, all countries of all regions. I think that through these efforts Japan can help to maintain international conditions conducive to insuring peace and play an active and significant role in the interest of the world. (applause)

Needless to say, the unshakable Japan-U.S. relations are indispensable as the foundation which makes these diplomatic efforts of ours possible. The friendly and cooperative relations between Japan and the United States based on the Japan-U.S. security arrangement have played a major role in insuring the peace and security of our country and building our present prosperity. Relations between the two countries have been carried another step forward and enhanced so much that the two countries together can now contribute to construction of a peaceful and

friendly international community. In other words, these relations have been consolidated into relations of cooperation and partnership in the interest of the world.

In order to make the Japan-U.S. relations of friendship and trust still firmer, I intend to continue my best efforts in the future. (applause)

Economic problems are now the overriding ones facing the present international community. As you know, as a result of the oil crisis 5 years ago, the world economy as a whole has undergone a great change. All nations have made great efforts to overcome the difficulties caused by the oil crisis. But the pace of recovery in the major industrial nations is still slow, with the unemployment rate remaining high and trends toward protectionism rife. Moreover, the international monetary situation is highly unstable. What is still worse is that the world is faced with various restrictions and difficulties in oil supply. The settlement of the north-south question remains a major international task at present.

In order to overcome these manifold difficulties confronting the world economy, a summit conference of major industrial nations was held in Bonn, West Germany, in July. At the meeting, frank opinions were exchanged on an overall strategy designed to put the world economy on the right track, from the clear understanding that the participating nations in the conference share the same destiny, and in the spirit of what I call "cooperation and partnership."

As a result, each participating nation resolved to exploit its potential to the maximum to contribute to the stability and expansion of the world economy. The conference issued a joint declaration outlining concrete measures to be taken by each participating nation, such as growth, anti-inflation and energy measures, adapted to the actual economic condition of each participating nation. Despite overwhelming difficulties at home, leaders of the participating countries voluntarily offered to include their concrete measures in the declaration. I highly evaluate the significance of their determination to do so as a factor conducive to enhancing faith in the outlook for the world economy as a whole.

However, whether or not these concrete measures will stabilize the world economy depends on how each nation implements them. In view of the significant role which our country should play for the stability and development of the world economy, the government will execute various measures dynamically and actively and do its best to attain the goals agreed upon at the conference — for instance, by exerting further efforts to bring the Tokyo round of trade negotiations to an early conclusion. (applause)

To have these international efforts, including our own efforts, now bear fruit, a stable dollar is needed more than anything else. At the Bonn summit conference I urged the United States to take appropriate countermeasures. I welcome the series of dollar protection measures recently taken by the U.S. Govern-

ment and I look forward to their outcome. I hope that the United States will make further efforts. The government plans to strive for the stability of international currencies through continuing talks, including occasional exchanges of views among monetary authorities.

In this connection, many nations pin their strong hopes on the Tokyo summit conference of major industrial nations scheduled for next year. This indicates that our responsibility in the world community is becoming heavier. Conscious of our country's responsibility as a member of the international community, I am determined to do my best to see that our country plays its role and meets world expectations. (applause) . . .

The government has already drawn up a third comprehensive national development plan and is making steady preparations for its implementation. This plan, with the building of permanent settlement zones as its central theme, is designed to develop localities into wholesome, well-balanced local communities with the participation and cooperation of the local populace, while coping with population concentration from the countryside into cities — that is, to build permanent settlement zones which are rich and rooted in history and traditions, in a planned manner.

With this plan in mind, the government plans to begin drawing up a mid-range economic plan at an early date, to present a clear direction to our economic community. I believe that in order to have a bright prospect for the 21st century we must pool all the wisdom at home and abroad and bring about a new era of technical innovation. We should not submit with folded arms to the fetters of limited resources on mankind. To actively cope with this problem, we must develop science and technology and use resources more rationally while promoting the development of new energy sources.

As in the study of "big science" such as space and marine development, there are many uncharted fields in the development of the technology that affects the lives of our people, such as technology needed to conserve our beautiful land, energy-saving technology, new traffic technology, and technology on recycling of wastes.

I believe that we should aim to realize nuclear fusion in the early part of the 21st century, at the latest. I plan to take comprehensive measures, including an increase in investments in research, in order to achieve leaping strides in research and development. To do so, international cooperation is needed. Specifically in regard to Japan-U.S. cooperation, we plan to promote Japan-U.S. joint studies in nuclear fusion and other energy fields in line with the agreement reached during the last Japan-U.S. summit conference.

I believe that the exploration of new fields through the development of science and technology is a new goal of our nation on its way toward the 21st century,

and the attainment of this goal will enable our country to contribute to the progress and development of mankind on its own initiative.

Since early spring I have had many occasions to meet with various leaders in the world. Through these meetings I have keenly realized that this is an age of great transformation and that countries in the world are taking pains to search the way to find a bright prospect for the new era.

Japan is no exception. For 110 years since the Meiji era we, the Japanese nation, strove under the slogan, "Let us catch up with them and outpace them," and have today reached a point where we stand abreast with the advanced nations at last. Japan's responsibility to the international community is now very heavy and, on the threshold of the 1980s, it is being strongly urged to play a leading role. (applause)

The world is now at a turning point. At this juncture, I feel anew the importance of our political responsibility. I think that the greatest task facing our government now is to establish the basic direction for our national development. I am resolved to tackle this task with all my energy. (applause)

I am convinced that with a correct understanding of the present internal and external situations, we must consolidate our defense posture, prepare against possible, large-scale disaster, maintain a stable supply of resources, energy and foods, take fisheries and maritime safety measures to cope with the era of the 200-mile limit, improve the environment of society and life, and maintain law and order. Thus, we must vigorously push ahead with the policy of defending the security of our country and the stability of national life which we inherited from our forefathers. (applause)

At the same time, I think that to promote the lasting development of our nation, we must go back to the starting point — the development of human resources, the foundation for our national prosperity — and make redoubled efforts to that end.

In the course of modernization which took a century, our Japanese nation has waded through several ages of changes. Of course we were lucky because the international environment was favorable to us. However, basically it was attributable to the fact that importance was attached to education at individual homes, schools and in society, with the result that Japanese of outstanding qualities characterized by diligence and rich creativity were turned out.

At this juncture of entering a new age of change, I believe that we should find the source of our nation's new vitality in the very same thing. (applause) I firmly believe that, regardless of any changes, the creative ability and virile spirit of the nation will turn into national potential and bring bright prospects for the future of the nation. I intend to put my heart and soul into developing human resources and building the nation. (applause)

I ask for your understanding and cooperation. (applause)

# Soviet Union replies to Camp David

Two top-level Soviet speeches made following the Camp David summit emphatically rejected as "illusory" the agreements reached there, offering Soviet participation in a system of international security guarantees for all Mideast states, to be worked out in the framework of the Geneva Conference.

The speech by Soviet President Leonid Brezhnev at Baku Sept. 22 and that by Foreign Minister Andrei Gromyko at the United Nations General Assembly Sept. 26, excerpted here, demonstrate that the Soviet leadership is not reacting to Camp David according to the profile projected by U.S. National Security Advisor Zbigniew Brzezinski. Brzezinski hopes to evoke a paranoid "hardline" retrenchment in the Kremlin — a reaction which would block further Soviet political and economic cooperation with Western Europe and pro-detente American political layers.

