

### *How "Worker Autonomy" Was Born*

Having verified that most of the grouplets were made up of students, they hatched an operation which the leaders of the National Students Association would be just crazy about. In fact a massive recruiting operation of students began to send them into Italy after a due period of training to infiltrate the protest groups who did not limit themselves to attacking the DC (the Christian Democrats —ed.) and MSI (neofascist party —ed.) but turned their rage principally against the PCI (Communist Party), considered the political force which is the most organized and determined to guard democratic institutions. Anyway even in the USA the papers have spoken of the PCI in these terms, dwelling on the model of Emilian and Romagna. It was clear that they had to intervene in this reality. It was not to be the DC and the fascists who would hammer away at the government but the extra-parliamentary left, so as to make it appear that in the model region the left was contesting the regime. After an attentive examination of the profiles of the existing protest groups in Langley, the conclusion was reached that they had to create these groups out of whole cloth, with particular anticommunist traits. And so a few agents provocateur recruited in the Californian (sic) University of Johns Hopkins set off for Italy, with the task of organizing and directing the new provocateur organism. And thus "Worker Autonomy" was born. As we have said, the goal of the new extremists was Bologna, beginning with the malcontents in the university environment.

For this purpose, two years ago, a secure base was also created under the shadow of a well known multinational company, which started operating all over the Emilia Romagna region. Into Worker Autonomy went the fascist lumpenproletariat, such as the members of Remo Casagrande's "New Order" (blackshirt terror outfit —ed.) of Quarto Oggiaro, the "Volsci Street Collective" among whom are arrayed former Pariolini (fascist hoodlums from a wealthy Rome suburb —ed.) formerly in Junius Valerius Borghese's "National Vanguard." In Bologna, the tune is the same: Worker Autonomy is split between

the Tuti group of fascists and the Nazimaoists of "People's War." Phase One was the strategy of verbal terror; then Phase Two violence, "Radio Alice" and finally killings.

As we know, it went badly — the Covert Operations Section of Langley repeated in appropriate proportions the fiasco of the Bay of Pigs. And now, from the USA, here come the revelations of the National Students Association. Our security services had been apprised of this matter for some time, but were physically prevented from acting by a hidden force which quashed any attempt at reacting the minute it was brought up.

In interviews, Worker Autonomy did not deny getting money from the CIA or that there are Nazis acting in their ranks.

What is the most frightening is the fact that the American revelations arrive just at the point when President Carter has decided to reduce the CIA's powers. Why, for example, if the NSA knew for two years about the student recruitment, did it not think of unmasking the maneuver until now? It looks to us as though the current leaders of this organization are the same as before, which means that previously they were not authorized to do it. Their maneuver falls into the game of the new government. It is not a moral action to defeat the negative power of the CIA in the world, but has a "clientelistic" significance.

The fact that the NSA has always worked for the CIA is no mystery to anyone in the USA. Hence, one deduces that in this instance as well it is playing the CIA's game and that of its masters. But which group? We are witnessing a ruthless war between top level spies, and that is demonstrated by the fact that the NSA revelations on the strategy of tension in Italy, directed to discredit a certain sector of the CIA, have received from the old foxes in Langley rooted in their armchairs a response in rhymes. They let us know that inside the CIA there is a second CIA, one which operates in favor of the world's leftist governments. For example, this parallel CIA, according to the traditionalists, was what in 1960-63 favored the left shift in Italy (the process by which the first center-left coalition was brought into being under then-Premier Aldo Moro —ed.) . . .

## What's Wrong In France?

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### FRANCE

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With the aid of some most inopportune opportunism within the Gaullist RPR leadership, France's President Valéry Giscard d'Estaing is leading that nation back toward a strategically imbecilic thermonuclear parody of the worst colonialist policies of the Fourth Republic. Overall, it must be said that French Gaullism is not dead, but dozing — like a silly calf dreamingly sprawled in a pasture.

