

Some of the East European countries have been urging that the ruble be made a convertible currency, a move that would ease their trade with the West. But Moscow heretofore has turned a deaf ear to the requests.

*The Financial Times, Feb. 22,  
"The Enigma of Transferable Roubles"  
by David Lascelles, East Europe Correspondent:*

The Soviet plan to encourage wider international use of the "transferable rouble" — the East bloc's closest thing to a convertible currency — has sent ripples through Western banking circles. Was the announcement, made last autumn, the first crack in the impermeable barrier between the currency systems of East and West? Was it even as one leading banker claimed, the most important news for currencies since Bretton Woods?

Several months later, the Russians are still promoting their transferable rouble. There are so many unanswered questions about just how it will work that the West has yet to make up its mind what it all means...

The new rules raise the far-reaching question whether the use of TRs by western countries could lead to the emergence of a discounting market. The enormous imbalance in the East-West trade in the West's favour (some \$6bn. last year alone) would suck out TRs and make the West a major holder. The first reaction of any western banker is that this would create a secondary market in TRs where their value could fluctuate according to trends in East-West trade and Comecon's economic fortunes.

IBEC, however, denies that this would happen since TR holdings would be strictly controlled, and no transfers could take place without its approval. It has stated,

though, that banks or firms holding TRs can transfer them to others, provided they also have accounts with IBEC. Presumably in such cases, the banks or firms involved could still come to some private arrangements over what these holdings are worth. Ideologically, of course, it would be totally unacceptable for a communist currency to be speculated within capitalist markets. But the more strictly TRs are controlled, the less attractive they would be as a means of payment...

It may be wrong to view the new IBEC regulations in terms of trade with the West. The rules are far more likely to have been drawn up with a view to the Third World, which is putting pressure on the Soviet bloc to improve credit relations.

Perhaps the most important aspect of IBEC's announcement is the implication that the Russians still see no progress in Comecon's external financial relations being made through broader use of the TR rather than working towards currency convertibility....

*Il Sole 24 Ore, Feb. 24:*

Montedison international director Giuseppe Ratti first dismisses the "worthless criticisms" of opponents of new credits, then announces that Montedison is negotiating new development projects in Siberia on a multibillion-dollar scale. Ratti calls for "more imagination" in "finding new ways to finance those credits" to the USSR and announces that Montedison takes Soviet economic planning into account in projecting its own corporate plans. The Feb. 24 issue of *Il Fiorino* also reports that Soviet Premier Kosygin has invited the Italian industrial delegation to begin involvement in construction of fast-breeder nuclear fission reactors in the USSR.

## CAP Calls Carter's Bluff

Within 48 hours after the *New York Times'* "revelation" Feb. 19 that Venezuelan President Carlos Andres Perez had allegedly received CIA money as Interior Minister during the early 1960s, Perez, dispensing with diplomatic niceties, directly held "very high levels" of the Carter Administration responsible for the "mendacious accusation" and demanded a formal retraction, not from the *Times*, but from the U.S. government itself. Stating that this "insidious fabrication against the independence and dignity of Venezuela" was no mere incidence of sensationalist journalism, Perez identified the attack as part of a campaign to undermine Venezuela's "frank and determined third worldist position."

At a meeting on the night of Feb. 22 with Foreign Minister Ramon Escovar Salom, U.S. ambassador to Caracas Viron Vaky delivered a letter from Carter to Perez apologizing for the "unfounded and malicious" charges.

Although Carter's backdown was formally recognized by Escovar as having "resolved" the problem, the im-

pact of Perez' charges will be far reaching internationally. As Perez explained in a statement released on the morning of the 22nd, the "intentions of President Carter" and the much-touted "new morality" in Washington "have been put to the test." "What is occurring in the relations between the United States and the rest of the world," he continued, "we might refer to as another 'Watergate.'" Referring to the CIA itself, Perez stated, "It arouses the conscience of the world that the most powerful nation on earth, which proclaims the values of democracy and exalts the dignity of man and liberty, shelters a putrid organization which has as its primary objective the corruption of men and peoples, and which, when such peoples refuse to bend to its designs, drags them into the mire, accusing them of being its servants, fully aware of the worldwide revulsion provoked by any contact with this organization of crime that knows neither boundaries nor ethical limits."