The calm but firm tenor of discussion of the international situation in these speeches also demonstrates the stupidity of the opposite "profile" — circulated in testimony to a House subcommittee Sept. 27 by State Department Advisor on Soviet Affairs Marshall Shulman — that it is too soon to say how Moscow will react to Camp David, and that it may be possible to gain Soviet support for the summit accords. This line received wide publicity in press coverage of Gromyko's speech in the major U.S. dailies.

In fact, in the speech Gromyko surveyed the improvement of Soviet relations with Western Europe, including virtually every country except Great Britain. Gromyko and Brezhnev both stressed their concern that the NATO policy of arms build-up, inaugurated at the May session of the NATO Council in Washington, D.C., represents a serious threat to world peace. Excerpts from the two speeches follow.

## **Brezhnev: "Hardheads endanger peace"**

...(The international) situation, as you know, is now complex. Its aggravation stems from the refusal by the more hardheaded imperialist circles to soberly assess the correlation of forces that has formed in the world, and the absolutely unrealistic and peace-endangering plans of achieving military superiority over socialist countries and dictating their will to them.

The Washington session of the NATO Council proclaimed the course at a new upsurge of the arms race intended to span decades to come. This totally bares the true aims of the organizers of the clamor about the mythical "military danger" presented to the West by the Soviet Union and the Warsaw Treaty. These inventions were needed to justify NATO's desire to acquire a longer and sharper sword and to attempt a return to the "from positions of strength" policy.

Is this not the cause also of the failure so far to complete the drafting of a mutually acceptable agreement with the United States on the limitation of strategic offensive arms? It must be said that the distance between the positions of the sides on this question, as stated at the talks, is not all that great and is quite surmountable given good will and state wisdom. But it seems that the solution of this question does not suit those in the United States who want not a lasting peace and mutually advantageous cooperation but a new edition of the cold war.

Serving the same aims is the loud propaganda campaign started around the measures taken by the Soviet courts in respect of the unlawful activities of some persons hostile to the Soviet system, including paid agents of Western special services.

The opponents of detente are trying to expand the front of the offensive against it. Using artificial, hypocritical pretexts, the United States has started applying brakes to the development of business ties. Matters have already gone so far as the cancellation of concluded deals and the rupture of signed contracts. A pointed scaling down of ties in the scientific-technical and other fields has also begun. Washington has begun impudently, though rather unsuccessfully, to pressure its allies into following suit.

It appears that some influential circles in the United States are deliberately provoking the Soviet Union, wishing to aggravate the situation still further. This, comrades, is a serious matter. We will resolutely resist sallies against the rights and interests of the Soviet States, and we will not give in to provocations.

Our policy in respect of countries of the capitalist world, including, of course, the United States as well, was and remains a policy of peace, peaceful coexistence and peaceful cooperation. That is the reason why we categorically reject the practice of outside interference into the internal affairs of states and violations of their sovereign rights....

The attainment of a just peaceful settlement in the Middle East belongs, of course, to the most important tasks that must be solved if we are to achieve lasting peace and international stability. The situation there remains complex and potentially dangerous. . . .

This is caused by the stubborn refusal of Israel and the forces on which it relies to take into consideration the legitimate rights and interests of the Arab peoples, by Israel's striving by force of arms or by way of diplomacy, but in any case from positions of strength, to impose its will on the Arabs.

The main emphasis in the attainment of this aim is being made lately on the method of behind-the-scenes separate deals with those who are ready to trade in Arab interests. The intention is absolutely clear: to split the Arabs, set them at loggerheads and to impose separately on the Arab countries the terms of settlement that suit the aggressor.

But all attempts to ignore the cardinal preconditions of a true settlement of the Middle East problem, to exclude or sidestep some lawful participants in the settlement, to sacrifice their interests, to dictate terms to them can produce nothing but illusions of a settlement. No matter what "framework" is used for a separate collusion that covers up the surrender of one side and consolidates the fruits of aggression of the other side — the aggression of Israel, it can only make the situation in the Middle East even more explosive.

Precisely this is demonstrated by the experience of the recent American-Israeli-Egyptian talks in Camp David. We are witnesses of a new anti-Arab deal between Israel and Egypt that was worked out with Washington's active participation.

The experience of many years irrefutably proves that there is only one road to a true settlement of the Middle East conflict, and that is the road of the full liberation of all Arab lands occupied by Israel in 1967, of full and unambiguous respect for the lawful rights of the Arab people of Palestine, including the right to create its own independent state, of ensuring reliably guaranteed security of all countries of the region including, naturally, Israel as well. Such an all-embracing settlement is possible only with the participation of all interested sides, including the Palestinian Liberation Organization.

## **Gromyko: "Radical breakthrough" needed in Mideast**

...The results of the Conference on Security and Cooperation in Europe have been a fresh and considerable impetus. It is no secret that from time to time attempts are made to put the durability of those results to a test. Nevertheless detente has been, and

continues to be, the dominant trend in European international life. And surely this is demonstrated by the development of relations between the Soviet Union and other socialist countries, on the one hand, and France, the Federal Republic of Germany, Italy, Finland, Scandinavian and many other States, on the other....

There is an area situated at the crossroads of three continents which can be described as a "powder keg" just as the Balkans once used to be called. This area is the Middle East. There is hardly anyone who would dare to say that the situation there is not fraught with the risk of another explosion.

What is the root cause of such a situation? It lies in the fact that ten years after the aggression its consequences have still not been eliminated while the aggression itself goes unpunished. Israel continues to hold sway over the territories it has seized. Unfortunately, even in the Arab world there are some politicians who display no concern for Arab lands and who are inclined to neglect the legitimate rights of the Arabs, notably the Palestinian Arabs, and to cringe and surrender to the demands of the aggressor and his patrons.

The Soviet Union has repeatedly stated its willingness to take part in ensuring peace in the Middle East and to participate in the most stringent international security guarantees for all States of that area. Israeli spokesmen contend that they have no use for international guarantees. This is no more than empty polemical bravado. If Israel genuinely cared for its security, real not illusory security, it would seek a political solution. For the fact is that with the existing means of warfare the distance from the borders to which a neighboring State has withdrawn its guns is of little consequence. What is required here is a radical breakthrough towards a situation where the guns would be silent altogether. . . .

Separate deals at the expense of the Arabs have only sidetracked the solution of the problem.

And such precisely is the nature of the understandings reached at the recent three-sided meetings at Camp David. If a realistic look is taken at things, no grounds can be found to believe that they, as claimed, bring closer the Middle East settlement. On the contrary, what this is all about is a new anti-Arab step making it difficult to achieve a just solution of this pressing problem. That is why a campaign of artificial and affected optimism can mislead no one.

There is a machinery specifically established to achieve peace in the Middle East, and it is the Geneva Peace Conference. And the sooner an end is put to attempts to keep it in a state of paralysis, the nearer will be the moment when the solution of the Middle East problem can be tackled with a chance of success....