The crux of the matter is that up to the end of the recent Paris mayoralty election campaign, the Gaullist RPR

led by Michel Debré was for the moment very much in the ascendancy. It was short-sighted and overconfident. Gaullists of the RPR deluded themselves that they could use the financially well-supported careerist Chirac as their Paris mayoral candidate, and with an election victory be on their way to an early reform of the Giscard government. Lawfully, with the inauguration of Chirac as Paris mayor, the Gaullist RPR found itself launched into a wretched rout.

That is the gist of the matter. The point is to understand what those simple facts portend.

Any analysis of Gaullism demands an understanding of four basic facts: the nature of Gaullism itself, the social composition of Gaullism, the critical significance of the petit-bourgeois in French politics and thought generally,

and the fundamental discrepancy between the social composition of Gaullism and the social composition of the so-called Gaullist organizations and their base.

The axiomatic Hegelian distinction of Gaullism in France is that it takes the nation France as an entirety as a primary reality. It rejects the notion of France as either an aggregation of individual Frenchmen or as the average Frenchman. It is correct to restate Gaullism's point of view ironically: that *France is not French*, and that *whenever France attempts to become French, the nation is headed for disaster*.

Gaullism is obliged to locate the primary interest of France in technological progress in terms of industry, agriculture and levels of culture. Gaullism is obliged to address the fact that the social classes which represent that self-interest are the industrialists, the industrial workers, and the technologically oriented farmers. It also must address the fact that none of the three classes by itself is presently capable of assembling itself as a competently oriented programmatic expression of that self-interest. The universalizing catalyst and leadership of those three classes must be supplied from outside those classes themselves, by a political intelligentsia organized as a political force. Such an intelligentsia — with a strong Gaullist military flavor, leading an alliance of industrialists, industrial workers, and progressive farmers — is the present social composition of Gaullism for practice.

The problem of France remains today as Karl Marx defined it in the *Eighteenth Brumaire*: shopkeeper France, the French petit-bourgeois, and petit-bourgeoisified French people.

The irony of the Gaullist *formations* is that they serve as a social catch-basin for the sheep-like petit-bourgeois elements drawn toward Gaullism *in the wake of* the industrialists and industrial workers. Hence, whenever Gaullism is cut off from an active orientation toward its natural social composition, cut off from a programmatic alliance with the CGT, Gaullism is isolated, and thus trapped in the grip of its own petit-bourgeois following. In this grip, Gaullist formations tend to become French, *petit-bourgeois French*.

Chirac is the essence of this petit-bourgeois aspect of the isolated Gaullist formations. He is a careerist, caught up in the Gaullist movement, who finds defeated, isolated Gaullist formations an agreeable launching pad for the advancement of his career.

#### *The Chirac Mayoral Campaign*

The current role of Chirac is properly examined first from two aspects, and then both properly integrated. First, the Chirac campaign should be considered in the light of the way it, at least temporarily, wrecked the Gaullist RPR. Second, the significance of Chirac's role should be located in the Rockefellers' overall "left-right" game-plan for internal French politics, e.g., Mutt and Jeff, Giscard and Mitterrand. The integration of both points provides the correct insight into the matter.

The problems of France are, immediately, collapsing industrial development, retreating agriculture, and the consequences of those erosions under conditions of cancerously expanded financial overhangs in the internal and foreign debt. The task for France is to

mobilize the industrialists, industrial workers and progressive farmers as a leading force around a program of monetary reforms directed to get France's industrial exports and internal industrial levels of output moving along lines of technological progress. M. Debré and other Gaullist "old guard" leaders have persistently

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threatened to move in that direction. It is that impulse within the "old guard," in the environment of Andreotti's Italy, Schmidt's West Germany, and the Arab dinar bloc, which put the Gaullists on the ascendancy prior to the end of the Paris elections.