Perez has demonstrated how other governments can call the bluff of the Carter regime's psychological warfare — the premise of James Schlesinger's "aura of

power" strategic doctrine and of the Lower Manhattan banking community's threats against Third World quests for debt moratoria. In a single sweep, he has also crippled a two-months-long destabilization campaign directed against his government ranging from provoked riots and terrorism to attempts to split Perez' party and foment a war environment with neighboring countries.

Perez therefore not only set an example for governments targeted for destabilization by Carter's Trilateral Commission Administration, but also succeeded in throwing a wrench into the Trilateral's "Linowitz Report" strategy toward Latin America, which hinges largely on close relations with Venezuela and the aura of Carter's alleged concern for human rights. A key element in this policy, as explicitly outlined by former Exxon executive Melvin Conant in Senate testimony last month, is to nail down Venezuela as a guaranteed source of oil for the U.S. and drive a wedge between the Caracas government and the Arab OPEC members. Branding Perez "CIA" was intended to cripple him domestically and internationally and prevent his government from leading a Latin American breakaway from the dollar. "No doubt about it," a source close to the National Security Council told NSIPS when asked about the effect

on Carter's Latin American policy of Perez' unexpected counteroffensive. "This is certainly going to be a problem. The effect will be long-range. U.S.-Venezuelan relations have been set back significantly."

Even before the publication of the *New York Times* accusation, Perez delivered a shock to Carter and his Wall Street backers. In response to Washington's insulting reception of Mexican President Lopez Portillo last week, Perez suddenly announced the cancellation of his visit to the U.S. planned for next month, due to "unforeseen" circumstances. Adding to the impact of the cancellation, Perez reported that in April he will travel to Saudi Arabia, Qatar, and Iran.

As soon as the *Times* "revelation" as published, Perez held an emergency cabinet meeting and immediately authorized U.N. Ambassador Simon Consalvi in New York to identify the accusation as "connected to the stupid campaign which is being carried out from the United States against the countries of OPEC." Referring to a similar charge last October aimed at preventing Perez from cooperating with the Cuban government in uncovering CIA connections to Cuban exile terrorists operating out of Caracas, Consalvi noted, "For the second time in a few months the *New York Times* has

## Carter's Apology

The accusations against the Venezuelan chief of state have disturbed me deeply.

I want to express to you that I as well as my administration regret the problems that these press reports may have caused you, your government or the people of Venezuela.

I might add that as you know, I do not exercise control over the news media of our country and I cannot prevent these unfounded allegations concerning you. You will appreciate the concern that they have caused to this administration, which has

proposed with those nations in the world today that share our democratic values.

You, Mr. President, as a vigorous and independent defender of the interests of Venezuela, the countries of Latin America, the OPEC and of the Third World, are one of the most respected and formidable leaders of today's world. That you were elected President and that you govern an open society adds enormously to our respect for you and for your government.

I hope and trust that these malicious stories — which should not be dignified with a direct comment on them — will not cast a shadow over the future goals ((importe)) we will share.

## CAP's Answer

*It is with sincere satisfaction that I receive the reply, and I extend to you, in the name of Venezuela, of my government and myself, appreciation for the clear explanations and ideas contained in your letter. I find fully satisfactory the express and unequivocal recognition of respect and consideration for Venezuela, which I, as its President, merit, afforded by the United States.*

*Neither my country, nor I personally, expected any less than this frank and cordial reply, which you have offered. And, to use your words, in due time the authors of this twisted infamy will be left to the disgrace of their unspeakable falsehood.*

*This country and the United States share democratic values in way of living and in politics.*

*This is the powerful connection, more important than all material or purely economic considerations. And it must be above whatever differences of perspective that may arise between us at different moments over questions of an international political or economic nature.*

*As you know, Mr. President, Venezuela identifies with fundamental innovative goals, both domestically and in its view of universal problems. And we think that the efforts you make in your country, in the area of political democratic values, as well as those of international justice, will be seriously and vigorously stimulated by the dialogue and communication with Latin America and with the nations of the Third World in general.*

*I express to you my confidence that the incident to which we have just put an end with the expressive letter you have sent me will not mar our future.*

maliciously mentioned the Venezuelan President, connecting him to false incidents, and this seriously attracts our attention."

In Caracas, Interior Minister Octavio Lepage issued a similar statement. "I doubt this is a product of the tactlessness nor the irresponsibility of a correspondent anxious to produce sensational information," he said. "It is directly related to the firm and resolute nationalist position that the Venezuelan government and in particular the President has assumed. It is a reaction to the position of President Perez in demanding a new world economic order."