# U.S. into the depression wringer

*Carter administration agrees with IMF dollar strategy*

Appearing hat-in-hand before the International Monetary Fund's annual meeting in Washington, D.C. Sept. 25, U.S. President Jimmy Carter in effect acknowledged the disastrous consequences of two years of deliberate "benign neglect" dollar devaluation

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under the policies of latter-day Hapsburg Michael Blumenthal — the U.S. Treasury Secretary whose henchmen were insisting even in the wake of the Bonn economic summit in July that "there is no dollar problem . . . there is only a yen problem." With the subsequent continued plunge of the dollar on the foreign exchange markets, Carter confessed to his audience, "My own reputation as a leader is at stake," and he pledged "to maintain a strong dollar."

But although Carter remained unspecific about the contents of his projected "Phase Two" anti-inflation program, it is already apparent that the Administration has fallen in with the plans of the British oligarchy and its feudal-minded financial allies, represented by the IMF. These apostles of a new Dark Age are demanding that the United States "save the dollar" by forcing bankruptcy and depression on American industry, and general austerity on the American population.

The President is taking his advice from the same zero-economic-growth crowd who got him into the mess in the first place. The French financial newspaper *Les Echos* reported last week the existence of a secret anti-inflation memo drawn up by Blumenthal for the President, "so secret," in fact, that Robert Strauss, nominally Carter's man-in-charge of the anti-inflation fight, has not been allowed to see it.

While Blumenthal, Charles Schultz of the Council of Economic Advisors, Henry Owen of Brookings and similar types scramble up a "voluntary" wage-and-price controls scheme, and assorted other anti-inflation measures for the President to announce later this year, Federal Reserve Board chairman G. William Miller is already precipitating a high-interest-rate credit crunch which will help to fuel speculation,

further reduce investment in productive plant and equipment, and progressively destroy the U.S. skilled workforce. Additional Fed interest rate hikes last week failed to impress British-linked financiers, who predicted an inevitable 11.5 percent prime lending rate for commercial banks by spring 1979.

Philip Trazise of the Brookings Institution, the outfit which contributed the guts of Carter's economic policymaking team, is openly recommending a new global recession; asserting in an interview given last week that "We will prevent it from getting as bad as 1974-75. Wage guidelines work best when the labor market is depressed."

Administration programs which have been touted as answers to the dollar's weakness will have zero impact in turning the situation around. Although Energy Secretary Schlesinger's famed natural gas compromise section of the energy bill finally cleared the Senate by a comfortable margin last week, and is expected to pass the House along with a potpourri of energy conservation measures attached, the dollar continued its decline on the foreign exchange markets.

To keep U.S. industry in line, a new wave of "Water-gates" has been launched against the key sectors of oil and auto production. Under prodding from Schlesinger's Energy Department, a federal grand jury is investigating crude oil resellers in Texas for "price manipulation," and the Department of Energy is advertising to the press that government suits against major oil companies including Exxon, Getty Oil, and Texaco will force the companies to cough up more than \$1.5 billion in purported overcharges to the government. Ralph Nader and his consumerist allies, after months of civil damages suits and massive publicity branding Ford Motor Co.'s Pinto car as unsafe and the projected recall of 1 million Pintos, has secured a criminal indictment against the company for reckless homicide in an Indiana case involving a Pinto which exploded after being hit by another car.

As for the U.S. labor movement, the "class war" scenario unveiled by United Auto Workers president Doug Fraser several weeks ago is already underway, with coordinated depression union-busting activities producing a nearly two-month-long newspaper strike in New York City; a nationwide rash of teachers strikes resulting in back-to-work orders, fines and

jailing of teachers in several localities; and this week, the escalation of a local railway dispute into a national rail strike which threatens to paralyze the U.S. transport grid. With national autoworkers and Teamsters bargaining scheduled to begin in November and the prospect of a collision course between austerity-squeezed labor and management, Fraser this week backed off his class war rhetoric and began to predict success for Carter in promoting "voluntary" wage and price controls.

—Donald Baier

## Wringer 1: An even bigger credit crunch

The Federal Reserve Board under the leadership of G. William Miller hiked the federal funds rate to 8.5 percent last week, and boosted the discount rate to 8 percent. Shortly thereafter First National Bank of Chicago and First Pennsylvania raised their prime rate to 9.75 percent, and were quickly joined by Chase Manhattan and a half-dozen other leading commercial banks.

Miller's step-by-step credit crunch — the Fed has raised short-term interest rates by 1.75 percent in less than five months—is not fast enough for those who see depression disaster as the only way to stop the establishment of the new European Monetary Fund and the ending of their financial power.

Despite the fact that U.S. interest rates are now at their highest point since the 1974 credit crunch set the stage for the worst worldwide economic plunge since the Great Depression, the Black Guelph financiers are demanding an immediate tourniquet to applied to American necks.

"Why let the fed funds slip up at  $\frac{1}{4}$  or  $\frac{1}{8}$  percent every week. Let's get it over with and push the fed funds up to 14 percent right away," said Hans Baer of Julius Baer and Co., Zürich's largest private bank, in an interview with the *International Herald Tribune* Sept. 27. This, he added in a whopping understatement, "would probably slow down economic activity," but "the U.S. is losing the race against time."

## Wringer 2: Small change for exports

The Carter Administration program to promote U.S. exports finally announced Sept. 26 after months of delay is virtually a token affair, a political promissory note instead of the required serious effort to put U.S. high technology and skills to work for industrial development abroad. Claiming little in the way of anticipated results from the program, Commerce

Secretary Juanita Kreps described it as a "long-run" proposition.

A token appropriations increase of \$500 million for the Export-Import Bank in the fiscal 1980 budget is the "centerpiece" of the program, which also includes an extra \$20 million in funding for State and Commerce Department marketing programs for smaller U.S. firms. The marketing programs previously have been described as "gutted" for both large and small firms by business sources. Another \$100 million will be available for Small Business Administration loan guarantees for small exporters.

In response to a tidal wave of complaints in recent months about the impact of environmental and foreign policy restrictions on exports, the Administration announced that henceforth Cabinet departments would be directed to "weigh the impact" on exports of major regulatory decisions.

Simultaneously, however, it was revealed that "environmental reviews" will be required for the export of nuclear power plants, already all but banned by the red tape of existing nuclear nonproliferation legislation. Yet a few large-scale nuclear export deals with Third World nations could reverse the balance of payments deficit within a relatively short period.

Also subject to environmental impact review will be products and facilities which "create serious public health risks," or which threaten to have an environmentally adverse effect on third countries. It remains to be seen how these new restrictive guidelines will be detailed and interpreted.

## Wringer 3: 'Productivity' by wage-gouging

On Oct. 3-4 in New York, *Business Week* magazine and the American Productivity Session will co-sponsor a conference "to focus attention on the problem of lagging productivity in U.S. industry." Sources in touch with preparations for the conference report that it will duck the critical question of a centrally directed Hamiltonian investment policy to secure increased high-technology energy production and industrial output at the expense of speculative profit. Instead top billing will be given to such Adam Smithian slogans as "getting the government out of business," "free enterprise," "tax cuts for business," and appropriate methods for convincing the U.S. workforce that it can "beat" the reduction in real wages effectuated through inflation only by accepting speedup and real wage reductions at the bargaining table.

Keynoting the conference will be Jack Grayson, chief of the American Productivity Session, and former Nixon Administration official, whose speech, "Productivity in the Private Sector," will emphasize the need to keep government out of economic decision-making.



Among others speaking at the conference: G. William Miller, chairman of the Federal Reserve; Barry Bosworth, head of the President's Council on Wage and Price Stability; Presidential Special Advisor on Inflation Robert Strauss; Ray Marshall and William Usery, respectively present and former Secretaries of Labor; Robert Abboud, chief

executive officer of the First National Bank of Chicago; Thomas Murphy, chairman of General Motors; former United Steelworkers president I.W. Abel; and Jerry Wurf, current president of the American Federation of State, County and Municipal Employees.

# The Michigan vote fraud machine

Although the Michigan chapter of the U.S. Labor Party has brought a suit in federal court challenging the actions of the Michigan state board of elections in the new third party qualification primary there, and is demanding to be placed on the ballot in that state, the

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## ELECTIONS

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real story of vote fraud and the machine which controls it in Michigan has yet to be told.

Last week U.S. District Court Judge James Harvey denied the Labor Party's motion despite evidence, uncontested by the USLP's opponents in the case, that in three counties at least 3,300 Labor Party votes were uncounted. This projects to 30,000 missing votes statewide. Only 4,200 are required for ballot status. Virtually all the votes had been invalidated because voters were misled into believing that the third party qualification vote was a referendum section of the ballot, and ended up splitting their tickets. In the city of Flint, 488 of the 496 Labor Party votes were disqualified that way.

Judge Harvey ruled that "the voting instructions and procedure for placing a new political party on the November ballot were not so deceptive as to make it *impossible* for a voter, desiring to place a new political party on the November ballot, to register his vote accordingly" (emphasis added). Judge Harvey also ruled that "Ordering the plaintiffs to be placed on the November ballot would contribute to voter confusion and the overcrowding and clogging of the state election machinery. . . ."

His ruling came after three days of testimony, unrefuted by the State Election Board, that the ballot design and voting procedure was so complicated that only the most ardently partisan and devoted Labor Party supporter would be able to register his vote; that local election officials had been systematically misinformed about the nature of the election and systematically misinformed voters, resulting in split tickets. Why did Judge Harvey ignore three days of testimony and the flood of discounted ballots?

The election system in the state of Michigan is part of a political machine jointly controlled by the United Auto Workers and Max Fisher, a representative of the Bronfman-organized "crime-gone-respectable" networks. The UAW runs the local government machinery and controls the Democratic Party. Fisher, a close friend of Henry Kissinger, controls the Republican Party through his role as its chief fundraiser, as well as the Republican side of the state government, and exerts considerable influence in industry. Together, they run a vote fraud machine.

By 1974 an uncontrollable element was introduced into Michigan politics — the U.S. Labor Party. USLP Detroit city council candidate Susan Ketcham that year won more than 6,000 votes in the November election. The UAW filed a \$30 million lawsuit against the U.S. Labor Party and its newspaper *New Solidarity*. Sustained Detroit police surveillance, intimidation, harassment and petty arrests were unsuccessful in dislodging growing Labor Party influence. By 1976, with a presidential campaign coming up, the vote fraud machine went into action to write the Labor Party out of Michigan politics.

UAW-backed state legislators McCullough and Sheridan were encouraged to file legislation calling for a separate, third party qualification primary to be run, in which any new party would have to win .3% of the total vote cast statewide in the primary. The bill was drafted by Deputy State Election Director McGowan, a disbarred lawyer who had been sponsored for his State Election Board position by Lawrence Linderman, former Democratic Party State Chairman.

The State Board of Elections then announced that they were going to be unable to conduct the 1976 election because eleven parties (two more than the maximum that could be accommodated on Michigan voting machines) were applying for ballot status. (The State Board of Elections has been unable to produce any documentation to substantiate that assertion and now claims merely that eleven parties made inquiries about obtaining ballot status). Sheridan and McCullough proposed that, in view of the emergency, ballot access in 1976 be determined by a third party qualification primary. State Attorney

General Frank Kelly issued an opinion that such a law would be unconstitutional if applied to only one election. McCullough and Sheridan then amended their bill so that it would apply henceforth.

State Election Director Bernard Apol admitted later in court that the only purpose of the bill, which was claimed to insure parties had "a modicum of community support," was to keep third parties off the ballot. Although the law was upheld by the federal courts, dissenting Judge John Feikens indicated that the legislative conspiracy was not dissimilar to that which had been the target of the 1960s Civil Rights Act.

Once the law was enacted, the same conspirators at the state level went into action along with their local, UAW-controlled election officials. The State Election Board carefully designed an incomprehensible ballot, insuring that the voter who discovered his party listed would still have only a modest chance of getting his vote registered. Then the State Election Board refused to disseminate any material educating poll workers or the public on the new election procedure. Most poll workers assumed that the third party qualification was a referendum section of the ballot, causing thousands and thousands of split tickets and spoiled ballots. The Labor Party discovered that between 50 percent and 600 percent of the votes recorded for it in different election jurisdictions were thrown out as invalid.

However, the confusion itself was merely a screen for orchestrated fraud. The State Board of Elections carefully failed to provide the Labor Party with a candidate code which must be used by election officials to match correctly the votes recorded on the back of the voting machine with the spot on the tally sheet on which they must be recorded. Sixty of eighty-three Michigan counties therefore initially reported *no* third party qualification returns.

In Wayne County, and other urban areas in which the Labor Party's electoral strength is primarily represented, vote fraud is a built in feature. There the election officials are drawn straight from the UAW's political action group CAP. The CAP graduate election officials have provided the UAW with almost complete control over elections in these areas. In this year's race in Wayne County two independent, non-UAW endorsed candidates ran for County Commissioner seats in the Democratic primary. One, a well known and respected area politician, was leading the race five to one.

As the election returns were coming in UAW Area One CAP official Bard Young began to pound the table and then left to make a series of phone calls. Then returns began to arrive from a largely black, UAW controlled town. The independent candidate lost the election by more than 1000 votes. The second independent candidate, endorsed by the NAACP and black church groups, won a negligible number of votes in the all black, UAW run township. (When the two independents asked for a recount, they received more

than twenty threats from area trade unionists, all advising them to "lay off.")

The Labor Party slate experienced similar fraud within Detroit City itself. Some Labor Party candidates were even credited with *no* votes in their home precincts! Hundreds of affidavits received from Labor Party voters indicated many more areas in which the Labor Party's vote was simply never counted.

### At the top

In the face of such evidence how did Judge Harvey, a conservative judge with a reputation for respecting individual liberties, refuse to place the Labor Party on the ballot and refuse to grant any further inspection of voting machines or computer ballots?

The main reason, according to the aide to a Republican state politician, is the power of Max Fisher and his friend Henry Kissinger. "We can't get involved," he said. "You are pointing the finger at our major fundraiser." Henry Kissinger was the featured speaker at a major Republican fundraiser just five days before Judge Harvey's decision. Kissinger, while in Michigan at that time, also met with Max Fisher.

Kissinger, according to a number of reliable corporate sources, at that time was creating a major stir to contain Labor Party influence among businessmen. He and local operatives who are particularly associated with him through the Zionist Lobby — like Fisher, the Bronfmans, ADL-linked labor bureaucrats, and others have a long, documented history of attempting to undermine and stop the Labor Party's organizing. The Michigan vote fraud effort, undertaken for the same end, has brought the entire machine dangerously close to complete exposure.

— Felice Gelman

### Flint Journal: Law sets unreasonable requirements

*"Flint ballot check reveals U.S. Labor Party support,"* Flint Journal, Sept. 15:

A check of punch-card ballots from 48 Flint precincts Thursday revealed that 496 Flint residents voted for the U.S. Labor Party in the Aug. 8 primary.

Only eight of these ballots officially were tallied because the other 488 voters voided their partisan ballots by voting for more than one party. . . .

If that figure is projected for all of Genesee County, about 3,100 votes may have been cast for the minority party. That compares with 37 valid ballots officially reported for the primary, (County Clerk Michael Carr said.

*Editorial, "Invalidate the law,"* Flint Journal, Sept. 17:

The U.S. Labor Party's court fight to get Michigan's "party qualification" law declared unconstitutional

## How fraud affects the political process

*In an official statement issued Sept. 23, U.S. Labor Party chairman Lyndon LaRouche denounced the Harvey ruling as making "republican democracy a thing of the past in Michigan." An extract of LaRouche's comments follows:*

The Labor Party voters are concentrated among trade unionists, members of the black minority, and professionals concerned with U.S. general scientific and technological progress. The Labor Party vote was in fact a minority within groups of voters whose majorities vote for Republican or Democratic candidates but who are inclined toward the kinds of world-outlook and policies which the Labor Party voters support. Taken together, these voters represent a large chunk of the electorate.

Those voters who vote for Democratic and Republican candidates are sometimes gaining good representation by the particular candidate, but are more often only one constituency to which their candidate of choice is responding. Their candidate of choice does not consistently represent them, but they prefer a 20 percent piece of an elected official to a hundred percent piece of an unelected candidate.

Under these conditions, the suppression of a 5-to-30 percent actual Labor Party vote through vote-fraud conspiracy (as in Michigan) significantly affects the political process. If voters see a party's

candidates losing with a 15-to-30 percent vote, the voters who are inclined toward the policies of the losing candidate's party use that knowledge to keep the elected candidate's party in line. They threaten to bolt to the party of the losing candidate, knowing that the combination is potentially a winning one — in a fair election.

In other words, democracy is not a series of individual elections, each disconnected from the other. Rather, democracy is a process of successive elections, in which the votes of losing candidates are an integral and important part of the shaping of that electoral process. Suppressing the vote, through fraud, of a candidate who earns in fact between 15 and 30 percent of the vote has as significant an effect on the *electoral process* as defrauding a winning candidate.

If the Labor Party's actual vote is viewed in this way, one can rightly identify states in which drug decriminalization could not have been passed, in which nuclear energy plants would have been completed, and so forth but for the cumulative effects of frauds against the U.S. Labor Party since 1974.

Considering the states in which the Labor Party's actual influence, combined, on voters' preferences and policies is a significant force in fact, the same observation can be made with respect to the U.S. Congress.

got a big boost last week when it was indicated that the party may have lost a great many votes in the August primary because of invalidated ballots.

The party contends the law sets unreasonable requirements and presented voters in the last primary with confusing instructions. . . . A major argument put forward by the Labor Party is that anyone who checked off one of the minor parties in the "party qualification" section on the primary ballot was

disqualified from voting for either Democratic or Republican candidates. If they tried, the ballot was voided. . . .

Now we're pointing all this out not in support of the Labor Party's challenge over the constitutionality of the law. We see it as reinforcement for our argument that the law simply goes too far in limiting minor party access to the ballot. . . . The Legislature should go back to the drawing board.

## Italy: Phase two of the Moro case

Italy is currently immersed in what its Communist Party has dubbed "Phase II" of the destabilization operation initiated last spring with the terrorist kidnapping of its former Prime Minister, Aldo Moro. Conversely, however, never have the Italian government and its political allies been so close to publicly exposing the international conspiratorial networks responsible for launching these and many other operations against the nation's progressive leaders.

A stunning indication of the latter point was given on Sept. 15 by Italian Communist Party (PCI) directorate member Adalberto Minnucci. Interviewed by the newspaper *La Repubblica*, Minnucci stated: "I am convinced that we can never know the truth of the Moro case until we thoroughly investigate the terrorist phenomena of the last 20 years," for instance, "the Kennedy assassination. . . . If those who assassinated Kennedy were discovered, it would clear up many things, including those closest to us."

Minnucci's words were the latest rebuttal to the prevalent "theory" that the Red Brigades terrorist gang that kidnapped Moro was a purely internal Italian phenomenon unconnected to any foreign networks and hence not part of an explicitly politically aimed operation against the country.

### The Moro letters

The day following Minnucci's interview, the PCI daily *Unita* reported on charges leveled by the Sicilian newspaper *Gazzetta del Sud* that West German press czar Axel Springer negotiated directly with and paid \$3.3 million to the Red Brigades for copies of Moro's last letters written while he was in the hands of the terrorists. Springer is a major financial backer of the Jerusalem Foundation, a leading conduit for Zionist-directed terrorist and related operations.

The publication of these letters marked the beginning of Phase II of the destabilization of Italy. The letters charged that the ruling Christian Democratic Party (DC) wanted Moro murdered at the hand of the Red Brigade terrorists. On the same day that the published letters hit the newsstands, French Socialist Party secretary Francois Mitterrand published excerpts from his diary which he claimed contained certain "confidences" related to him by his Italian counterpart, Italian Socialist Party (PSI) secretary Bettino Craxi. The confidences purported to date from the period during which Moro was being held captive

by the Red Brigades. In them, Craxi complained that the leaders of the DC and the PCI were motivated by questionable political motives when they refused to negotiate with the terrorists for Moro's life.

As the *Executive Intelligence Review* has reported in detail over the past month, Axel Springer and his Jerusalem Foundation, together with Mitterrand and Craxi, all form part of an international British-Zionist intelligence and financial network which was indeed responsible for the Kennedy murder as well as all major acts of terrorism being committed today. The material published in this magazine came in part from information received from Italian sources investigating the Moro kidnapping. These sources, as Minnucci's words indicated, know the nature of these networks. Included also among those responsible Italian leaders who, like the PCI, are attempting to guide the Moro investigation along these channels are top Christian Democrats such as DC president Flaminio Piccoli. It was Piccoli who initiated the public concern with the "international networks" behind the Moro murder in a series of statements issued this summer.

The newspaper *La Repubblica* is currently leading the press campaign to use the combined Moro "letters" and the Mitterrand diary to force the collapse of the government. *La Repubblica*, it is well known, is controlled by Fiat magnate Gianni Agnelli and his brother-in-law, aristocrat Count Carlo Caracciolo. The names of both these individuals will be found to head or direct all the major institutions spawned by the British Round Table, International Institute for Strategic Studies (IISS), and other notorious British controller institutions of international terrorism, drug-running, and the like. In Italy these include the Institute for International Affairs (set up by the Round Table), the Agnelli Foundation, Il Mulino, the Federalist movement, etc. Both Agnelli and Caracciolo are furthermore members of the Order of St. John of Jerusalem (Knights of Malta), the international organization of what is commonly known as the "black nobility."

*La Repubblica* on Sept. 16 headlined on its front page "The Future of the Government Is Tied to the Moro Case," an article playing up the potential destabilizing possibilities of the Moro letters. *Repubblica*, together with the Agnelli-owned *La Stampa*, is continuing to bring press pressure to bear to force a

deviation of the Moro investigations away from the cited direction to one of the Christian Democrats' motivations during the kidnapping period. The battered DC government of Premier Andreotti has as a result been put under enormous pressure.

### An 'ideological' attack

An even more significant aspect of the "Phase II" attack on Italy, however, is centering on the PCI. Socialist Party secretary Bettino Craxi is also engaged in spearheading an "ideological" attack against the Communists geared to disrupting the latter's alliance with the Christian Democrats — an alliance without which the minority DC government would immediately collapse.

Craxi and older "historic" leaders of the party such as Riccardo Lombardi (of thorough British political pedigree) have initiated a campaign against the PCI-DC "historic compromise" profiled on the Communists' predictable Achilles heel: that close collaboration with the DC "capitalists" blatantly contradicts the PCI's communist ideology.

What the PSI is proposing is two-fold: that the PCI break with the DC (and incidentally collapse the government) and simultaneously break with the Soviet Union in order to then form an appropriate alliance with the Socialists capable of giving the country a "left alternative" to the DC's 30-year rule.

The most recently authoritative response to this tactic was issued on Sept. 15 by PCI secretary Enrico

Berlinguer in his Genoa speech to a crowd of hundreds of thousands. The exclusive subject of the speech was a hard-line response to Craxi and the Socialists, with an included defense of the DC-PCI "historic compromise." Said Berlinguer, "There is today an offensive, denigratory and confusionary attack being launched against the PCI. . . . Their objective is to weaken the PCI, slandering it and its strategy and thereby trying to force it to go backward in its policies (i.e., break the historic compromise —ed.). This objective, no matter how it is masked, if it were reached would provoke only one result: pushing the political climate toward the right." Berlinguer characterized the campaign as one of positing "ideological ultimata," an unmistakable allusion to Craxi and the PSI.

Although, as the speech indicates, Berlinguer is not yet backing down to the Socialist profiled assault, nonetheless the almost "Stalinist" (to quote *Repubblica*) "hard-line" nature of his defensive speech has already begun to initiate strains in PCI-DC relations. Such a process, if allowed to continue, would certainly collapse the government in time. The only sure counterattack to "Phase II" is thus to proceed rapidly with what the operation was launched to prevent in the first place: exposing the international Zionist-British networks responsible for the Moro murder and other terrorism.

—Vivian Zoakos

## Business Week caught 'in flagrante delicto'

"In flagrante delicto" was the phrase one influential New York figure used this past week, in the course of remarking on *Business Week's* open collaboration with a notorious proterrorist, Harvey Kahn.

The remarks were volunteered by a discussion of a three-page, illustrated lead article appearing in the "Economics" section of the magazine's Oct. 2 issue. The article, "The U.S. Labor Party's Radical Crusade," was prepared largely in collaboration with Harvey Kahn, a point emphasized by Kahn himself. Kahn's remarks to that effect, made in advance of the article's publication, accurately forecast the line which appeared in the published version.

Later during the same week, Kahn was a featured speaker at a Michigan conference of Morton Halperin's Committee to Stop Government Spying. The two principal items of the conference's agenda

were the Halperin group's attacks on the U.S. Labor Party and the prestigious national police-intelligence organization, the LIEU. Kahn presented the Halperin group's line on the Labor Party, using the line featured in the *Business Week* article as the basis for proposed disruptive actions against the Party.

The character of that conference is underlined by the side-show events. These included Afeni Shakur of the "Black Liberation Army" (BLA), and Attorney William Kunstler's current defense of Baader-Meinhof terrorist Kristina Berster.

*Business Week* has, indeed, placed itself in most unsavory company.

### Labor Party Reaction

"Shocking, but not properly astonishing," remarked Labor Party Chairman Lyndon H. LaRouche, Jr.

"The longer I live, the more I realize how much everything that happens is ultimately lawful.

"Bill Wollman (*Business Week* Economics Editor William Wollman) has jumped into bed with the economic policies of the British-Canadian gang that control terrorism. You open the sheets and you find Wollman's department cohabiting with a known terrorist.

"I grant that that imagery is slightly misleading. Bill Wollman is by no means as ingenuous as that might suggest. We don't know where the ownership of McGraw-Hill stands on this as of yet, but we know that a high-level, major policy-decision was made before *Business Week* accepted the risk of implicating itself in this nasty bit of business.

"For the sake of some of the more stubbornly simple-minded folks, I think we ought to prove even to their satisfaction exactly what the nature of that policy decision was.

"First, take the basic facts about the article. It is a lead item, and is run in the 'Economics' section, rather than in the odd corner of the magazine, where they'd normally stick the 'oddities and sidelights' sort of nonsense the content of the article itself would ordinarily prescribe. The fact that a decision was made to feature such an article in that location already tells us a few basic facts.

"When that much money and effort, that much importance is given to arguing that a topic is unimportant in character, a certain aroma is established. Placing the article as a lead-item in the 'Economics' section is the crucial indicator so far in stating the case.

"The next key fact is the failure of the writer's editors to conceal the coordination of the article with Harvey Kahn. Remember, the editors know who and what Harvey Kahn represents. Years past, *Business Week* wouldn't allow that character to be detected any closer to their offices than the pimp's side of Eighth Avenue on 42nd Street. Remember, at the very time that corporate officers and corporate security offices are digging in for a threatened wave of terrorism, *Business Week* presents itself in corporate offices, shamelessly advertising its own cohabitation with one of the most notorious second-stringers among leading terrorist supporters in the United States.

"Granted, Jack Anderson does that sort of thing regularly. The latest Vesco hoax against President Carter is a typical piece of Anderson's 'investigative journalist' ethics. His slander-piece on us was actually

put together by known terrorist supporters. Anderson has enough muscle from international intelligence connections to get by — so far — with the kind of filthy operation he runs. *Business Week* is not Anderson. Everyone on the corporate level knows that Anderson is a sewer. What Anderson gets by with regularly would really hurt McGraw-Hill's credibility in a serious way. *Business Week's* being used openly by a known terrorist supporter like Kahn is something that just doesn't happen unless there's a major policy reason for violating every standard they've maintained over years.

"Someone made a decision to trade-off vital intangible business assets of McGraw-Hill for what they considered a higher interest. McGraw-Hill's going to be hurt by this dirty little business. Under loose New York judicial standards for libel, probably they can squeak by with the slanderous character of the piece, but they have really hurt their credibility in the corporate boardroom. The law department, or anyone else involved in clearing the publication, would have seen that point immediately. There was clearly an overriding consideration.

"We know what the basis for defining a higher interest was. Bill Wollman's lining up openly against the EMF makes that plain enough. There is not much middle ground on the EMF issue around New York City these days. A few hold-outs are still privately pro-EMF, but most of the boys are behaving like a horde of hysterical lemmings running for the cliffs. Most are lined up with the British and the Canadians; they're hysterical about their determination to stick with the British and attempt to wreck the EMF. Obviously, *Business Week* has joined the pack of lunatics on this turn.

"In this kind of a fight, if you crawl into bed with Bronfman, Montefiore, Rupert Murdoch, Lazard, Rothschild and the rest of that crowd, you buy that crowd's whole package. You put up with their international illegal-drug traffic, you play along with their control of organized crime, you don't ask questions about who really ordered the killing of President Kennedy, and you tolerate their scummy environmentalist and terrorist operations.

"All the same, if some public figure in the USA does become kidnapped by terrorists, or is blown up by a terrorist bomb, his friends and family are going to remember what sort of bedfellows Bill Wollman has been cohabiting with."

# Brzezinski pushes 'limited sovereignty' in Nicaraguan crisis

Two weeks of the brutal extermination campaign by Nicaragua's National Guard and mercenary forces to suppress the armed uprising of the population against the oppressive Somoza regime have left an estimated toll of 5,000 dead, and 30,000 homeless refugees in camps in Nicaragua, Costa Rica, and Honduras. Despite U.S. press reports that the situation is "quiet," Nicaraguan National Guardsmen under the prevailing martial law continue to execute any young men suspected of being Sandinista guerrillas.

While Latin American countries are condemning the brutality of the Somoza regime, the United States, under National Security Advisor Zbigniew Brzezinski, is cynically attempting to maneuver the Nicaraguan situation toward some form of unilateral "outside intervention," to establish a clear precedent for Brzezinski's doctrine of "limited sovereignty."

Cuban Foreign Minister Isidore Malmierca denounced the Somoza regime as an outlaw nation before the United Nations General Assembly on Sept. 26, calling on that body to condemn the Somoza government, reject the credentials of its delegation to the UN, and cut off all economic and military aid to the regime in response to the mercenary-backed "genocide" now taking place in that nation.

Malmierca's charges of "genocide" were echoed by Venezuelan President Carlos Andrés Pérez and Mexican Foreign Minister Santiago Roel in statements issued last week. Latin American press sources have reported that the Venezuelan government is now considering bringing the Nicaraguan crisis before the UN Security Council, in response to the failure of the Organization of American States (OAS), Latin America's U.S.-dominated body, to take even a formally strong stand against the genocide.

Panamanian Vice Foreign Minister Carlos Ozores Typaldos foreshadowed a new dimension to the Nicaraguan crisis in an address to the UN General Assembly Sept. 27. Typaldos reported that his government has received "reliable information" that "international arms traffickers" are deliberately reactivating the Honduras-El Salvador conflict in order to distract public attention from the "deplorable" Nicaraguan crisis — a clear, if undefined reference to Israel. Israel's role in upsetting the military balance between these two hostile nations

throughout the 1970s had been so blatant that even the Rand Corporation took note of it in a 1977 report profiling the Latin American military and arms sales to the area.

Denunciations of the Israeli role as the major weapons supplier to the Somoza war machine continued to be issued in Mexico last week, including a statement by the official representative of the Palestine Liberation Organization to Mexico. The pressure resulting from extensive documentation published in Mexico on the Israeli interventionist role throughout Latin America forced the Israeli ambassador to Mexico, Saul Rosolio, to acknowledge last week Israel's weapons sales to the outlaw Somoza government. Rosolio, however, told the Mexican daily



*Uno Mas Uno* that he did not understand what "all the noise" was about; "a few machine guns" will not determine the battle!

### U.S. intervention precedent set

In contrast to the growing condemnations against genocide, U.S. policy toward the region stands clearly on record now as a cynical effort to ensure the continuation of the Somozan machinery, with or without Anastasio himself, in order to deliberately prolong the conflict in the area. National Security Council advisor Zbigniew Brzezinski's strategy, on which present U.S. foreign policy is based, is to allow the Nicaraguan crisis to continue until Latin America bends to strict adherence to the principles of nonintervention, and capitulates to U.S. demands to impose a "regional" solution.

Brzezinski himself, quoted in the *Washington Post* Sept. 22, affirmed that the goal of U.S. policy in the Nicaragua crisis was to achieve "mediation" by Nicaragua's "friends and neighbors." Brzezinski indicated his support for "Somozismo" — if not Somoza himself — when he defined mediation as "some process of political accommodation to create resolution of the differences that led to the dispute."

The result, from Brzezinski's British-oriented standpoint, will be the establishment of the dangerous precedent of limited sovereignty, and the imposition of *supranational* solutions to any future regional crisis.

In practical terms, establishing such a precedent would provide Brzezinski with the ability to manipulate or trigger "crises" — even regional war — at will. This would create the pretext for outside intervention to effect changes in the internal policies of governments of any nation or group of nations targeted. South America — particularly the southern cone region — is a potential tinderbox of long-standing border and territorial disputes which, as detailed in the 1975 Rand Corporation scenario for a second "War of the Pacific" conflict, if triggered could produce a chain reaction leading to regional war.

The U.S. proposal to last week's OAS Special Meeting of Consultations, convened to consider the Nicaraguan crisis, explicitly called for regional "mediation" into the conflict. U.S. Deputy Secretary of State Warren Christopher, speaking for the U.S. at the meeting, began by stating that the "reports" of "mass arrests and detentions, torture and even indiscriminate killing of civilians" should be "investigated fully." His recommendation came after Mexican Foreign Minister Roel had already characterized the Nicaraguan situation as perhaps the worst case of "filicide" ever in the region. Christopher then called for the "good offices of concerned governments" to be offered the chance to mediate between the "government of Nicaragua and the opposition groups within Nicaraguan society to help find an enduring and democratic solution."

A happy *Washington Post* immediately noted in a Sept. 27 editorial the implied foot-in-the-door for limited sovereignty. "With the U.S. quietly leading the way," the *Washington Post* commented, "the OAS is trying to manage the process of Nicaraguan political change."

Despite the *Washington Post's* eagerness, U.S. intervention proposals have thus far been roundly rejected by most Latin American nations, and particularly bluntly by Brazil and Mexico. The resolution supporting mediation was voted down by the Organization of American States. In fact, the only official acceptance of the U.S. proposal at this time has come from General Somoza himself, who gladly offered to have a "dialogue" with some of the opposition, providing that the "good offices" utilized are not those of Mexico or Venezuela — but only Argentina, Chile, Bolivia or the U.S.!

The U.S. policy is a prescription for continuing crisis — with all the regional and continental consequences. Somoza's extermination campaign has not pacified the country — and cannot. Representatives of the Sandinista National Liberation Front, constituting the armed leadership of the majority of popular forces, have announced that their forces are still intact, despite the two week National Guard campaign, and their present retreat is merely tactical, to be followed soon by a second offensive.

The saner forces in the U.S. should note the prescription of the Mexican proposal to the OAS: "Winning the peace" in Nicaragua will require the "feeding and development of the peoples" — not the "trafficking with war."

## Latin Americans denounce interventionism

*Despite pressure from the United States, leading Latin American nations have firmly rejected any approach to the Nicaraguan crisis which would tend to legitimize the Brzezinskian doctrine of "limited sovereignty." Key statements by Latin American leaders follow.*

### Mexico

*Mexican Foreign Minister Santiago Roel, addressing the Sept. 21-22 Organization of American States meeting in Washington:*

... The existing situation in the Republic of Nicaragua ... has endangered the peace of the region and gravely disturbed the tranquility of the border zone between Costa Rica and Nicaragua. . . .

In the last days, reliable reports from diverse sources have called attention to indiscriminate attacks on the civilian population, producing a holocaust in which women, youths and children have been victims, bordering on filicide without precedent in regional history.



## Eliminate developing countries' central banks, Friedman says

Milton Friedman, Vice-president of the Mont Pelerin Society and author of the genocidal *Chilean Economic Model*, has issued his latest proposal to the developing sector: eliminate Third World Central Banks in order to ensure tight control of monetary supply and to reduce inflation. The plan — which would institutionalize the principle of limited sovereignty of nations in the Third World — was reported Sept. 17 in the Argentine daily newspaper *Clarín*.

Friedman's proposal was delivered to the Argentines by Professor Arnold Harberger, one of the economist's "Chicago Boys" directly involved in running the genocide in Chile since 1973, during a late July conference in Buenos Aires. *Clarín* reported that the Conference was sponsored by the monetarist Argentine Central Bank itself but Harberger denies this, insisting instead that the Conference was sponsored by the World Bank!

Friedman argues, according to the Buenos Aires daily, that there is no way a Third World country can cut inflation since, due to domestic political pressure, the Central Banks of developing nations are forced to increase their money supply

even against their will. He concludes that the best solution would be to eliminate Central Banks, the source of inflation.

Once this is done, Friedman continues, these countries' currencies would be "tied to" a stable currency of any developed nation. The monetary policy of the advanced sector nation would be imposed upon the developing nation. Harberger added that, in fact, the proposal was originated by F.A. Hayek, the German founder and current Honorary President of the Mont Pelerin Society. Friedman's only role, he said, is to publicize the idea.

Simultaneously, Argentine economist and Mont Pelerin member Alvaro Alsogaray has launched a campaign aimed at further cutting Argentina's money supply since "the current economic policy is not monetarist but . . . highly expansionist." By attacking Argentine Economic Minister Martinez de Hoz, a well-known British-pedigreed monetarist and the International Monetary Fund's loyal servant, Alsogaray is in fact calling for the complete destruction of the already credit-starved Argentine national industry.

. . . Nonintervention does not mean no emotion, or indifference. . . . The massive violation of human rights affects us in a most profound way. . . . The Mexican government, of popular and revolutionary origin, censures these actions. Mexico has insisted in international and national forums on the eradication of arms buildups, and condemned the indiscriminate use of conventional and nonconventional arms, censuring those who instead of winning the peace for the feeding and development of the peoples, traffic in war. . . .

### Venezuela

*Extracts of letter sent from President Carlos Andrés Pérez to President Carter, as reported Sept. 23 by various press agencies:*

I have had the opportunity to speak today with your special envoy, Ambassador Jordan. From this conversation I have not obtained anything which permits me to be optimistic as to the attitude of the U.S. toward the bloody regime of General Somoza.

. . . the number of deaths, the massacre, and the genocide which lays waste to the Nicaraguan people. The Somozan dictatorship has unleashed a war to the death against the Nicaraguan people. . . .

I sincerely believe, President and friend, that the case of Nicaragua dramatically endangers your

human rights policy, which awakened such hopes in Latin America. . . .

### Argentina

*From an article by Enrique Alonso, appearing in the Argentine daily Clarín, Sept. 17:*

Any careless observer could think that there is some kind of inherent justice in the fact that the Somoza dynasty could be dethroned by the same factors which contributed to carry it to power as a result of the United States intervention in the Central American country from 1912 to 1933. If that method were extended, it is evident that *other regimes could become the recipients of the same treatment*. But sharper thinking on the same subject would reach the opposite conviction: *the fate of the governments south of the Rio Grande cannot be conditioned by the modalities of foreign policy in Washington*. To prevent that, the hemispheric system has established *the principle of nonintervention* as a doctrinary axiom. This is the shield of the weak against the powerful and the sure guarantee of an ordered regional coexistence which does not accept the law of the jungle. . . .

In saying this, we are not going to battle in defense of Somoza. His regime is an anachronism in America and is a fiction to the same degree that his survival for

such a long time was conditioned by foreign support.

It is evident that the Washington government is trying to induce a hemispheric democratization. . . .

The problem is in how to implement the new policy. Destabilization of authoritarian regimes (applying the same methodology used against Allende in Chile but in the opposite direction) is not good enough, since it leads to unforeseen situations. The Nicaragua case is eloquent in this respect. It would be more reasonable to consider the underlying causes of the political distortions in the hemisphere. But this would lead to *changing all the criteria on cooperation between the underdeveloped countries and the United States*. . . . (all emphasis in original — ed.)

## Brazil

*Antonio Azeredo da Silveira to journalists at Brazil's Superior War College, Sept. 20, quoted in the Rio daily Jornal do Brasil:*

"What I made very clear even to the North American ambassador when he sought me out last Wednesday (Sept. 13 — ed.) is our opposition to any interventionism. It is very dangerous, under any pretext, to accept interventions. Those times are now over."

Silveira was reminded by reporters that Brazil provided troops for the 1965 intervention in the Dominican Republic. The Foreign Minister replied, "But that was in another epoch. I am not trying to judge the past."

## U.S. must dump outlaw Somoza regime

*The National Executive Committee of the U.S. Labor Party issued the following statement in New York Sept. 21:*

In light of the escalating massacre of thousands of civilians by the illegal Somoza regime in Nicaragua and the resulting extreme danger this situation presents for triggering a series of entangling events leading to regional war or worse, the U.S. Labor Party is urging U.S. government officials as well as private citizens to immediately force the Carter Administration to adopt a policy course that will avert a major disaster, and put an end to the Administration's disgraceful de facto support of the British-nurtured Somoza regime in that country.

Let there be no mistake: everything the outlaw Nicaraguan government stands for is inimical to the vital interests of the United States. It is a pawn of the same networks of the London-centered Black Guelph nobility that control the maniacal Israeli government and threaten to plunge the U.S. into World War III following the Camp David hoax. Not only is Somoza being deployed to create a geopolitical "hot spot" in parallel with the Zionist lunatics in the Middle East, but, as has been exposed on three separate occasions during the past week, it is Israeli intelligence and armed forces that are providing Somoza with crucial logistical support and weapons. If not stopped, Somoza will drag the entire region, and perhaps all of Latin America, into a hideous rerun of the Thirty Years' War of the 17th century.

The following steps must be promptly implemented:

First, the United States must immediately break all diplomatic relations with the Somoza government. The maintenance of an embassy in Managua provides tacit legitimacy for the Somoza dynasty. The current allegedly neutral stance of the Administration is a thin veneer for de facto endorsement of Somoza's genocidal policies.

Second, the Carter Administration must urge the United Nations to treat the Somoza regime as an outlaw government of the same calibre as those of Israel and Rhodesia. Total economic and diplomatic sanctions must be imposed, along with whatever other measures are necessary to hasten the downfall of this feudal, oligarchical vestige.

Third, a Dominican Republic-style military intervention in Central America under the guise of the Organization of American States would set a dangerous precedent, which must be strenuously prohibited. The OAS should limit itself to enforcing the Monroe Doctrine by expelling the Israelis and their provocative gun-running from the hemisphere.

Fourth, the only possible basis for a stable peace in the region is a comprehensive economic development program, led by Mexico and the U.S., which provides an alternative to the inhuman "credit conditions" forced on the impoverished countries of Central America and the Caribbean by the IMF. The U.S. must move quickly to implement such a program.