Chirac's mayoral campaign was a blob of anti-Communism floating in a tub of stinking dishwater. Basing himself on the natural constituency of Louis Napoleon, Chirac stuck to the Rockefeller game-plan for Europe: splitting political forces along so-called ideological lines of "left" and "right." Gaullist support of Chirac drove the CGT Communist-led trade union from the Gaullists. This, in turn, undermined the ability of the Gaullists to negotiate a program with the French industrialists, and left the Gaullists isolated in the grip of their petit-bourgeois constituencies. It strengthened the grip of Chirac and other modern potential Louis Napoleons on the Gaullist "old guard."

The remedy for this mess ought to be obvious. Yet, the Gaullist "old guard" clings to its nominal asset, Chirac, like a drowning man attempting to retain possession of an anchor.

The Zaire issue appeared to be the downward-turning-point for the RPR. In reality, the Zaire issue merely forced to the surface the crushing rout which Chirac's election to the Paris mayoralty had already accomplished. To be specific: leading Gaullists have developed a perception of the U.S. Labor Party as a natural ally. Although the relationship is complicated by massive Rockefeller pressures to disrupt such communications, whenever the Gaullists are in fact in the ascendancy, their communications with the Labor Party tends to be open and frequent. Whenever they are severely set back and frightened, being pressed to violate their consciences, the communications invariably dwindle to a relative trickle. All the crucial signs — cancelled appointments and so forth — had been given to us significantly prior to April 4. Within a week following Chirac's inauguration, the RPR was in a state of self-induced rout.

#### *The Mitterrand Connection*

It was the emphatic perception of the circles of Rockefeller, Margaret Thatcher, Franz-Josef Strauss and others early during 1976 that François Mitterrand was securely in place, with adequate back-up (Rocard et al.).

Mitterrand was the Rockefeller network's "coming man" in France. Various combinations of the "right-left" game could now be played at suitable crisis-points in French internal politics. On the right there was Giscard, Chirac, and so forth, and on the "left" the neo-Fabian operatives, with Mitterrand heading the list.

For example, if the Barre government falls, Mitterrand can be pushed into the premiership. If Giscard stumbles, Mitterrand can be maneuvered into the presidency even before 1978. If Mitterrand et al. stumble, Chirac et al. step in as replacements. The essentials of Rockefeller's policy for France will not change in either variation; the packaging will be different, but the contents of the package will be identical.

It is exemplary of this that Chirac is not unknown to Austria's Bruno Kreisky. Kreisky is not the brains of the Kreisky-Brandt-Palme-Craxi-Mitterrand formation within the Socialist International. It is also exemplary of this that Franz Josef Strauss has esteemed Chirac as a prospective member of a little circle inclusive of Strauss, Margaret Thatcher, and similar figures.

The special significance of Chirac's Paris mayoral campaign is that at the same time Chirac drove a wedge between the Gaullists and the CGT, he drove the CGT into the grip of Mitterrand's political bed-partner, Georges Marchais. The followers of Louis Napoléon are no doubt delighted; they consider it a violation of the laws of nature to be obliged to give a tourist fair change or an employee a living wage. Hence, they can tolerate Marchais the pink shopkeeper of the French Communist Party (PCF) quite nicely, but the CGT never!

What is Mitterrand? He was a war-time protégé of Jacques Doriot, the Nazis' pet fascist of occupied France. He was a decorated part of the fascist kernel within the Pétain Vichy regime. Subsequently, he performed a self-laundering activity publicly, emerging as a self-proclaimed socialist.

To understand Mitterrand more exactly, one must know two principal facts concerning the Socialist Party of France (PSF); its kernel and its recent development with the aid of the Marchais-led Communist Party (PCF).