On Feb. 21, Perez issued the demand for a retraction. "The government of the United States is obligated before the Venezuelan nation," said Perez, "to refute this indignant and mendacious charge. It cannot be believed that the lying accusation published by one of the most important dailies in the United States, and the mention of the CIA as the source of information, was not done without adhering to plans that involve very high circles of the government." The ambassador to Washington was recalled indefinitely, while Escovar, referring to relations between the countries as "difficult," called Vaky into the Foreign Ministry office to demand a "categorical" explanation of "these slanderous deeds." Reporters, meanwhile, spoke of a possible breaking of relations.

The following day, the Venezuelan ambassador to the Organization of American States, Machin, labeled the incident part of a "conspiracy" carried out by "certain economic groups" — a thinly veiled reference to the Trilateral Commission and Rockefeller-connected

banking and oil interests. The Venezuelan Peasant Federation backed up Machin's indictment by declaring that the CIA slander against Perez was planted by "the same scum" who were behind the Jan. 5 article by syndicated columnist Eliot Janeway, who suggested Brazil "overrun" Venezuela the way "Hitler overran Alsace and Lorraine." Janeway is a former editor of *Time* magazine, whose publisher, Hedley Donovan, is a member of the Trilateral Commission.

Despite Carter's letter, the issue is far from settled. Perez has promised to investigate the maneuvers behind the accusation to its "ultimate consequences." In accepting the letter from Vaky, Escovar emphasized that the Venezuelan government intends to press legal charges against the "authors" of the attack — a move which, if followed through to precisely its "ultimate consequences," would lead back to the National Security Council and the Trilateral Commission.

A unanimous wave of support for Perez and denunciation of the CIA from all political parties has swept Venezuela. Most importantly, Defense Minister General Alvarez Torres, in a highly unusual political statement, pledged the full support of the armed forces, adding that "all Venezuelans" rightfully react with repugnance to the CIA allegations. Even Luis Pinerua Ordaz, the Rockefeller-linked chairman of Perez' Accion Democratica party and the figure who has led the insurrection against the government within the party's own ranks, has been forced to concede. Although openly contradicting the President by stating, "there is no reason to believe the U.S. government is implicated," Pinerua grudgingly admitted that the whole country must reject the accusation.

## New Entebbe Next Step In Brzezinski Confrontation Policy?

Jimmy Carter's cabinet officials are deliberately encouraging the wild-eyed actions of Idi Amin, the unstable dictator of Uganda, in the hope that this affair will afford Zbigniew Brzezinski's National Security Council the opportunity for a second "Entebbe" raid, imparting a fuller "aura of power" to the administration. With Amin engaged in pogroms against Uganda's Christian population and indecent provocations of neighboring Tanzania in the service of one of his frequent paranoid episodes, Brzezinski trotted the President out before the Washington press corps this week for a calculated personal attack on Uganda's dictator, who reacted as expected, forbidding 240 Americans from leaving this country.

What is now shaping up is a dangerous "international incident" giving Brzezinski pretext for a pre-planned act of military aggression against Uganda. No threat to the Soviet Union in itself, the implied doctrine of "limited sovereignty" for the nations of the developing sector infringes directly on those Soviet strategic defense capabilities which depend on the Third World's continuing sove-

reign neutrality. Amin's antics do not endanger U.S. national security; Brzezinski's policy of provocation does.

Most relevant, Idi Amin has never had any resemblance to legitimate African or Third World regimes. Mr. Carter's makers-of-policy have a full psychological profile of the easily manipulated dictator, who was installed in power through an original collaborative effort of U.S. and Israeli intelligence agencies, with his personal instability profiled and marked for its perennial usefulness in discrediting both African unity efforts and European initiatives in support of Third World goals generally.

Brzezinski's Uganda "crisis" not coincidentally occurs just before the important Afro-Arab summit meeting Mar. 7 in Cairo, and at a time when both southern Africa and the Middle East are suffering from the effects of war tensions introduced to the regions by Carter cabinet emissaries. Should a *causus belli* now be made of Amin's antics, it will be an exercise of the National Security Council's pre-conceived policy of confrontation with the Third World and Soviet bloc.

The Carter policy-makers themselves explain the ulti-