The kernel of the PSF is an Anglo-American intelligence network consolidated during the 1943-1949 period. Raymond Aron, Jean-Paul Sartre, Lévi-Strauss, Louis Althusser, Michel Foucault, Bosquet (André Gorz), the late Serge Mallet, and the French "Trotskyists" are key elements of the networks emplaced partly within and partly outside such formations as the Unified Socialist Party (PSU). Through such Trotskyists as Ernest Mandel and Pierre Frank, the French network overlapped the Gerlach-von Oertzen *Socialistische Politik* editorial board network in West Germany. This also intersected such French formations as Marseilles' Defferre, Force Ouvrière, and the networks of Irving Brown and similar types.

During the U.S. Kennedy Administration, there was a sweeping reorganization, emphasizing U.S.-based Rockefeller control at the relative expense of British influences — although potentially independent British influences were not eliminated. This latter is a complication to be kept in mind, especially in the post-1974 period. This shift, coinciding with the establishment of

the neo-Fabian Institute for Policy Studies (Marcus Raskin, Richard Barnet) as the center of the "left" Rockefeller international intelligence networks, coincided with a successful deception operation against the Soviet leadership, in which Richard Barnet and other David Rockefeller agents established a growing penetration of Soviet leadership circles — and enhanced penetration of Communist parties.

Under the PCF leadership of Marchais, the process leading to the establishment of the "Programme Commun" was openly launched. This transformed the PSF from a tiny splinter organization into what is nominally the largest political party in France today. Although the PSF was rebuilt to its present seize chiefly under the direction of Rockefeller and allied intelligence networks, the Marchais leadership of the PCF supplied the organizational muscle by which this was accomplished. The PSF grew as the kept companion of the PCF.

This project was deliberate. Although various analysts and observers choose, for varied reasons, to overlook and discount that fact, the CGT — and therefore also the

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PCF — was one of the pillars of the founding and consolidation of de Gaulle's Fifth Republic. Creating today's petit-bourgeois, agent-controlled PSF, and tying the PCF leadership to the PSF, is a primary tactical objective of the Rockefeller interests for France. However, that alliance of Marchais and Mitterrand depends upon the PCF's ability to keep the CGT captive.

This game-plan, for keeping the Gaullists isolated from the CGT — and hence impotent — depends upon forces inside the Gaullist formations playing into the "right-left" game according to Rockefeller plans.

Thus, Chirac's Paris mayoral campaign was in fact a campaign on behalf of François Mitterrand. Was this Chirac's intent? We can not read his mind by means presently available to us — although under appropriate clinical conditions we could. However, there are certain features of the RPR which conclusively demonstrate that Chirac's campaign in behalf of Mitterrand was in fact the conscious intent of certain forces behind Chirac. We write most emphatically of the networks of the Paris office of the Hudson Institute, which have a marginally controlling influence within the RPR, which represent the hard-core of Chirac's immediate support, and which push precisely the Rockefeller line.

These are the same forces within the RPR which

levered the vacillating RPR into the support of Giscard's adventure. Anyone who opposed that strategically imbecilic adventure was attacked as adopting "The Kremlin Line."

Will Mitterrand, then, support the Zairean adventure? Probably not, or if so, with minimal visible enthusiasm and a minimal self-implication in the affair. Mitterrand and the PSF-PCF "left" must capture the potential opposition to an African adventure for Rockefeller — in case Rockefeller, Giscard, Chirac and the "right" should stumble in this affair.

At the moment of last report, the Gaullists and the CGT were being manipulated like so many pawns on a chessboard — the CGT less so. Each time the player moved a Gaullist pawn, the pawn proudly insisted, "I made this move because I wished to do so." In fact, the politics they are playing is a game, a charade, a farce. There is not exactly a script, but there is a controlling scenario. The Gaullists — for the moment — are merely actors in a scenario directed according to the principles of modern countercultural cinema and stage.

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#### *The British Complication*

The Western European opposition to Rockefeller's Carter has arisen in the circumstances of a post-1974 factional division between Rockefeller forces and certain important sections of British interests. Since post-war Europe was predominantly under the control of Anglo-American-Dutch networks, a split between a significant section of British interests and Rockefeller interests has created maneuvering-room for other, more independent forces.

This is most relevant to the present situation in France and to the situation of the Gaullists in particular. Mention of the name Rothschild evokes some of the relevant points.

Although British perception of its opposition to Rockefeller is colored by actual British industrialist self-interests, monetarism and associated ideology have been an ingrained feature of British political life since 1688. The same British thinking which compelled the political forebears of today's United States to wage a revolutionary war against England is still a governing flaw in the British character today.

Currently, the British outlook is fairly described thus. On the one side, informed British circles see the need for an International Development Bank. Yet, at the same time — almost in the same breath — they propose some form of bailout of the IMF. This peculiar variant upon the old, discredited doctrines of "bimetallism" is by no means accidental. They wish the IDB to come into existence to support the remains of the IMF!

The predominating City of London's point of view is that from Versailles onwards, Rockefeller and Company continued the British form of monetary order while robbing the City of London of its majority shares. Now that lower Manhattan has put itself into an insoluble fix, the City spokesmen of the City of London would like to do

to Rockefeller what Rockefeller did to them. They view the IDB as a parallel engine of world-trade expansion, to prop up a perhaps British-dominated world monetary order based on a reorganization of the IMF.

The fallacy in their conception is analogous to the case of a man who proposes to reduce the fire-hazard in his home by setting fire to only half of the gasoline covering the floor of his basement. When the British elect to be stupid, they can be wonderfully stubborn about it.

The point under consideration here is not, however, to elaborate on that problem as such, but merely to define it to the point one can appreciate its relevance for France.

It is a significant fact that the Gaullist formations depend significantly on the financial and political environment represented by certain Rothschild and analogous interests. One has but to consider the implications of the monetary reforms which must be undertaken urgently within France to discover the implications of this association.

Although the general problem of France is a product of the collapsing old, dollar-denominated monetary system, no economic recovery of France could occur without rather drastic reforms of the internal monetary system. Going down a short list of categories of existing debt and related financial holdings identifies the problem under consideration.

No industrialized nation can unilaterally repudiate or discount its own national government's debt. At least, not under the kinds of conditions in which we currently undertake to establish a new monetary system. Nor can debt be discounted in such a way as to impair the economic integrity of essential industrial and agricultural institutions. Nor can the state fail to protect ordinary savings of individuals up to a certain minimal level. This prescribes that monetary reorganization is accomplished chiefly by bringing protected categories of financial holdings into the national banking system's orbit, leaving other paper to float on the free market, to reach its own level without aid of state intervention.

This floating creates no real problem for industrial firms. Since any monetary reform must be defined to direct credit into production and useful real capital formation, equities can float down to almost any level over the short-to-intermediate term, with a general understanding that they will float up to whatever levels economic recovery establishes. Corporate and farm integrity protection from foreclosures by debt-holders can — and must — be provided by law, forcing stalled, excess debt-holdings onto the market at appropriately discounted prices — a circumstance which a U.S. Third National Bank under the writer's Presidency of the U.S. would know exactly how to exploit to national advantage.

The procedures required are no substantial net hardship for anyone but the holders of the relatively most-fictitious paper, such as real estate and other speculation. In fact, it is desirable, necessary that large volumes of book values in this area be wiped out, creating room for generation of credit for capital formation.

The internal overhang of speculative paper is a monstrous problem within France. Tracing the hereditary features of such paper — as in real estate — to the more notable financial interests, one discovers how relevant the problem is for Gaullist formations. The

Gaullists may pride themselves on their instinctual disposition to represent the humanist interests of France, but no workable program consistent with vital French national interests can be put forward unless it includes, at least implicitly, the kind of monetary reforms indicated. Unless the Gaullists are willing to abandon Chirac et al. for an alliance with the industrialists and CGT, they are organically impotent.

No party can represent the vital interests of France unless it solves the problem of creating masses of capital for full-capacity utilization of existing industrial and agricultural capacity, and continues beyond that to accelerated technological development of industry and agriculture. Anything else is crap, useless verbal posturing.

This requires a basic orientation of France toward high-technology exports in collaboration with other Common Market (EEC) countries, and in a division of labor for this purpose among the EEC countries, Japan, North America and the CMEA bloc. This also requires a new monetary system, the International Development Bank. These two measures can not succeed unless they include commitment to accelerated fission-fusion development on a global scale. Any party which does not commit itself openly to that program is a useless collection of windbags.

No foreign export program can succeed without a viable internal mechanism of generating credit for capital formation in agriculture and industry. That can not be done without cleaning up the internal financial mess. Any party which does not commit itself to that is a useless collection of windbags.

Other measures are needed. Political and economic security agreements with other nations are needed. Within the national framework, the summarized principles permit certain alternative approaches to fulfilling those principles. Such additional matters are therefore debatable among responsible forces. The principles we have cited here are not debatable.

In short, by tying themselves opportunistically to certain imagined political assets, the Gaullists prevent themselves from advancing consistently a program which any sensible person in France would seriously support. To that extent, the Gaullists have abandoned de Gaulle's notion of France in favor of counting individual Frenchmen's noses. They are attempting to practice Gaullism by parliamentary methods appropriate to perpetuating the Fourth Republic.

#### *The Road to Recovery*

No matter how decayed a nation becomes it includes a portion of its population which is capable of abruptly freeing itself from the mental shackles of narrowness, to recognize both the existence of a positive general interest and a positive connection between that general interest and individual interest. It is upon that principle of modern, industrialized nations that the conception of a democratic republic depends. That is the key to France.

In that respect, my own position in the United States is categorically analogous to the position of Charles de Gaulle in 1957-58. To pull the nation back together, to make it efficiently conscious of its real self-interest, crises demand a special kind of national leader. I must

therefore aspire to be President of the United States — as soon as the present administration is impeached — not out of personal ambition, but because no one else is yet visible as a candidate with the precise sort of categorical qualifications required. That is the way de Gaulle rightly saw himself in the establishment of the Fifth Republic; that is the way I rightly view myself in the task of restoring the United States to a Constitutional Republic conforming to the intent of its establishment.

The immediately relevant point is that I consequently look at my own nation and other nations from a special sort of vantage-point. My specific outlook is de Gaulle's, Benjamin Franklin's, Alexander Hamilton's, and so forth. This special way of looking at one's own nation is complemented by the mental habit of considering other nations by the same standard. Hence, speaking broadly, I look at France or West Germany in much the same way as de Gaulle looked at Adenauer's BRD. I look at it as if it were my own nation, seeing it simultaneously from the inside and outside.

Hence, in respect of what distinguished de Gaulle from Frenchmen, I see France in the same kind of distinguishing way that de Gaulle came to view it. From this same standpoint, meeting leading Gaullists of the "old guard," I can see their virtues, and can also see why de Gaulle had no successor. With a leader of the requisite qualities, the Gaullists can be kept firm, unvacillating, a marvellous political striking-force. Without such leadership, without some authority outside themselves, they vacillate.

The potentially fatal weakness of Gaullism as a political force is that it does not have a concrete, transmittable form of existence. It was essentially the mind of Charles de Gaulle, which radiated its influence, but which provided de Gaulle's collaborators with no conscious, coherent body of knowledge. Gaullism has no coherent theory, but had only a set of humanist principles and de Gaulle.

I do not mean a *doctrine!* I mean a theory, an epistemology, a self-conscious epistemology. Such an epistemologically grounded theory represents an instrument by which one mind can directly assimilate and master the crucial-hypothesis-generating creative processes of another. Without that instrument, science

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features isolated leading individuals who exert their influence fruitfully among others, but do not reproduce their creative qualities in others.

Hence, the political importance of the Beethoven project. It is not satisfactory to have masters who can

perform Beethoven's music: it is essential to have composers who can replicate the kind of music-creating process Beethoven most essentially represented. In the case of France, de Gaulle was the modern "Beethoven" of French politics — whatever, at the same time, he was not. Either because he was not self-conscious of his own relevant creative processes as something communicable, or for other reasons, he left behind him Gaullist performers, but not Charles de Gaulles.

Creativity is not a quality properly restricted to exceptional individuals. It is a quality which can be reproduced wilfully through the medium of self-conscious epistemology. It is the limitation of the Gaullists, that they lack the reproduction of the equivalent of de Gaulle's creative qualities, and are therefore not de Gaulles, but Gaullist performers.

What this means in practice is that the Gaullists lack the developed special qualities of powers of conception necessary to discover by themselves what must be done. Their advantage of training, experience and institutionalized moral standing in France is that they have a superior capability for assimilating and acting upon the required conceptions — on the included condition that the "old guard" ceases running about in skew directions,

and, instead, deploys itself as a concerted political force.

This requires that they cease poking about for viable combinations in this or that nook and cranny of the PSF sheep-pen, or other opportunist enterprises of that sort.

One starts properly from knowing what is to be done and which forces are suited to that purpose. I and my associates have given to France what France needs to know in its self-interests. We have defined the intelligentsia mobilized around that program as the key social force, which must unite the industrialists, industrial workers (CGT), and progressive farmers behind that program and intelligentsia. (As for the rest of the Frenchmen, petit-bourgeois sheep *follow*; one does not build a leading political force with sheep.) That conception is a principle; if the Gaullists deviate from it, they are lost among the sheep — and perhaps France, too, is doomed.

France has several times gone to the hard school of military defeat or near-defeat, thus sometimes to discover once again that France exists as a nation with a national self-interest. This time, the thermonuclear tuition fees are too costly to permit such past lessons. This time, reason must rule before war begins.

— by Lyndon H. LaRouche, Jr.

## Callaghan Government Endangered By Erosion Of Union Base

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### BRITAIN

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The attempt by the Callaghan government to stall the creation of an International Development Bank-type alternative monetary system in favor of various "pro-development" schemes to reform the International Monetary Fund has exacerbated the already touchy relationship between the government and the trade unions who form the traditional base of the Labour Party.

While apparently embroiled in a debate over the form of a Phase III agreement on wage and price controls, the real subject behind the intensive government-union discussions is the success of the government's so-called industrial strategy, the blueprint by which the Callaghan government is intending to reverse the steady decline of industrial capacity and production in the recent past. If the government is unable to convince not only trade union leaders but their rank-and-file as well that the industrial strategy is the only course open to the country by the time the current Phase II agreement expires July 31, the chances of the Callaghan government remaining in office past early fall are remote.

The magnitude of the task facing the Callaghan government is already clear from the amount of opposition to the continuation of the social contract that has

surfaced from the trade unions. Major strikes at British Leyland, British Steel, and British Airways, all around demands from skilled workers for the reinstatement of wage differentials, are indicative of the general unrest within the trade union movement after two years of wage controls have effectively reduced living standards by 5-10 percent each year. The government has promised that revenues from North Sea oil, the effect of spending cuts already made, plus a significant investment strategy for key industries will combine to turn around the economic decline and allow for increasing living standards. But unions faced with negotiating next year's pay increases now are showing little interest in such promises.

Major defeats for the continuation of the social contract have been only narrowly averted in the past week at the first of the summer months' trade union conferences. Resolutions from the miners' union and other major unions at both the Scottish and Welsh Trades Union Congress meetings called for the complete rejection of the social contract and a return to free collective bargaining. These were defeated by small margins after warnings from government and trade union leaders that such a tactic would immediately threaten the existence of the Labour government. Nonetheless, clear warning was given to the government that continued depression of wages without sounder policy for massive investment in industry would not long be tolerated by the unions. As the delegates to the Scottish TUC conference said in their major resolution: