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EXECUTIVE INTELLIGENCE REVIEW

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IN THIS WEEK'S ISSUE

Cyrus Vance's visit to Moscow is concerned with far more than the mechanics of SALT . . . and the "human rights" psywar that the worst of the U.S. press have been highlighting . . . The real issue on the table is whether the United States will join the USSR in international trade and development initiatives to the benefit of both nations, the INTERNATIONAL section this issue explains . . . and details the broad range of negotiations to that end that the Soviets are already engaged in with key Western European and Third World nations . . . and what's required of U.S. leaders to bring the U.S. in . . . just as important to the eventual shape of U.S.-Soviet issue . . . and here too the Soviets are stressing their commitment to a development policy that won't be derailed by British provocations . . . the subject of the second story in our INTERNATIONAL section . . .

* * *

Featured in INTERNATIONAL: a report on the press conference in Senegal in which UN Ambassador Andrew Young made a call for a high-technology development policy as the only solution to the southern Africa dilemma . . . a call which has been reported nowhere else in the U.S. press . . . and from the British

side, a raving speech by Henry Kissinger on the inevitability of a Rhodesian "race war of tremendous proportions" . . . Kissinger also figures prominently in an article by U.S. Labor Party chairman Lyndon H. LaRouche on the Shevchenko case . . . that ties together the provocative anti-SALT, prowar aspect of the affair . . . with its role in an ongoing factional battle in America's law enforcement and intelligence agencies . . . all in INTERNATIONAL . . .

* * *

With the key British "surrogate warfare" weapon of terrorism dominating world news, our SPECIAL REPORT this issue is **must reading** . . . Part I in a two-part presentation of an "insider's view" of the intelligence-agency control of Italy's Red Brigade terrorists . . . a document so explosive that it has been completely suppressed since it first appeared in Italy four years ago . . . Now translated into English for the first time, it reveals the use of terrorism as a weapon against both the Soviets and conservative, growth-oriented factions in the United States and Europe . . . and in particular, its deployment against the Nixon Administration's "Rogers Plan" for detente and Mideast peace . . .

INTER-NATIONAL
U.S. REPORT
ECONOMICS
ECONOMIC SURVEY
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EUROPE
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LAW

The much-publicized **Camp David meeting** of the bitterly factionalized Carter Administration has yet to yield dramatic results . . . Our **U.S. REPORT** explains why . . . pointing to the disastrous fruits of the **British-style "government by cabinet"** that Carter has been suckered into pursuing thus far . . . and underlining the **strengths and weaknesses of the "political" faction** that's attempting to get an American government in Washington again . . .

* * *

As if to demonstrate the **high-level source of terrorism**, U.S. Energy Secretary Schlesinger went public last week with an endorsement of the plans to make the Sun Day environmentalist orgy a **springboard for a wave of terror** here in the U.S. . . . in remarks patterned precisely on the line laid out the week before by British intelligence "stringer" Robert Moss . . . The **U.S. REPORT** features an examination of the plans to make the **U.S. the next big terror target** . . . with interviews with top terrorist "experts" (read: controllers) . . . and a look at several of the forms this gameplan is intended to take . . .

The top story on the financial pages last week was the **stampeding bull market** that pushed up the dollar and had the markets in an uproar . . . Now **ECONOMICS separates the bulls from the sheep** with a tough look at the **politics of the market's moves** . . . and **what lies ahead** for both the British-led anti-dollar forces and the export-oriented defenders of the U.S. currency here and abroad . . . with the **Foreign Exchange exclusive on how Europe helped get the bull market rolling** . . . and a **Business Outlook** report on the Federal Reserve's contrarily directed moves . . .

* * *

Also in this issue: An analysis of the policies that have boosted Mexico and Venezuela out of the dead-end Third World "boom economy" category . . . that puts a **new light on the role of oil** in those economies . . . and stresses the potential place for **U.S. exports** . . . in this week's **ECONOMIC SURVEY** . . . In **LAW**, a shocking **exposé** of the antigrowth political forces that have cynically **created and manipulated the "native American rights movement"** to place a tremendous portion of the nation's **energy resources in jeopardy** . . . And in **THIRD WORLD**, a look at zero-growth economics in action . . . in the "**concentration-camp nation**" that Cambodia has become . . .

Will U.S. Join In East-West Trade Expansion?

As U.S. Secretary of State Cyrus Vance arrived in Moscow, a broad range of negotiations was taking place between Soviet sector, West European, and developing sector leaders to lay the groundwork for a massive expansion of economic cooperation and disarmament efforts.

In preparation for the May 4 visit of Soviet President Leonid Brezhnev to Bonn, the West German government outlined a draft program for expanded USSR-West German industrial cooperation into the 1990s, focusing on the development of Siberian natural resources and industrial potential. Press reports indicate that other European countries and Japan will be drawn into the effort, and that Brezhnev and West German Chancellor Helmut Schmidt will discuss joint ventures in the developing sector. Schmidt and French President Valery Giscard d'Estaing are also planning new disarmament initiatives which have drawn favorable comment from Soviet spokesmen.

The Soviets, for their part, have sent out feelers directly to the United States, inviting America into this East-West development and disarmament drive. Throughout the second week of April, Dr. E. Velikhov, the head of the Soviet Union's fusion energy effort, was in Washington to privately circulate a proposal for a vast expansion of U.S.-USSR cooperation in fusion research and development. Such cooperation would be an excellent basis for deepening U.S.—USSR economic ties as well as for a comprehensive strategic arms accord, as the U.S. Labor Party has repeatedly pointed out. Velikhov, in fact, formalized the offer with a plan for the U.S. and the Soviet Union to immediately build a prototype fusion power reactor in a third country like Finland, Japan, or East Germany.

The Velikhov offer, plus the preparations of the Western Europeans and Japanese, gives the political faction around Secretary of State Vance the lever which it needs to strengthen U.S. relations with the Soviet Union and, thereby, outflank the pro-British faction in the Administration which is set on forcing a deterioration of detente to the point of U.S.-USSR thermonuclear confrontation.

Such an outflanking movement is a political priority at this moment.

UN Ambassador Andrew Young has suggested a plan for the stabilization of southern Africa through the economic development of the entire region, and this type of export diplomacy is being organized for behind the scenes by sections of the State and Commerce Departments and the Export-Import Bank. However, the failure

of these peace-through-export forces to come out forcefully in public with their perspective has given Her Majesty's Foreign Secretary, David Owen, a free hand to proceed with his plans to split the Rhodesian Patriotic Front liberation forces and drag the U.S. into a confrontation with the Soviets over southern Africa. The Soviets, who otherwise are ready to fully cooperate with the West in developing Africa, would see the success of Owen in the region as a major provocation.

Just as important, the absence of a firm U.S. policy commitment to East-West economic and diplomatic cooperation could give leverage to the British-linked domestic enemies of Schmidt and Giscard, causing the collapse of Western Europe's detente push and the complete disruption of international relations.

Despite the fact that much of the U.S. and British press have been describing Vance's meeting with Brezhnev as inconsequential, the East bloc has made it clear that it expects these vital issues to be taken up at the meeting.

East German radio on April 19 called Vance's visit "an event of extraordinary importance"—but whether for good or ill remains to be determined by "the contents of Vance's briefcase...Vance has the chance to restore the credibility and stability of the Carter Administration's foreign policy," the broadcast said, but warned that the time for concluding a strategic arms limitation agreement with the U.S. is running short.

The type of "stable and credible" U.S. foreign policy required is detailed in a special U.S. Labor Party policy statement, "Solving the World Economic Crisis Through an East-West Entente," by Warren Hamerman (*Executive Intelligence Review* Vol. V, No. 15, April 18, 1978). It emphasizes U.S. high-technology exports, Siberian development, and a U.S.-Soviet division of labor for the rapid industrialization of the developing nations. Sabotage by British agents of influence in Washington—such as Henry Kissinger, National Security Council adviser Zbigniew Brzezinski, Sen. Henry Jackson, and Treasury Secretary W. Michael Blumenthal—has prevented such an entente from emerging. Significant private initiatives have occurred, as exemplified by the April 15 visit to Moscow of Harold B. Scott, the president of the U.S.-USSR Trade and Economic Council, who advocates lifting restrictions on Soviet-American trade. Scott conferred with Foreign Trade Minister Nikolai Patolichev, who next month will accompany President Brezhnev to Bonn.

Siberian Development

The ground is now being laid for every Western industrial nation to participate in the vast Siberian

development program. West German President Walter Scheel and Foreign Minister Hans Dietrich Genscher visited Tokyo this week to discuss the coordination of economic, trade and energy policy; it is likely that Siberia was a topic of their talks. Japanese involvement in Siberian development, including coal and natural gas extraction, is already quite extensive and awaits the coparticipation of the U.S. and Western Europe to move ahead. In Tokyo this May, U.S. firms are scheduled to meet with the Soviets and Japanese concerning the next stage of the Yakutsk (Eastern Siberia) multibillion dollar natural gas exploitation project. Genscher, in a statement in Tokyo, urged that "the U.S. should also be included" in economic agreements worked out with the Japanese.

In France this week, the standing Franco-Soviet commission on economic cooperation is in session; this group's mandate is to guide cooperation into the 1990s, a time frame which corresponds to the West German government's, and matches the Soviets' 1975-1990 "15-year plan," during which the major Siberian projects currently under construction are to be completed.

In Bonn, preparations are underway for Brezhnev's long-awaited visit. Schmidt is meeting with all of West Germany's major East-West trade firms, and Soviet Ambassador V. Falin has conducted extensive discussions with Foreign Ministry official Peter Hermes, who is known to favor expanded trade. Preliminary press reports on the government's draft proposal for economic cooperation indicate that long-term ties are also envisioned between Soviet enterprises and medium-sized West German firms. This would help to win support for Schmidt's detente policy from the opposition Christian Democratic Union party, based significantly in such industries, and in the long term, would signify an in-depth trading alliance of European industry "from the Atlantic to the Urals."

The potential Brezhnev's visit holds has been strongly emphasized in the Soviet press, which as Moscow's correspondent for the *Süddeutsche Zeitung* reported April 15, has ceased portraying West Germany as a hotbed of neofascism, describing it instead as an economic giant and detente partner. The official Soviet news agency TASS wrote that "all fields are open for cooperation between the Soviet Union and the Federal Republic of Germany. . . major opportunities can be used in the disarmament question. . . bilateral relations are already good and can be developed further." A TASS item carried in the major Soviet dailies praised Chancellor Schmidt's April 13 speech to parliament, in which he hailed the pro-development resolutions of the 1976

Colombo Conference of Non-Aligned Nations. The Czechoslovak daily *Rude Pravo* noted April 13 that Schmidt supports the idea of a pan-European conference on energy, proposed by Brezhnev two years ago and recently revived by the Soviet delegation at a session of the UN Economic Commission for Europe in Geneva.

Triangular Trade

Joint West German-Soviet projects in the developing sector are expected to be a significant feature of Brezhnev's discussions with Schmidt, as they were when Czech party leader Gustav Husak visited Bonn last week. Husak initiated negotiations with West German industrialists on triangular deals involving India and Iran. West German Central Bank head Otmar Emminger traveled to Prague April 18 to meet with Czech Prime Minister Lubomir Strougal, reportedly to work out the financing of such projects.

Romania too is strongly advocating triangular trade with the West and the developing sector. Romanian President Nicolae Ceausescu, during a tour of the United States, stressed the significance of joint ventures with U.S. firms in a speech in New York April 17. Two thirds of mankind today is underdeveloped, he said, and this places a limit on international economic exchanges, affecting the growth potentials not only of the underdeveloped countries themselves, but also of the industrialized ones.

The potential for such triangular cooperation is dramatized by the news that Jamaica and the Soviet Union have just concluded a major shipping agreement, which will give each country "most favored nation status." It envisions transforming Kingston into a major deep water port, creating a Jamaican merchant marine, and developing Jamaica's bauxite industry. This agreement gives crucial political support to Jamaican President Manley, whose economy is in process of being strangled by the International Monetary Fund—virtually all imports to the country have been cut off—and whose government has been subjected to massive destabilization operations.

But the accord also provides ready avenues for U.S. cooperation to develop the whole Caribbean region. A top corporate official in the U.S. indicated that if the Soviets are planning to develop Jamaican bauxite mining, this would most likely signal West German participation, since they could more readily handle the mining technology while the Soviets concentrated on infrastructure.

—Susan Welsh

British Sabotage African Peace

Britain has so far successfully sabotaged efforts by the Carter Administration to launch negotiations between all parties concerned in the Rhodesian crisis, and has thereby escalated the possibility of war in southern Africa. This leaves the faction in the U.S. government committed to peace no choice but to move forcefully, and quickly, with a program for full economic and industrial development for the entire region.

Secretary of State Cyrus Vance and United Nations Ambassador Andrew Young travelled to Dar es Salaam, Tanzania last week to meet with leaders of the Patriotic Front guerrilla organization to work out some thorny negotiating problems prior to a full meeting of the British, Rhodesian Prime Minister Ian Smith and his black puppet coalition on the one side, and the Patriotic Front and its front-line state backers on the other.

During the two-day meetings, Patriotic Front leaders Joshua Nkomo and Robert Mugabe granted a key concession on the military issue, agreeing for the first time to interim military supervision which would include the Patriotic Front forces, UN peacekeeping forces, and elements of Ian Smith's military. The agreement promised to be a decisive factor in pressuring Smith into full negotiations, which he has so far refused to do.

British Foreign Secretary David Owen (overseeing the British interest in maintaining the area as a U.S.-USSR confrontation issue) tagged along during the meetings, and when faced with formal British agreement on the military issue, pulled out of the negotiations.

Patriotic Front leader Mugabe charged that the conferees had reached what he thought was an acceptable compromise at one point during the talks, "but when we were drafting the final statement, the British backed out." He added that if the British want to go in and back Smith's "internal solution" — a government

with token black participation — "we will meet them on the battlefield."

Owen then returned to face the British parliament, calling for a full negotiating conference. The new British design to protect the "internal settlement" also is an attempt to force the U.S. to go along with Owen's strategy of splitting the Patriotic Front leadership — a ploy which will make war inevitable.

If the U.S. stalls on economic development initiatives, the only possible resolution to the crisis, the danger of war is greatly heightened. Already, a plan for an escalation of military action against the Smith government is now being considered by the Patriotic Front and the frontline states. The plan calls for a military occupation of part of northeast Rhodesia preparatory to declaring a government there under Patriotic Front auspices. Nigerian Foreign Minister Garba reportedly agrees with the strategy.

Andrew Young Calls For Economic Development To End Rhodesian Crisis

Exclusive

Following are excerpts of a report appearing in the Italian Communist Party daily Unita last week, which covers a press conference held in Dakar, Senegal by UN Ambassador Andrew Young. Young's remarks at the conference have so far been covered nowhere else in the U.S. press:

...Concerning Angola, Young restated his belief in the stabilizing role of the Cubans... "My government," Young said, "didn't recognize the MPLA (the Popular Movement for the Liberation of Angola), but most of the rest of the world did.... I believe that the solution of the Angolan problem must be a political and economic solution." Young said at this point that he had praise for Senegal's President Senghor and "everyone putting political pressure on (Angolan President Agostinho) Neto and (Jonas) Savimbi (head of the southern Angolan guerrilla movement) to reach some kind of agreement."

...He added that "The Cubans do not represent a long-term threat in Africa." For Young, the problem is one of development and in particular the development of technology. "The Cubans," he said, "did not succeed in industrializing Cuba. How could they industrialize Angola or Ethiopia? The Russians didn't solve their problems of technology and management. How could they answer the enormous needs of Africa? To the Africans, Western capital and technology are more useful. They can call their development what they want, but technology, management and markets will come from the West."

Unita then discusses Young's disputes with National Security Coordinator Zbigniew Brzezinski on American foreign policy, in particular toward Africa:

Soviets Charge British Conspiracy; Maintain Commitment to Africa

The *New York Times* reported on an April 19 meeting between Angolan President Agostinho Neto and Leonid Brezhnev as the latest of a series of consultations apparently aimed at coordinating Soviet policy in Africa. The Soviet news agency TASS was reported as stating that Mr. Brezhnev has assured the Angolan President that the "Soviet Union would go on rendering the heroic Angolan people all-out support."

The April 10 London *Times* writes:

"Britain alone pushed Somalia into the 'absurd adventure' of fighting in Ethiopia's Ogaden Province by promising arms supplies," *Izvestia* said last night. It was commenting on the warning given by Dr. David Owen, Foreign Secretary, on Wednesday about the risks of Soviet and Cuban military intervention in Eritrea, Namibia and Rhodesia..."

"I told Carter and Cyrus Vance," said Young, "that every time they think I am too controversial, they can ask me to be silent, or to resign... If I say something to my friends, I say it to my enemies as well. People can think these remarks are gaffes, but you can be sure about it, they are intentional. I say things I think should be said, that no one has the courage to say."

Kissinger Backs British "Internal Solution"

In a speech to the International Radio and Television Society yesterday, Henry Kissinger claimed that a "race war of tremendous proportions" was about to erupt in Rhodesia if Smith's internal solution was not implemented. He went on to say that Soviet activities in defense of Ethiopian sovereignty in the Horn of Africa was a direct "geopolitical challenge" to the U.S. "to outflank the Mideast, to demonstrate that the U.S. cannot protect its friends, and to raise doubts in Saudi Arabia, Egypt, Sudan and Iran."

We must make clear to other countries that we will not be blackmailed by Cuban troops or Soviet arms. I don't see how detente can survive if they continue their aggression. I don't see how any (SALT — ed.) agreement can be made. And that should be made clear to the Soviet Union.

We have the right to remove illegitimate causes of unrest and instability in Africa and elsewhere.

It's time to dissolve the ridiculous myth of an invincible Cuba.

Zambians, Tanzanians, Patriotic Front Blame British

The Zambian government newspaper, the Zambia Daily Mail, reported that country's assessment of the situation in the following editorial appearing April 5:

The Western countries and their press have been feeding a false and malicious report that the frontline countries support the Anglo-American proposals in order to find a quick solution to the Rhodesian problem.... The truth of the matter is that when the frontline countries accepted the Anglo-American proposals, they have done more than even the British and Americans themselves to press for their implementation.... There was even a time

when the frontline countries even went so far as accusing the British and Americans of employing delaying tactics over their own proposals on Rhodesia in order to give the internal settlement talks a chance. When these charges were made, neither the British nor the Americans denied them. They remained silent. And for anyone to suggest that it is out of Zambia's economic problems that the frontline countries are pressurizing for action from the British and the Americans, is not only absurd but downright dishonest.

The British and the Americans had better be reminded that they have told the world that they intend to implement their own proposals by getting going a conference to be attended by the Patriotic Front, leaders of the internal settlement and the colonial power, which is Britain. What they must concern themselves with now is that the conference cannot take place. Smith and his cowboys declared UDI (Unilateral Declaration of Independence) in 1965 after the British had assured him that he would get away with it if he did. And he declared UDI and got away with it. Smith went ahead with internal settlement early this year after he had been assured by the British that they would not oppose any agreement reached between him and the black stooges inside Rhodesia...

What we consider is important now is for the British and the Americans to show the world they mean business by putting in everything they have to get Smith to attend the conference, and when he is there to get him to give up his foolish ideas of using blacks to perpetuate white rule in Rhodesia.

Owen: Britain Will Support Internal Solution

Financial Times, "Owen Sees Room for Hope in Rhodesia Negotiations," April 19:

Leaders of the Patriotic Front were given a clear warning by Dr. David Owen, Foreign Secretary, in the Commons yesterday that if they boycott fair and free elections, Britain will not be deterred from accepting the result should it reflect approval by the people as a whole, for the internal settlement.... (He said) there was also more understanding in Salisbury that UN involvement gave an assurance that sanctions would be lifted *prior* to independence.... (emphasis added — ed.).

...There are suggestions (i.e., from Owen — ed.) that Mr. Joshua Nkomo and Mr. Robert Mugabe might go their separate ways if they were to get deeply into the negotiation process.

The British Have A Hand In The Shevchenko Case

The following report was released by Lyndon LaRouche, chairman of the U.S. Labor Party on April 15:

Investigations by U.S. Labor Party security officers have established that the current flap around United Nations employee, Soviet citizen Shevchenko and the internal U.S. flap concerning actions against leading former and present officials of the Federal Bureau of Investigations are inseparable parts of the same package. The key U.S. figures behind the scenes in both affairs are Henry Kissinger, former Kissinger protégé Morton Halperin, and William F. Buckley, with overall direction of both the FBI and Shevchenko affairs orchestrated from London.

Every indication to date strongly suggests that Shevchenko has been acting over an extended period either as a British-network-controlled "double agent" against the Soviet leadership, or as a "triple agent" acting as a "double" for Soviet penetration of British-linked U.S. intelligence networks. It is notable that Shevchenko's current attorney-of-record, Gross, is a British-educated personality, a member of a law firm deeply linked to British background, and a recipient of the Order of the British Empire.

Although the most evident use of the Shevchenko affair is a British effort to destabilize U.S. Secretary of State Cyrus Vance's SALT discussions in Moscow, the effort to develop Shevchenko as a "double" or possible "triple" agent is also being played upon in top security and intelligence circles behind the scenes as part of a factional effort to discredit the FBI. The latter effort involves the attempt to represent three key FBI-controlled Soviet defectors of long standing as Soviet-controlled "triple agents," KGB plants.

In the USA itself, U.S. Labor Party security investigations have firmly established that although Morton Halperin and William Buckley are the more visible agents behind this affair, both Halperin and Buckley, aided by other key players, are each pushing the respective "left" and "right" factions in the FBI affair onto the collision courses desired by master "orchestrator" Henry Kissinger.

Apart from the London-Kissinger effort to destabilize Cyrus Vance's efforts in Africa, the Middle East and the SALT negotiations, the included objective is to proceed to decimate the national security capabilities of the FBI in the same way as has been done with the recent massive purging of the CIA. The section of the CIA which was most extensively crippled by collaboration among British sympathizers Kissinger, Mondale, Brzezinski, and Turner was the section which uncovered and prevented the 1974 British deployment of the "Black September" terrorist gang into the United States from Toronto, Montreal, and Vancouver bases of British secret intelligence deployment. The section of the FBI currently under attack by Kissinger and Halperin is the internal security section focused on investigation of terrorist groups inside the United States.

Kissinger Endorses Terrorism

British intelligence-trained Henry Kissinger, who has recently publicly declared his conditional sympathy for Italian terrorists, is acting in the wake of significant U.S. Department of Justice deployments against threatened terrorism in the U.S. coal fields and terrorist forces in such locations as the state of Washington. All terrorist forces in the United States are linked to the British intelligence-interfaced networks of the Institute for Policy Studies (IPS). IPS, until recently led by Marcus Raskin and Richard Barnet, is interfaced with European and Middle East terrorism through elements of Israeli intelligence and through its branch, the Transnational Institute offices in The Netherlands. It also interfaces the British intelligence's "conflict studies" planning agency for international terrorism.

The connection between terrorism and the Shevchenko case comes around full circle with the fact that Richard Barnet recently formally resigned from leadership of IPS to take a key position in the same UN office in which Shevchenko is employed. Barnet's links to British intelligence and the fact that Shevchenko's lawyer's firm is also prominently linked to British intelligence dovetails with the British intelligence pedigrees of both Kissinger and Buckley.

The Industrial Development of Southern Africa

"The United States and southern Africa — all the countries of southern Africa — have a profound common interest in a vast expansion of mutually beneficial trade. An industrially advanced and advancing southern African region should not only be at the forefront of American policy toward the region, but the very process of that development, creating as it will a tremendous market for American high-technology exports and capital equipment, will be a powerful stimulant to the U.S. economy, creating jobs and gearing up industrial capacity..."

— from the Fusion Energy Foundation's conference proposal

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SPEAKERS

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Camp David's Unfinished Agenda

Not all the cards have been played from the two-day meeting President Carter held with his staff and cabinet at Camp David this weekend, but there are sufficient clues to tell that the meeting failed to resolve the bitter faction fight that now embroils the Administration. On the one side are the "politicians" who are fighting to centralize policy-making power in the White House,

THE ADMINISTRATION

where it belongs. On the other side are the "specialists," who advocate government by British-style cabinet ministry. Cabinet members such as Blumenthal and Schlesinger have been providing Carter at the last minute with Brookings Institution print-outs instead of policy.

This fight will not be resolved from within the Administration. A national counterpole that combines leading representatives of the private sector with the leading political forces typified by the U.S. Labor Party will have to act forcefully and immediately to provide the leverage to win this fight. That is the lesson of Camp David.

The rise of Robert Strauss to top Administration policy coordinator signals the potential turn within the Administration. But Strauss, Secretary Vance, and the "magnolia mafia"—the inner circle of Carter's Atlanta advisors—will have to do more than "jawbone" if the world's trouble spots are not to blow up into thermonuclear war. They will have to come up with concrete policy initiatives in Africa, the Middle East, in U.S.-Soviet relations, and energy to save this country's superpower status. If the power can be finally centralized within the White House, Carter can move on these matters, but the content of new policies is still the big question mark.

The events preceding the Camp David meeting indicate what the fight is all about. At the beginning of last week Bob Strauss held an unpublicized meeting with a highly select group of individuals; each one of them had been an unofficial advisor to a Democratic President of the United States. The subject of the meeting was how to steer a president through the rough course of political decision-making.

One of those attending was Charles Kirbo, the man who holds that unofficial position today. Kirbo held a meeting of his own immediately following the Strauss meeting, this time with President Carter. Two events then followed: Robert Strauss was named as the Administration's chief inflation fighter, and the meeting at Camp David was scheduled. The only nonofficial attendee at the sessions was Charles Kirbo.

Yet the disappointing results of the Camp David

meeting expose just how limited the "wheeler-dealer" approach of Strauss and his allies is. One of the individuals who attended the "advisors" meeting admitted that he thought more progress would be made at Camp David, but that the problem is that Carter continues to see the problem as one of management, not of policy.

The well-publicized tantrum of Treasury Secretary Mike Blumenthal is related to this situation. When Blumenthal learned of the last-minute decision to appoint Strauss, he literally went berserk. Said one White House aide who watched Blumenthal, "He was climbing the walls." Blumenthal only made matters worse with this episode, and he was forced to eat his words the next day when he shared lunch with Strauss. By last week, as a reliable source reported, the Secretary was "slowly twisting in the wind."

Nevertheless, Blumenthal is still in a position to cripple the drive to expand U.S. exports. A top U.S. Eximbank official, speaking informally during the recently concluded meeting of the Arab-American Chamber of Commerce, reported that the Administration's just-announced export policy is in jeopardy, and that Blumenthal is the problem. The export policy is also at the heart of any solution in Africa, in the Mideast, and in easing of East-West tensions. Ambassador Young, for one, has repeatedly emphasized that credits for development are critical to any solution in Southern Africa.

British Cabinet Government

The well-publicized difficulties of the Carter Administration to "speak with one voice" result directly from the British-style cabinet government for which Carter was profiled. Since the U.S. government only functions when there is a strong executive, Carter's pre-inaugural "decision" to play the role of chairman of a cabinet committee was a critical feature in the British game-plan to wreck the United States. Ever since the days of Andrew Jackson it has been the British faction in this country that has advocated "collective" leadership, and cabinet-level accountability. The latter is simply a code-term to permit the British faction to run wild.

Most recently it was Eugene McCarthy who openly avowed that if he were elected he would institute reforms leading to a British-style cabinet in the U.S. Fortunately, the voters intervened. Whatever his other shortcomings, Harry Truman was on the mark when he made his oft-quoted remark about the presidency: "The buck stops here."

Carter was played by the British-linked press to eschew the image of the "Imperial President," for which both Nixon and Johnson had been driven from office. This soft-core approach to the presidency inevitably resulted in the chaos that has marked Carter's first 15

months, just as the British had planned. The argument has been framed in terms of "technocrats versus politicians," but in fact the real split within the Carter Administration has been between the British types responsible for the insane Brookings-style "policy packages," and the men within the Administration who are trying to make the American system work. The repulsive tirade penned by British commentator Peregrine Worsthorne merely hints at British rage over the prospect of a revived U.S. executive.

Now that there are signs of the potential for an American government in Washington again, two things are needed immediately. First, the British influence in both the cabinet and the White House must be extirpated. This means that National Security Advisor Brzezinski in particular has to go, and the Mondale influence, typified by Stuart Eizenstat, has to be curbed. Secondly, the kind of policy that UN ambassador Andrew Young has been advocating—diplomacy backed up by economic development programs—has to be enacted. This is the unfinished agenda of the Camp David meeting.

—Stephen Pepper

Telegraph Scores Carter "Amateur"

Sunday Telegraph, (London) "A Chamberlain in the White House," by Peregrine Worsthorne April 16:

The lightweight Jimmy Carter was elected President of the United States because the American people, disgusted by Nixon's Washington, wanted their next leader to have had as little experience of government as possible....

As a result, the most powerful nation in the world, on whom this country has become totally dependent, is now led by a fumbling amateur.

Before the Second World War such immature behavior would have been regarded as typically American. Europeans simply assumed that the American Constitution, the whole emphasis of which was to weaken executive power...was such as to preclude great statesmen. The idea of Europe's ever depending on the United States was regarded as wholly inconceivable, since a democracy of that sort, incapable of breeding a ruling class, was thought bound to be erratic and jejune.

After 1945, of course, this patronising view soon gave way to one of great respect, as Washington was seen to be rising so magnificently to the cold war challenge. Nineteenth-century doubts about the United States' capacity for international leadership were replaced by a wholly new confidence, which culminated in the hero-worshipping of President Kennedy. For about a quarter of a century Europeans slept happily at night, secure in the knowledge that a new breed of American professionals were in charge of the world....

One writes as an erstwhile pro-American of long standing, who was even prepared to forgive the

Eisenhower-Dulles letdown of Britain at the time of Suez. So important did the Anglo-American alliance seem then that it was not difficult to overlook one aberration. My pro-American gratitude at that time was so firmly based in general, thanks to the Second World War, Marshall Aid, Korea, the Berlin blockade, that no single disappointment could be expected to shake it.

But the United States today has no comparable reserves of trust, built up by past success, on which to call, since its recent record is incomparably less impressive. There is scarcely a name in the present American foreign policy set-up which commands respect, and several — Andrew Young, for one — which do the opposite. As for the President himself, nothing in his style or manner gives the slightest cause for confidence....

So when the United States shows signs of insanity, as it does in Southern Africa, and of incorrigible bungling, as it has over the neutron bomb, there is far less disposition or reason, to give her the benefit of the doubt. It could be — perish the thought — that these policies are not just aberrations from a fundamentally sound foreign policy — as was the case at Suez — but much more like the tip of a veritable iceberg of misconceptions and follies....

Rhodesia is very much a case in point. To the United States it is a faraway country about which Mr. Carter knows absolutely nothing. His knowledge of that part of the world — or of anywhere else outside Georgia — is on a par with Neville Chamberlain's of Czechoslovakia and Eastern Europe. In these respects the two men are horribly similar, both bounded by parochial horizons — Georgia as against Birmingham — with the same kind of willingness to dogmatise on a basis of ignorance, and the same kind of single-mindedly ignorant proneness to appeasement.

As a result, the Carter Administration, dragging Dr. Owen behind it, is determined to destroy the black-white internal settlement in Rhodesia and to bring about revolutionary conditions in South Africa itself, wholly regardless of the consequences of such evil courses on the economic life, and security, of Western Europe....

The spectacle is truly shocking. Short of sending in tanks, the Americans are doing everything else to bully the white South Africans, and the internal Rhodesian leaders, into surrender....

So perhaps the pre-war generation was correct after all in refusing to rely on the United States. When even pro-American Europeans are compelled to reach this conclusion — as increasingly they are — then surely the time has come for something to be done about it. In fact, the obvious reaction, which may well be long overdue, is for Western Europe to look more and more to its own defences and its own interests, if need be in defiance of the U.S. Such a world could well be intensely dangerous, but even this could be a blessing in disguise. Without the shelter of the American umbrella, Europe might once again find the will — after decades of decadence — to be true to its own destiny.

SALT Ratification Requires White House Organizing

With 90 percent of the crucial issues for an agreement already worked out, according to the chief U.S. arms negotiator Paul Warnke, the completion of a SALT (Strategic Arms Limitation Talks) agreement rests on the Administration's political determination to complete

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the agreement and see it through the Senate. Washington observers are concerned that the Administration has not already begun to prepare the climate for acceptance of the SALT treaty, by making clear to Americans that SALT is to our benefit, as it will mean the reduction of international tensions, and open the way for better U.S.-Soviet economic relations. An interview with a source close to one of Capitol Hill's strongest supporters of a SALT treaty exemplifies this concern.

Q: Isn't it true that the Administration must begin organizing for a SALT agreement now, explaining to the Senate the advantages of it?

A: Yes, without that a SALT agreement is in trouble.

Q: How does the Administration have to organize for the agreement?

A: The Administration should go public, the President, his advisors and supporters. They have to stress that there are two options, that there were worse agreements than this one, that in 1974 when Ford negotiated it was worse, and we have moved away from that. We cannot get a better treaty than the one we have.

We don't have forever to get an agreement as the technology keeps moving forward. Therefore, it has to be made clear that it is a choice between this agreement and no agreement. I think the American people want us

to put a lid on this agreement. This argument has to be repeated whenever technical questions are raised. The Administration could get into these technicalities if they act too gingerly on this. They could end up responding to the nitpicking, like on the verification issue. It is possible for someone to say that a particular part is not verifiable, but the question is if the Soviets could get away with any significant violation of an agreement. The Administration will lose the treaty if they get into nitpicking with Senator Jackson.

Q: Do you believe the American population wants a SALT agreement?

A: Yes. There is a difference between this issue and the Panama Canal treaty question. There was really no constituency supporting the Panama Canal treaty. But with the arms control issue it is very different. The polls say that 80 percent of the country supports SALT. That is very strong.

Q: What is the best way to organize support for the treaty. Should the fact that it opens the way for economic deals be stressed?

A: There is some danger in this as Nixon oversold detente. It is better to confine ourselves to a description of the significance of the agreement, that detente can proceed in areas of mutual benefit—in arms control, in trade. SALT should be sold on the basis that it reduces the burden of fear and the cost spent for the arms race.

Q: Are you happy with the way the Administration has proceeded to explain SALT to Congress?

A: The Administration doesn't know what to do. They should learn that they should be lobbying already. It gets them behind if Paul Nitze can blast it and the Administration doesn't answer.

London Plans Spring Terrorist Offensive Against USA

A weeks-long investigation that included interviews with several leading British Secret Intelligence Service (SIS) control agents stationed in the United States confirms that an effort is now underway to launch a wave of terrorism against the U.S. during the spring months.

LAW ENFORCEMENT

*That effort was publicly announced on April 10 by the London *Economist's* Robert Moss in a *Daily Telegraph* column. He proclaimed that nothing can be done to stop*

terrorism and that no nation in the advanced sector can consider itself immune to "Soviet-backed" terrorist violence. Within a week of the Moss piece, virtually every London-connected journalist and political spokesman in the U.S. was mouthing the same line.

At a speech in Princeton, N.J. on April 17, Carter Administration energy czar James Rodney Schlesinger announced his open collaboration with the Institute for Policy Studies' environmentalist terrorists around planned disruption of energy installations on "Sun Day" In a speech that included a direct attack on the U.S. Constitution as a "formulation for frustration,"

Schlesinger stated: "Terrorism is unappetizing, but we can't do anything about it until after it has happened...It may be true that a number of groups organizing for solar energy tend to get very emotional about nuclear energy, but in terms of their organizing for solar energy, I'm willing to work with them."

Two days later, *New York Times* columnist James Reston, in effect, made a threat against the lives of President Carter, Secretary of State Vance and other American officials — noting, with Moss, that they are all "vulnerable" to terrorist attack (see this week's International report for excerpts). A broad array of Institute for Policy Studies and other terrorist networks have been put into motion behind this propaganda barrage.

Most law enforcement officials will immediately comprehend the significance of the fact that the May 3 "Sun Day" nationwide demonstrations in all crucial features are being run as a replay of the spring 1976 "Peoples Bicentennial." That so-called "nonviolent" celebration served as the public relations umbrella under which virtually every IPS left-radical terrorist gang was mobilized, handed drugs, weapons, and explosives, and provided with the appropriate government and industrialist targets of attack. Then as now, the issue of nuclear energy development served as a particular target for the openly zero-growth, anti-progress storm-troopers.

In fact, the only significant operational difference between the aborted 1976 London-IPS effort and the present Sun Day deployment is that in 1978, IPS agents and British Malthusians like Schlesinger have so penetrated the domestic policy infrastructure of the Carter Administration that the terrorist buildup is being organized and financed with taxpayers money! Schlesinger — working in tandem with Senators Charles Percy (R-Ill.) and Edward Kennedy (D-Mass.) — has succeeded in gaining official Administration and Congressional endorsement for the Sun Day fraud. ACTION, the federal government's antipoverty umbrella controlled from the top to bottom by IPS, has been budgeted to the sum of \$180 million, a significant portion of which has already been funneled into the IPS "grassroots" terrorist and terrorist-support groupings including the Midwest Academy, ACORN and Massachusetts Fair Share.

Fascist Movement by 1980

The current terrorist operational plan has two features. In the short term, the intention is to build a climate favorable to terrorist violence, that is, one in which large sections of the U.S. population accept escalating levels of social chaos as inevitable. Within this climate, as the Reston column threatens, London maintains the option for a political assassination campaign against such

targets as the President, Secretary of State Vance, and other administration officials or supporters who have recently demonstrated some willingness to block London's Malthusian program for America.

"Sun Day"

At the heart of the immediate threat of terrorist violence is a series of planned "environmentalist" disruptions at U.S. military installations and nuclear power sites beginning in the last week of April and extending into the May 3 Sun Day activities. In preparation for these incidents, a number of London's environmentalist field organizers have been touring the country for the past month, speaking before audiences of regional industrial leaders. These speeches invariably contain an ultimatum that unless all U.S. efforts towards mass commercial implementation of nuclear energy are terminated, widespread terrorism will ensue — including the threat of a patently fraudulent "nuclear terrorist incident."

Speaking last month before a group of aerospace executives in Seattle, Worldwatch Institute's Dennis Hayes ran down a litany of such threats including the preposterous "scenario" of environmentalists planting a nuclear bomb in a car parked underneath the World Trade Center, thereby holding all of lower Manhattan hostage!

Interviews with other London SIS mouthpieces establish that, in addition to the environmentalist operation, other plans for terrorism in the U.S. center around the unleashing of black, Puerto Rican, and Chicano (Mexican-American) terrorist cells — all funded and controlled through IPS and IPS-connected London psychological warfare centers such as Ivan Illych's CIDOC in Cuernavaca, Mexico, and the Lincoln Detox Center in New York City's South Bronx. Both of these institutions, heavily staffed by psychiatrists from London's brainwashing research center, the Tavistock Institute, and IPS personnel, have been exposed both by this press service and by government law enforcement officials as breeding grounds and safe houses for terrorists.

While these terrorist networks are being readied for action, it would be wrong to assume that the objectives of their London controllers are limited to a two-to-six-month time frame of escalating chaos. As the accompanying interview with convicted terrorist bomber Sam Lovejoy — now one of the leading "organizers" for Schlesinger's Sun Day — makes clear, London is building and financing the environmentalists with the more longterm perspective of building a classic fascist (i.e., anti-capitalist) movement within the U.S. to operate as a bludgeon against necessary industrial policies and to serve as a zero-growth constituency for British agents Mondale, Schlesinger and Kissinger.

Schlesinger On Terrorists: 'I'll Work With Them'

Denounces U.S. Constitution

James Schlesinger's speech at Princeton University on Apr. 14 was certainly one of the clearest expressions of his views to date. After his prepared remarks, in which the singular emphasis was placed on "energy conservation," Mr. Schlesinger was asked about his endorsement of "Sun Day" demonstrations scheduled for May 3:

Q: "There are groups involved, even a majority of the groups involved in Sun Day, who endorse and say they are planning terrorism and violent disruption of nuclear installations. How do you justify your collaboration with terrorists to implement a policy which the entire nation, including the Supreme Court, has rejected?"

Schlesinger said: "The implication in your question that there is a connection between solar energy and terrorism is absurd."

He then acknowledged the connection: "Terrorism is unappetizing but we can't do anything about it until after it's happened. There's no way we can anticipate this kind of thing. It may be true that a number of groups organizing for solar energy tend to get very emotional about nuclear energy, but in terms of their organizing for solar energy, I'm willing to work with them."

Mr. Schlesinger was then asked when the Energy Department would impose import taxes. He answered:

"You see we have this problem in the U.S. It's called the U.S. Constitution and its guarantee of the separation of powers. This separation of powers is nothing but a formulation for frustration, which was anticipated by the Founding Fathers. It would be a bold step to impose import taxes, but if Congress doesn't straighten itself out soon, we may do it....Someone once said that the Constitution is a sail, not an anchor. However, the inability of the Council of Trent (the House-Senate Joint Committee on Energy) to formulate an energy policy seems to prove that the Constitution, with its built-in formulation for frustration, is an anchor, not a sail. We can't go anywhere."

The following is a transcript of an April 14 interview with leading Sun Day organizer, Sam Lovejoy. Lovejoy is currently on a nationwide tour in which he has made repeated boasts about both the "inevitability" of "nuclear terrorism" and plans for massive civil disturbances during the spring.

Q: *What does the anti-nuclear movement and build-up for Sun Day look like right now?*

A: Let me say first that I have been all over the country during the past several months. There is an idea which I like to use to explain the present situation. I get a lot of flack from some of the movement people, but I'll use it anyway. Right now we are in a situation like the Tet Offensive in Vietnam. From a pure military standpoint, Tet was an abominable failure, a total loser, tens of thousands of NLF troops were lost in a short several weeks. However, the *psychic impact* of the offensive was to drive the U.S. President out of office and it was a turning point in the war. The *psychic impact* was the important thing.

Here's how to look at Sun Day: On April 29-30 there will be a nationwide action called in Rocky Flats, Colorado against the weapons plant there, where around 100 people plan to be arrested. On April 29 through May 1 there will be others, with arrests on May 1 of between 300-1000 protesters. So here you have two actions against the weapons angle of nuclear, and then the reprocessing aspect of nuclear technology pointed out in a big way, then right after that, the alternative, Sun Day. This is the greatest one-two punch imaginable, and it was not even coordinated. There was no coordination between the anti-nuclear demos and the Sun Day people, the two dates just coincided like that.

Then on June 22, the Clamshell Alliance is going for another occupation of Seabrook, New Hampshire, with an expected 5,000 arrests, while simultaneously there is going to be an occupation of a reactor site called Satsop in Washington State by the Crabshell Alliance, with up to 5,000 participating.

This Seabrook thing is going to be big. There may be as many as 20,000 at the demo all together, and (N.H. Governor) Meldrim Thomson is responding in a very disgusting way. He is already talking about using teargas, dogs, rubber bullets. This is so disgusting that it is just going to provoke the media, the press and the people.

Q: *So then this is the Tet offensive, and the arrests are your so-called casualties?*

A: Well don't draw the analogy that far. Look, this is the watershed for the growing movement. We are strong everywhere except maybe in the Midwest plains states and the Southwest. The infrastructure is growing so fast that by 1979 it will be an undeniable force in politics. It is not the same politics as the Vietnam war, but the energy issue and the movement have so many parallels with the war mobilization. Johnson was a one-term president and could not run again because of the war issue. When 1980 comes around Carter will be a one-term president if he doesn't make some changes in his energy policy. This spring is going to draw out a lot of people, just like when I brought down the tower in Montague (Massachusetts — a meteorological tower which Lovejoy toppled at the planned site of a nuclear plant — ed.). A lot of people who never said anything before started to speak up, and like at Seabrook after the first arrests, a lot of people started to come out of the closet and join in. They started to see that you can fight back and win. Look at the Barnwell situation. The South is a special case; it is not easy to organize there, yet they are getting a major response for the occupation which is reminiscent of the civil rights days. Anyone who sees mass civil disobedience arrests in the South is going to think back to the civil rights days. They are even making alliances with the farm strike people down there (AAM — ed.).

I mean, there are already conferences being planned on national strategy for August and September which are so reminiscent of the early anti-war mobilizations. Let me just give you a better idea of this Barnwell occupa-

tion. Ben Spock will march in the thing they are calling a "human petition" to occupy Barnwell. His birthday is May 1 and he says he can see no better way to spend his 70th birthday then getting arrested in the civil disobedience occupation.

Another example of how the movement is growing is that Jackson Brown, the young rock singer, is coming out in support of the occupation. This is spreading to other rock stars, who are beginning to support the anti-nuke movement; all the young stars are beginning to get involved again, and you know, their politics are okay, you know, and they are planning benefit concerts, just like they did during the anti-war mobe.

* * *

IPS Revives The BLA

On Sunday, April 2, two New York police officers, Christie Masone and Norman Cerullo, were brutally murdered while on patrol in the Bedford-Stuyvesant section of Brooklyn. The killers, Eric Thompson and Mariano Gonzalez, are veterans of the September 1971 Attica prison riot and have now been identified by police investigators as recruits of the Black Liberation Army (BLA) terrorist network. Thompson who opened fire on the police when he and Gonzalez were stopped for questioning in connection with a robbery investigation, was wounded trying to escape, and has since been charged with murdering both the two officers and his partner Gonzalez.

Immediately following the incident, Rupert Murdoch's London-linked *New York Post* ran banner headlines linking the cop-killing to Arab terrorists and the Palestine Liberation Organization. NBC-TV's movie special "To Kill a Cop" also tried to create hysteria and credibility for their claims that the murders signaled a resurgence of urban terror for the U.S. The media's atmosphere-building was further bolstered when the police department confirmed the killers' BLA links, and announced that four policemen had been placed under armed guard after receiving assassination threats.

The BLA's Origin

The BLA emerged in 1970 out of the "niggers-with-guns" brainwashing-drug project at New York's Lincoln Hospital Detoxification Center. The Detox Center was created by a team of Institute for Policy Studies "radical social workers" employing a plan of operation originally developed by British psychological warfare expert Dr. John Rawlings Rees of the London Tavistock Institute.

The IPS "health radicals" used methadone and other drugs to establish control over a select core of convicted criminals specially profiled for violence-proneness. They were put through daily "political educational sessions" organized around the belief structure that the fastest road to black liberation is through killing white cops.

The rash of BLA murders of police officers in New York during the early 1970s was used by Ramsey Clark, William Kunstler and other IPS affiliated figures to undercut effective police counter-operations and pave the way for introducing British urban counterinsurgency methods through the Law Enforcement Assistance Administration.

During 1975, a new terrorist grouping surfaced in New York City, the Puerto Rican FALN. Subsequent investigations both by this press service and by the New

York City Police Department confirmed late last year that the FALN too had been created at least in part out of the Lincoln Detox program.

Although Thompson and Gonzales have not been directly linked to Lincoln Hospital to date, they were directly part of the IPS circles of William Kunstler and the National Lawyers Guild which recruited heavily out of Attica Prison leading up to and immediately following the prison riots.

Thompson's current attorney, Robert Bloom, was *the attorney for the BLA* during the 1970s cases; and Thompson's wife, a white radical attorney associated with the LEAA-funded Prisoners Legal Services, was arrested on April 18, and charged with attempting to pass bullets to her husband while visiting him at Rikers Island prison in New York.

"Expert": U.S. Terrorism By Puerto Ricans, Mexicans

Professor J. Bowyer Bell is a leading American expert on terrorism. Asked his view on reports that "terrorism is coming to the U.S.," Bell said in part:

One of my basic rules is that an efficient democratic government which does not have a nationality problem will not have a serious terrorism problem. We have a nationality problem, called Puerto Rico. We also have a potential problem with Mexicans coming in the southwestern part of the U.S. And we are an arena for other groups, in particular, the Cubans in south Florida. But arena terrorism, like when you shoot an Israeli military attaché or blow up a former foreign minister of Chile, hasn't got anything to do with American politics....So I would assume that indigenous revolution organizations, which never really have existed, won't exist, but I would also assume that various people would use America as a stage to choreograph their spectaculars and that you have to keep an eye on the Puerto Ricans, who keep right on doing what they're doing, and the Mexican problem in the southwest and the Cubans in Florida.

U.S.-Mexican Border A Possible Terrorist Target

Both Mexico and the U.S. have been threatened with "an explosive situation on the border — probably by this spring — which would be uncontrollable" unless Mexican President Lopez Portillo overcomes his "indifference" to setting up rural slave-labor programs. This warning was issued April 3 by Ford Foundation operative Jorge Bustamante of the Institute for Policy Studies-affiliated Colegio de Mexico. Bustamante's statements are backed by the well known capabilities of IPS-linked terrorist networks such as the Raza Unida Party and the "Brown Berets."

Although dormant through much of the 1970s, this terrorist network was revived following the 1977 release of the Carter Administration's provocative "illegal aliens" program, which created both the climate and political basis for militant action.

In addition to the Bustamante warning, other signals of a planned chicano terror activation have appeared in IPS and London-linked press. Earlier this month the *Washington Post* built a five-part front page series on the

theme of a "Mex-America" so oppressed and exploited that actions bordering on guerrilla warfare would be a "natural response." *Mother Jones*, a West Coast radical anarchist monthly featured an exclusive in its May issue on "the Mexican-American Liberation Strategy" for terrorism on both sides of the border. This "liberation struggle" would be carried out by U.S. chicanos and the heretofore unknown "Mexican Proletarian Party" (PPM) based in southern Mexico.

The border violence currently being fomented also has a long-range goal — the fragmentation of the southwest into what the terrorist controllers call "chicano Quebecs." The term was coined by chicano profiler Arthur Corwin, author of a special 1975 report for Henry Kissinger entitled "American's Immigration Dilemma." The plan is an extension of British-pioneered efforts to create "separatist movements" around synthetic ideologies, which for the chicano networks, revolves around a mythical "nation of Atzlan."

SIS Spokesman: 'East Germans Behind Terrorism'

One of the principal means by which the actual British intelligence-IPS controls over international terrorism have been concealed from many otherwise honest law enforcement officials and political representatives has been the intensive "black propaganda" campaign by SIS to lay the blame for terrorism on the Soviet Union and its allies. While Soviet and related East Bloc intelligence networks are not to be held wholly blameless for certain features of international terrorism, this complicity in every traceable case can be located in British intelligence contamination of and manipulation of Warsaw Pact institutions.

The following are excerpts from an interview conducted on April 14 with a leading British SIS operative stationed in Washington, D.C. For purposes of protecting the source of this interview, the identity of the British national will not be revealed. It should be noted that he has functioned for the past several years as a leading "advisor" to many Western governments on international terrorism and has thereby established himself as one of the pivotal sources of the "KGB-East German" deception.

Q: There have been a number of TV programs on terrorism in the last weeks implying the possibility of terrorism in the U.S. Do you think this is possible?

A: Of course. Let me put it this way. In the near future, because of the increasing unemployment problem, we will be seeing an uprise of demonstrations and unrest among mine workers, farmers, and others...When you have a country with massive unemployment, disorder always emerges and this phenomenon can explode...and those who have a more violent way to protest can take advantage of the situation, I mean the terrorists...

Q: Here in the U.S. are there terrorist groups?

A: Oh yes, there is no doubt about it...no doubt

Q: Do you know any?

A: Well, in California there are many small groups like the New World Liberation Front, Red Guerrilla Family, and the successors of the group "Venceremos"...Labels don't mean anything really, one can find the same people

leading all these groups...they move from one group to the other...The names of the organizations are not important...you find the same faces. The ones that are very interesting are the groups interested in preserving ecology...The environmental groups have a lot of resources...

Q: Economic?

A: Yes, of course...they are funded by legal foundations, interested in preserving the ecology.

Q: So, what's the relationship between the environmentalists and the terrorist groups you referred to before?

A: There is no official relationship but links behind the scene...you can find these "links" especially in the universities...

Q: Do you see any violence problem among minorities in the U.S.?

A: Of course, especially the Puerto Ricans. The problem with them is their nationalism, and since the "identity" of the island is not solved, you have a lot of discontent...

Q: So, you think that Puerto Ricans represent more of a problem than other minorities groups?

A: Yes, and let me tell you why...because of the ties they have with the rest of the Caribbean region...This region is a very active one on subversion, terrorism because of the serious economic problems...And now with the question on the Panama Canal you have a situation where an alliance could easily emerge...among all the different groups that on the surface don't seem to have a convergence point...

Q: So, which tactics do you think these groups could use here in the U.S.?

A: The same tactics they use in Europe, assassinations, kidnappings, they could even use explosive nuclear weapons as a way to blackmail...

Q: But, who do you think they will choose as victims? Do you think they could be as important as Aldo Moro?

A: Oh, no doubt about it. Assassinations, kidnappings, of top politicians, influential persons in industrial and trade circles, and so forth...

Q: Do the terrorist and environmentalist groups in the U.S. have links to the European terrorists?

A: Yes, I believe they do. This is a very broad and extensive network. I know people for instance who have connections with groups in France, West Germany, Italy. For instance I've seen the same posters on the walls in Barcelona, and London and U.S. cities. They come from the same printer. This is a very clear example of the kind of contact which is maintained between these people.

Q: The international press has reported that the Baader-Meinhof group was backed by the Soviets.

A: Well, what I know is that the Baader-Meinhof group was receiving a good deal of financial support from East Germany. They were always getting support from the other side of the border. And as you know the famous

Wadi Haddad, the Arab, died of cancer two weeks ago in East Germany. Now it has become a base for terrorism deployments, they are encouraging terrorism worldwide. The Soviets themselves don't have to get directly involved, they mediate it through East Germany, Cuba, and other countries which do the dirty work for the Soviets...There is no doubt that the Cubans are financially supporting the terrorist groups in the Caribbean,

especially in Jamaica.

Q: I have seen reports that say Czechoslovakia supports the Red Brigades in Italy.

A: To a certain extent, they do. For instance they provide weapons, but Czechoslovakia does not have the means to finance them. But, East Germany does. East Germany is a very wealthy country and is highly developed.

Fight For U.S. Export Policy

Sharp differences during hearings this week within both houses of Congress and over the economic initiatives presented by Romanian President Ceausescu indicate that the battle within the Carter Administration for control of U.S. export policy has reached a decisive juncture. Early in the week, the House Subcommittee on International Trade gave its approval to the Administration's export bill which would increase the U.S. Export-Import Bank's lending ceiling to \$40 billion. However, the Subcommittee added to the original bill two riders which link "politics" to export policy: one

several amendments to the Administration's export bill, calling for the creation of a Special Office for Renewable Energy to be placed within the federal Export-Import Bank. The function of this office, according to Percy, would be to export labor-intensive technologies, particularly solar energy, to the Third World. Citing a nuclear plant in Illinois which employs 100 workers, Percy ranted, "This is not the kind of technology these countries need. They need labor intensive technologies. . . like solar energy. . . ."

Percy blasted the Eisenhower Administration's "Atoms for Peace" program as "one of the major mistakes we have made," asserting that with the special office his amendment calls for, such "mistakes" will not be made.

THE ECONOMY

amendment would limit trade to South Africa pending a change in its "system of government," and the second would open trade to Maoist China.

At the same time, the Senate Banking Subcommittee on International Finance, chaired by Sen. Stevenson (D-Ill), heard testimony from business representatives of the nation's leading corporations who unanimously called for "getting politics out of our export policy."

As the export debate intensified, Special Trade Negotiator and newly announced "inflation fighter," Robert Strauss, stated on nationwide television that the boosting of U.S. exports will be a primary focus of his inflation fighting plan.

Business Rep Calls for Labor-Industry Alliance for Jobs, Exports

Speaking before the Senate Banking Subcommittee on International Finance, William Faulkner, Vice President of American Hoist and Derrick, called for a "business, labor and government partnership to create a positive export policy." Faulkner, who also represents a Minnesota-based "labor-industry alliance"—the American League for International Security Assistance—further stressed the need for high-technology "exports for jobs." The ALISA represents 300 Minnesota industries as well as local construction, Teamster, and Marine Engineers unions.

Sen. Percy. Solar Energy, Labor Intensive Jobs for the Third World

At the same hearings on U.S. export policy, Sen. Charles Percy became visibly upset at the linkage of high-technology exports to jobs. Percy introduced one of

Auto Spokesman: High Technology Credits For Third World

Spokesmen from Boeing, Westinghouse, American Hoist and Derrick and Fiat-Allis Chalmers counterposed the expansion of Eximbank subsidies for high-technology exports to the Third World to Sen. Percy's no-growth plan. A speaker from Fiat-Allis Chalmers told the Stevenson-chaired panel that U.S. industry faces fewer problems in financing such transactions in Latin America than in "places like Africa. . . where longer standing colonial relationships exist. . .", indirectly referencing British attempts to keep U.S. technology out.

Ceausescu:

Expand Romania-U.S. Trade Deals

A key focus of Romanian President Ceausescu's state visit to the U.S. was his emphasis on expanding trade between the two nations. This was the topic of his remarks to the Foreign Policy Association luncheon given in his honor on April 17 in New York:

Concerning international affairs today. . . new things are arising. . . and imagination and daring are needed to find new solutions to help us in building a new world economic order. Two thirds of mankind today is underdeveloped. This limits international economic exchanges, affects the growth of the underdeveloped countries. . . but also that of the developed countries.

Thus. . . we came with the desire for new cooperation, new joint ventures, including in the developing countries.

The Politics Of The Bull Market

The real story on the Wall Street bull market which began Thursday, April 13, has been blacked out of the major U.S. press — that the bull market was initiated as a political operation by pro-dollar, anti-British financial factions in Japan, Western Europe, the Mideast, and the U.S. Only a relatively small initiatory action was necessary. Once the bull impulse had been signalled, the herd of U.S. and foreign institutional investors quickly followed.

Our readers will recall that it was on Feb. 21 (Vol. 5 No. 7) that they first read in this publication a strategy outlined by U.S. Labor Party Chairman Lyndon LaRouche Jr. for creating a bull market for the dollar and against the British. That proposal was widely circulated among international policymaking circles close to some of the individuals who in the past week or so are known to have moved to defend the dollar.

The action emanating from these circles, while positive, to date has been only partial, however. Unless, in particular, a visible "counterpole" to pro-British Treasury Secretary W. Michael Blumenthal and Federal Reserve Chairman G. William Miller is quickly assembled — including open participation by the U.S. Labor Party — the Wall Street "bull" is going to end up as a City of London trophy.

Gold Sales Announced

The underlying political nature of the bull market was underlined by the strong renewal of bull tendencies on April 20, in the immediate aftermath of the announcement the evening before by the U.S. Treasury that it would initiate Treasury gold sales in May. The gold sales are to take place over a period of six months and will total approximately \$324 million (assuming a gold sale price of \$180 per ounce).

According to an informed Washington source, the announcement of the planned Treasury gold sales was taken on orders from the White House that were transmitted to the Treasury at 2 p.m. on April 19th. The heavily British-penetrated Treasury then sought to "judo" the gold sale that would take place under its auspices, first, by delaying its announcement until 8 p.m., thereby insuring that the gold market in the British Crown Colony of Hong Kong would be the first to benefit (according to an indignant Swiss banker interviewed by NSIPS); second, by putting out a statement that bids for the Treasury's gold by foreign central banks or governments would not "knowingly be accepted," the intention being to "further the U.S. desire to continue progress toward the elimination of the international monetary role of gold."

The Treasury's latter stipulation itself has no teeth — central banks can obtain the Treasury gold through covert purchases on their behalf by private gold trading firms.

It is not just the April 20 renewal of the bull impulse that was political in origin, however. The British-tainted

"eastern establishment" press in the U.S. claimed that the dollar recovery and stock market upsurge were in response to President Carter's anti-inflation speech of several days before (which the same papers had earlier ridiculed as ludicrously ineffective!). But the immediate context of the bull market was actually a series of pro-dollar initiatives, ironically coming principally from the French, West Germans, and Saudis. This important role by certain foreign financial factions is acknowledged by better-informed circles on Wall Street (see accompanying interview).

Thus, in the period immediately preceding the Wall Street bull market, leading French Gaullist "baron" Michel Debré favorably contrasted the post-World War II "trade and investment" dollar to the later plaything of speculators that the currency became. Then West German Chancellor Schmidt spoke by telephone with President Carter Thursday April 13 — the day the bull market impulses first became unmistakable — reportedly on his just-delivered Bundestag speech, in which Schmidt explicitly endorsed the 1976 Colombo, Sri Lanka, U.N. conference perspective of advanced sector commitment to fully industrializing the underdeveloped sector. At the same time, a blue-ribbon delegation of Arab officials initiated in New York a five-city series of conferences to encourage a doubling of U.S. exports to the Middle East. (For a report on that conference, see *World Trade*.)

U.S. Ambassador to the United Nations Andrew Young's call two weeks ago for the industrialization of Africa — to end forever the "British System" economy there whereby the principal former colonial countries have been kept in a backward state as mere raw materials producers — represented a similar positive policy declaration from the U.S. side.

British Response

British intelligence conduits have responded in predictable fashion to the incipient remoralization of the U.S. business community that the dollar recovery and stock market rise represents. Britain's own press, as well as its press conduits into the continent and the U.S., have featured U.S. bull impulses as merely a "strong rally in a bear market," as the April 19 *New York Times* put it. Britain's main weapon, however, has been (1) the lack of decisive leadership coming from the White House, and (2) the "fiscal conservatism" of G. William Miller, the newly installed chairman of the U.S. Federal Reserve System. On April 19, Miller flexed his muscles in the first Federal Open Market Committee meeting he has attended in which Arthur Burns wasn't visibly staring over his shoulder. Result: Miller tried to scuttle the Wall Street rally by running up short-term interest rates through an atypical "reverse repurchase" agreement.

—Richard Schulman

Europe Fuels U.S. Rally, But Insists That Backup's Needed

Western European purchases of dollars and dollar-denominated securities were a decisive element in the market recoveries that began April 14. Operating on the basis of an agreement between French President Valéry Giscard d'Estaing and West German Chancellor Helmut Schmidt the weekend of April 8 to seek what an official Bonn spokesman termed "an overhaul of the entire international monetary system," European muscle was applied to help give export-drive advocates in and around the Carter administration an energizing atmosphere in which to plow under their factional opponents, headed by Treasury Secretary Blumenthal.

FOREIGN EXCHANGE

But in the absence of a decisive favorable resolution of this internal fight, continental bankers privately expressed their fear during the week of April 17-21 that Washington may be taken over altogether by the Mondale group — "Carter won't last out his first term" — and "Europe will have to find 'European' solutions, which will be a disaster."

The European and American dollar defenders followed up their bull raid with a partial victory when de facto U.S. gold swaps were announced. Schmidt and Giscard, rejecting any currency reforms that exclude the dollar or presume its perpetual weakness, want gold to play a role in backing a strong dollar. West German sources say the details of the Treasury gold sales and the indirect West German central bank gold purchases were worked out between Bundesbank president Otmar Emminger and Federal Reserve governor Henry Wallich during the latter's visit to Europe the week before the gold announcement. While the Bundesbank's international affairs chief is spending at least two weeks in Washington, a number of West German signals preceded the announcement. Finance Minister Hans Matthöfer commented publicly that the Federal Republic would welcome a U.S. use of gold for dollar defense, and Chancellory spokesman Klaus Bölling revealed that Helmut Schmidt had given President Carter a long, "very relaxed" telephone briefing on his parliamentary call for a revival of the 1976 United Nations Colombo meeting resolutions on disarmament and Third World industrialization. Schmidt, in an otherwise rather squinty-minded April 20 *Washington Post* interview, again stressed the need for detente and for monetary solutions to be worked out with, not against, the U.S. In Tokyo, Foreign Minister Hans-Dietrich Genscher urged West German-Japanese-U.S. cooperation on monetary reform.

At the same time, the Japanese industry and trade ministry announced the formation of a private cor-

poration to stockpile gold bullion, using central bank dollar reserved funded through Japan's export-import bank. This will provide, not merely a boost for the market price of gold, but a step toward international remonetization of gold.

Other international deployments on behalf of the dollar include a forceful essay by Gaullist elder statesman Michel Debré in the April 13 *Le Monde* of Paris. Instead of indulging in anti-U.S. rhetoric, Debré made an explicit pitch for Franco-American cooperation on the basis of a gold-backed dollar that could play the role of the development-promoting dollar reserves — a role, Debré writes, for which Europeans were grateful until dollars piled up as mere speculative instruments, feeding inflation and forcing an end to gold convertibility. Another *Le Monde* piece by Paul Fabra April 19 called for France to provide an international example by withdrawal from the International Monetary Fund and restoring gold backing for the franc. It seems that the French Assembly will vote up its quota increase for the IMF, ensuring that it keeps its seat on the Fund's board, but will vote down ratification of the floating currency rate amendments to the IMF charter drawn up in Jamaica in 1975.

The Bull Impetus

Coinciding with these Franco-German diplomatic forays was the European intervention into the currency markets and U.S. securities markets. Some dealers emphasized heavy Swiss purchases of American corporate bonds, others a French rush into the stock market, and others West German importers' buying of dollars. European dollar purchases have started to reverse the "leads and lags" to a more favorable balance for the dollar. (During the dollar depreciation, importers had postponed conversion of their currencies into dollars as long as possible, betting that when they had to do so to use dollars for payments, the dollar would be still weaker.) The rallies drove existing dollar short-sellers for cover, and deterred others from taking new short positions, while enabling trade-involved corporations, who previously "hedged" dollar deals not from speculative malevolence but from necessity, to free up some of their working capital. A good chunk of the \$40 billion total previously tied up in these speculative or defensive borrowings will now be freed; in addition to crippling the London bears, the dollar rally should thus help to lower U.S. rates and increase the liquidity available for productive purposes. The stubbornest dollar bears on Wall Street who mumbled in telephone interviews that the European angle on the dollar and stock-market rally was simply "bargain-hunting in a depressed market" are now admitting that their explanation of "the dollar bottoming out" was a silly tautology which obscures the European political commitment to the dollar.

The combination of European dollar-gold initiatives and the French-West German campaign for East-West economic buildup and North-South nuclear exports has incited every British stringer and shellshocked cynic in the West German press, meanwhile. The message in both *Die Welt* and the financial daily *Handelsblatt* during April 19-20, for example, was the impossibility of an export push by either Washington or Bonn, the futility of industrial development negotiations with the Soviets, and the fragility of the U.S. market rally. *Die Welt*, while claiming that reflation proponent and British understudy Lambsdorff has gained new domestic power, headed an editorial April 20 in all seriousness "U.S. Oil Imports: Source of All World Evils."

The climate of uncertainty and cynicism has been allowed to build partly because, as one senior Frankfurt

banker put it, Schmidt is playing some games around the European monetary bloc proposals sponsored by London and the London officials in the European Economic Community apparatus. While informed sources say the recent meeting of EEC finance ministers took no concrete steps toward a larger role for the European Unit of Account (a regional version of special drawing rights), and the April 20 *New York Journal of Commerce* once more enumerated the objective obstacles to "European monetary union" on the British model, West Germany is trying to put pressure on Washington by playing along with such discussions to some extent, using the threat of some new Eurostructure or pegged-rate system as "a bargaining chip" to reach the solution Schmidt and Giscard really want, a gold backing for dollar reserves.

— Susan Johnson

Miller 'Anti-Inflation' Plan Snagged

The Carter Administration has announced its commitment to a \$25 billion tax cut bill just moments after the Commerce Department announced that first quarter GNP had dropped 0.6 percent.

BUSINESS OUTLOOK

The tax cut proposal is a "safe" but incompetent issue, likely to win Republican Party and business community support, but unlikely to have any but the most minor positive effect on the economy. While the tax cuts do theoretically free liquidity, this does not mean that the liquidity will go into high-technology capital investment, as opposed to real-estate swindles and other outright speculation.

Miller's Attack

The GNP drop, which was largely attributed to bad weather and the prolonged coal strike in the first quarter of the year, was the signal for the British and their sympathizers in the U.S. Administration to begin to call for higher interest rates to prevent an "outbreak of inflation."

On April 19, the Anglophile chairman of the Federal Reserve Board, G. William Miller, entered the federal funds (interbank) market at 12:30 pm and drained reserves from the banking system. This occurred, oddly enough, just one hour before the Treasury was scheduled to make a Treasury note sale.

The market generally interpreted this as a tightening move. In response, the price of interest rates futures contracts traded on the Chicago Board plummeted. One trader commented, "It seemed as though the Fed wanted to notch up the market. Nobody knew for sure, but nobody wanted to stick around and find out. There was a lot of panic and everybody bailed out."

Two-year Treasury notes that had been anticipated to sell at 7.60 percent or slightly less actually sold at 7.80 percent, 20 basis points higher. Corporate bond rates as well as the rates on General Motors Acceptance Corporation paper were also pushed higher.

Miller's actions were explained by Albert Sommers, the chief economist of the British-linked Drexel Burnham investment bank, in that bank's April 10 newsletter. Sommers, who also doubles as the chief economist for the Conference Board businessmen's organization, predicted that a White House "policy shift could be the engaging of the Federal Reserve in a brief, but significant 'crunch,'" whose probable outcome, Sommers added, "would be a much slower growth of output or earnings." This "crash" perspective Sommers justified on the basis of the need to "fight inflation."

Immediate cover for Miller and Sommers was provided by the *New York Times* April 19, whose lead editorial, "The Inflation Strategy and Its Hasty Critics," proclaimed that "the President is wise to hold to a moderately stimulative course and to fight inflation with a variety of selective and voluntary pressures," which excluded a large tax cut, but included higher interest rates. The *Times* added that there are those who "doubt that the President has the will or the muscle to battle the Congress if it tries to pass inflationary legislation."

Wrong Signals

Yet despite the British push to blow out the U.S. economy through an "anti-inflation" strategy featuring higher interest rates, the U.S. business community, along with the European and Arab allies of the U.S. who started the current stock market boom, have other ideas.

The insanity of the Miller strategy was pointed out by the Research Director of government securities of a major New York commercial bank, who stated April 20, "No one believes Miller, because the Fed never does this (i.e., raising interest rates) amid a government funding operation, and the government has a lot of funding to do."

Since Miller announced his intention to raise interest rates two weeks ago: (a) the Arab world continued its long-standing commitment to purchase U.S. Treasury securities in record volumes, which has kept Treasury interest rates down; and (b) the Europeans, along with the New York banks, organized the current bull market and dollar support operations, which have likewise

driven short-term rates on dollar instruments downward.

Finally, last week the Federal Reserve announced that money supply grown (M1) jumped only \$2.1 billion, far below the predicted \$4 to \$5 billion range of increase, which might have been used as an excuse by Miller to tighten interest rates.

The broad recognition of the failure of the Miller strategy was pointed out in an April 20 *New York Times* column by Leonard Silk, who points out that signs of a stronger dollar began to show up two weeks ago when the trade deficit was announced without panic dollar selling. Then with President Carter's April 11 announcement of Robert Strauss's appointment to a key Administration economic post, the small investor joined the foreign investors and New York banks in rallying the stock market. Silk quotes former Nixon and Ford Council of Economic Advisors chairman Alan Greenspan that the inflation which Miller prattles about is already being prediscouted on the international money markets and therefore is no cause for fright.

Carter's Weak Side

Despite the Arab-European-American boxing-in of Miller, Carter has left himself wide open for further British destabilization by proposing an incompetent domestic economic program—nothing more than the \$25 billion tax cut.

While the 0.6 percent GNP drop for the first quarter was certainly attributable in large part to the coal strike and bad weather, as Commerce Secretary Kreps announced April 19, "it gets harder and harder to keep up growth as we get further into the recovery phase." Kreps added that the U.S. will not meet its limited 4.5 to 5 percent yearly GNP growth target. In this light, \$250 to

\$300 billion in exports of U.S. high-technology and nuclear goods yearly could certainly solve several problems.

—Richard Freeman

Bank Economist: Let's Crash

Albert Sommers, a consulting economist for British-linked investment house Drexel Burnham, provided a justification for policies that will lead to a U.S. economic crash in that bank's April 10 newsletter.

The possibility exists and the probability is rising that the intertwined problems—domestic inflation, the dollar issue and the trade issue—confronting the nation will be dealt with by a major policy upheaval. . . .

G. William Miller might initiate this upheaval by sharply raising interest rates and if the reaction of general economic policy to an increasingly restrictive monetary policy were not to be reasonably prompt, then the probability of general recession by the end of the year would certainly require consideration.

Gathering inflation is weakening the dollar; a weakening dollar is intensifying inflation. This combined domestic and international dilemma resembles. . . the circumstances that produced the dramatic decisions made by the Nixon Administration at Camp David in August of 1971—decisions that produced an integrated domestic and international program of wage-price controls, devaluation and the end of Bretton Woods, and an import surcharge. Such a policy earthquake, displacing and reshaping a large part of policy terrain on which all current models rest, is by no means assured. But the possibility exists, and the probability is rising.

Conference Stresses World Significance Of U.S.-Arab Collaboration

Exclusive to the Executive Intelligence Review

The U.S.-Arab Chamber of Commerce in New York hosted the first of five conferences last week, drawing together over 100 trade and development delegates from the Arab world and close to 400 American business participants. The conference, which stressed the need for transfers of American technology to the Mideast and the reciprocal potential of the Arab population for major

WORLD TRADE

contributions to international development, will be followed by similar events in Washington, D.C., Houston, Los Angeles, and Chicago in the coming weeks.

The conferences, arranged by several U.S.-Arab Chambers of Commerce around the themes of U.S. investment in the Mideast and expanded U.S.-Mideast trade, are the most visible organizing vehicles to date of the industrial investment-export policy associated with the Administration faction around Special Trade

Negotiator Robert Strauss, Secretary of State Cyrus Vance, and allied circles in the U.S. private sector.

Prince Mohamed al-Faisal of Saudi Arabia set the tone with a hard-hitting address to the Tuesday luncheon, which drew several standing ovations. "I've been wracking my brain," he reported, to define exactly what the "special relationship" is that exists between America and the Arab world. "The United States has science, technology, social-human institutions to a high degree; knowledge; wealth. The Arabs have a common heritage that puts them in the center of world events. We must apply the strengths of each side of this special relationship. The Arabs have a world-genius, a commitment to universal mind; but we need technology."

Faisal drew a sharp distinction between wealth and liquidity. The Arab world, or at least the oil-producing nations, have a vast amount of liquidity, he said, but the "richest" of these nations is far poorer than the poorest European country in real wealth, in generative industry and agriculture. The prince challenged the American businessmen in attendance to use their "ingenuity" to overcome the major obstacles to realizing the potential

special relationship between the Arabs and America, particularly the chronic misrepresentations of Arab goals and actions in the Western press. "We are not ogres, we are not avaricious; and I resent this attitude"—but, "what we can do with a cooperative effort is of tremendous significance for ourselves and for mankind."

Asked for more detail on the "obstacles" to American understanding of the Arab world, Faisal replied, "Let me emphasize that the problem has nothing to do with the United States or the Arabs"—drawing an ovation—"but I do not want to interfere in the internal affairs of the United States."

Little U.S. Investment

Later speakers made clear how minute U.S. investment in the Arab world actually is. Using the example of General Motors, which had sent a speaker to one of the early panels, Burhan Dajani, coordinator for all the local U.S.-Arab Chambers of Commerce, noted that Mercedes-Benz had built an auto plant in Kuwait after GM had decided against such an investment. As a result, Mercedes has entered into a partnership with the Kuwaiti government and opened up not only a Middle Eastern market for investments and sales, but profitable lines back to the mother country as well. GM and Chrysler have plants in England, he commented; they would do not better there than in the Arab world—and if GM and other U.S. firms do not open up production facilities in the Mideast, then other countries certainly will.

Americans are not yet taking any equity positions in the Arab world, reported a Jordanian delegate. For example, only Chase, Citicorp, and a major life insurance company have any holdings at all in Jordan. Moreover, U.S.-Arab trade, in which U.S. exports have increased from \$1 billion in 1971 to \$8 billion in 1977, is still troubled by the gap between exports and imports. In 1977, the U.S. imported \$20 billion worth of commodities from the Mideast, mainly oil, a gap which can be closed readily by expanding U.S. exports of high-technology industry—which would in turn expand the Mideast markets available to other U.S. and Western exports and

equity investment as the overall standard of living of the population rises.

At the meeting, speaker after speaker stressed the recognition in the Arab world that oil will not last forever, and that industrialization must be the immediate step for the region. In response to a reporter's question on the prospects for a reconvening of the Geneva peace conference along the guidelines of the October 1977 U.S.-U.S.S.R. joint communiqué, Dajani emphasized the requirement for peace if economic initiatives in the area are to succeed, but stressed that "we want to lay the basis for a lasting peace"—based on economic development—"not something temporary."

The first day's panel discussions took up in detail the possibilities for expanding U.S. industrial and trade investment in the region, the role of agribusiness in Mideast development, and the requirements for infrastructure and services development. The Arab delegation was given a tour of the World Trade Center the following day, with a presentation on plans by the New York-New Jersey Port Authority for port and other development of the New York harbor region. Guy Tozoli, director of the Center, reported that the Port Authority had "gotten the blessings" of Washington to take in Arab investment funds for these port development projects, and will soon send a delegation to the Mideast to explore such possibilities. The report follows by two weeks the announcement by Nelson Rockefeller, long the leading political figure behind the Port Authority, that he will be establishing a New York-based corporation in partnership with Arab "petrodollar" equity with the purpose of channeling such funds into basic energy and food production projects in the U.S. and Third World.

In private discussions, several highly placed Arab development officials and government economic advisors reiterated the commitment of leading Arab OPEC forces to the U.S. dollar as the primary international reserve and trade currency. "Look," one such official reported, "we have stood by the U.S. and the dollar throughout the recent period. We have \$65 billion invested in the U.S.; we have kept down the price of oil in the interest of the U.S. We are friends who back you up."

—Richard Welsh

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Mexico, Venezuela

Break The Third World Pattern

Both Mexico and Venezuela are breaking radically with the traditional pattern for Third World "boom economies" based on raw materials exploitation. And the role of oil in their successful development policies is important in a way not understood by most observers.

Venezuela was the typical example of the "boom" pattern before the 1976 nationalization of its oil industry. Cultivated by direct or indirect British colonial policies for centuries, looted of their raw material and human resources, and never allowed to use the vast income thus generated for serious industrialization, such "developing nations" find themselves at the end of the "boom" with neither the basic infrastructure nor the advance in the cultural level and skill of the workforce required for real development. The boom economy remains in fact a plantation economy.

Mexico and Venezuela are applying both a different economic policy and a different political approach to achieve actual industrialization. They are demonstrating to the world what real development in the Third World looks like: not one-shot consumption and consumer goods industrialization, but full-scale industrialization with emphasis on capital goods, heavy industry, and upgrading of the labor force.

Politically, the governments of both Mexican President José Lopez Portillo and Venezuelan President Carlos Andres Perez have defined the state sector as the "dirigist" leader of economic development, and have clearly delineated the tasks and goals for their private economic sectors to follow. Knowing that the private sector performs better when coordinated with state economic policies, both governments have consistently organized industrialists and other businessmen to participate with the state in the drive to industrialize their countries.

This dirigism has been forcefully expressed by the Mexican Industry Development Minister, Jose Andres de Otezya, who told a meeting of industrialists last month that Mexico has to convert its surging new oil revenues into "industry which reproduces itself" — with capital goods and basic industry leading the way. Mexico's commitment to development of its labor force is exemplified by a projected constitutional amendment to make advancing education and skill levels a constitutional right.

Venezuela, for decades a classic example of the "boom" economy which provided no fundamental impetus to national development, began the break toward "in-depth" industrial development with the inauguration of its "V Plan" development program in 1976. In the past months, parallel to Mexico, it has defined a broad capital

goods production effort as the leading edge of its industrialization drive.

"No Japan South of the Border"

The prospect of a massively industrialized Mexico, in particular, is a matter of grave concern to those in the U.S. who demand traditionally British policies of Third World cultural and economic backwardness. It is reliably reported that Brzezinski circles in the National Security Council are alarmed that the U.S. may face "another Japan south of the border."

The tactic that these monetarist forces have chosen to stop Mexico's capital-intensive focus is to create hysteria over Mexico's high unemployment levels and export of "illegal" labor to the U.S. in order to force the Mexican government to abandon its longer-term industrialization goals for short-term labor-intensive "jobs-creation" programs in the countryside, particularly in areas of high rural emigration.

U.S. Ambassador to Mexico, Patrick Lucey summed up this "British approach" to Mexico in a major Los Angeles speech April 7. He lamented that Mexico had "turned down" a \$2 billion U.S. program which would have channeled funds into low-capital agricultural programs, but instead had gone ahead to sign a \$1 billion credit for expansion of PEMEX, the state oil company.

American System and Mexican System

For U.S. factions committed to renewed U.S. industrial growth in the context of world economic recovery, however, the perspective south of the border could hardly be brighter. Yet these groups — particularly export-oriented manufacturers of high-technology goods — have in fact been slow to respond to the opportunities now developing to the south. A top official in Mexico's development bank, Nafinsa, recently told visiting Swiss industrialists that they should not fail to take into account the import needs of Mexico's capital goods program as they plan their international operations. The advice is appropriate to all advanced sector countries.

U.S. Export-Import Bank chairman John Moore, aware of the strength of the Mexican market, told an Atlanta audience at the end of last month that Exim lending to Mexico could jump "several billion" if bank resources are expanded. Mexico is further committed to a nuclear policy in the 1980s, a policy which could mean large orders for the U.S. if anti-nuclear-export regulations are dismantled in Washington.

Observers point to the completion of the U.S.-Mexico natural gas deal, derailed by Energy Secretary Schlesinger last winter, as a crucial initial step to get

U.S.-Mexico economic cooperation moving along these lines. As is widely recognized, the U.S. needs this gas, and Mexico wants to sell it. Mexico's asking price is not out of line with current international levels. And the \$1 billion plus revenues that Mexico stands to earn annually from gas sales, given Mexico's commitment to high-technology industrialization, will translate immediately into further Mexican import orders.

The "American System" of industrial growth and technological advance, fought for in the American Revolution and formalized in the U.S. Constitution, exercised a profound effect on Mexico. What is happening now is that Mexico, having incorporated the same principles in its "Mexican System," stands in a position to catalyze a renewed fight for the American System within the U.S.

Oil: A Kind of Debt Moratorium

The conclusions to be drawn go beyond U.S.-Mexico or U.S.-Venezuela relations, however. Mexico and Venezuela are not exceptional in their development plans. Most if not all of the nations of the Third World would immediately initiate the same kinds of programs, with the same high-technology import requirements, as have Mexico and Venezuela — if they were freed of their crushing debt burdens.

Mexico and Venezuela are "breaking out" not just because they have oil, but because the oil "buffers" them from acute debt problems. Oil is Mexico and Venezuela's "debt moratorium."

Mexico: Thinking Big

Over the past three months, Mexican President José Lopez Portillo and his top ministers have traveled throughout Mexico announcing government plans, unprecedented in the Third World, to channel Mexico's oil revenues into high-technology industry and capital goods, including steel, industrial ports, and nuclear energy. "We have to rapidly accustom ourselves to thinking big," announced President Lopez Portillo. In two years, he said, Mexico will realize a large surplus in oil revenues, and in preparation, "we must plan large development projects with ambition and vision."

"Thinking big" is especially important for a country that a year and a half ago was suffering a deep political and economic crisis expressed in a massive flight of capital, almost complete paralysis of the economy, and a 50 percent devaluation of its currency, the peso. At that time, Mexico was considered the perfect "patient" by the International Monetary Fund, which intervened at the end of 1976 with a credit line for more than \$1 billion and a package of austerity measures, which included axing the second stage in construction of a huge state steel complex at Las Truchas.

President Lopez Portillo elected to deal with this crisis by rapidly developing Mexico's oil reserves, currently at 17 billion barrels proven and 120 billion barrels "prob-

The model for advanced sector collaboration with the Third World for mutual development taking shape around Mexico and Venezuela can immediately be extended to the Third World at large, with incalculable benefits for the world economy as a whole, if measures are taken to erase Third World indebtedness to the World Bank and International Monetary Fund, and channel new net flows of credits for productive purposes into Third World areas.

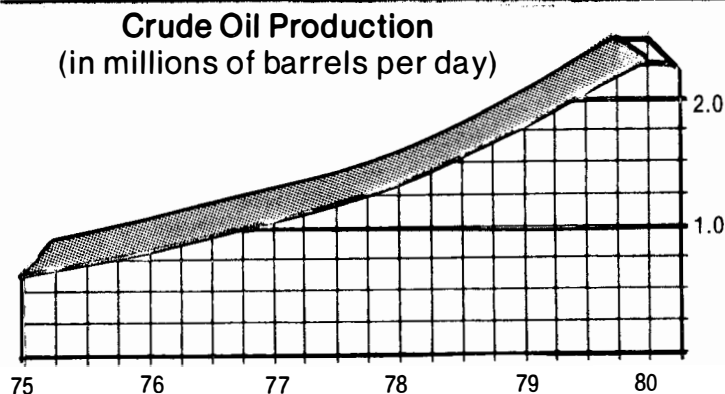
Exporting the Mexican System

The Mexicans know this. On April 8, President Lopez Portillo delivered a major address on foreign policy in which he stressed that Mexico's national development goals can only be realized in the context of a revised world system, in which no country must "export its living standards" in order to survive. Mexican newspapers summarized the perspective the next day: Mexico has undertaken the task of "exporting the Mexican System," they declared.

Significantly, the President's speech occurred as Mexican Foreign Minister Santiago Roel concluded meetings at the highest level with Venezuela. The two countries, who are already coordinating their capital goods drives on a bilateral basis, urged the general assembly of the Latin American Economic System (SELA) to adopt the same focus on a continent-wide level. Mexico is making it clear that it conceives of its alliance with Venezuela as a central axis for intervention into Latin America and the Third World as a whole on behalf of the rapid industrialization programs both countries exemplify.

able." The commitment to the rapid development of the oil industry has been so successful that now the production program of the state oil company Petroleos Mexicanos (Pemex) is *two years ahead of schedule*.

The 23.7 percent oil production increase last year has allowed the government to repay part of the IMF loan ahead of schedule, and the government has announced that it does not plan to use the \$300 million remaining in



Source: Banco Nacional de Mexico and Pemex

the credit line. The IMF has been virtually "dismissed" as doctor for the Mexican economy.

In announcing its oil-based industrial strategy, the government, while making clear that it is taking responsibility for "dirigist" planning of the economy as a whole, is making strenuous efforts to bring private-sector businessmen into collaboration in priority investment areas. Response has been positive but cautious. Most notably, the Chamber of Manufacturing Industries (Canacintra) has a campaign to promote the ambitious government capital-goods program.

In conjunction, the government is broadcasting through reliable press spokesmen that the increased oil revenues will strengthen efforts to block any IMF-controlled business faction from launching a replay of the political and economic sabotage waged against then-President Luis Echeverria in late 1976.

In calling on the financial community to step up investments, the government has warned businessmen that last year's 2.5 percent rate of growth is a figure that belongs to the past. The Minister of Budget and Planning, Ricardo Garcia Sainz, has said that this year a rate of growth lower than 4.5 percent will not be tolerated, "either by the government or the people."

Oil. Axis of Development

In a nationally broadcast speech March 18 on the anniversary of Mexico's 1938 oil expropriation, the head of Pemex, Jorge Diaz Serrano, announced that the production goal of 2.25 million barrels of crude oil per day scheduled for 1982 will be achieved two years earlier. Last year's production grew 23.7 per cent, reaching 1.1 million barrels per day. This year crude production should reach 1.4 million barrels per day, close to Venezuela's present daily production of 1.7 million barrels.

In a strong polemic against self-styled "nationalist" tendencies that call for keeping the oil underground and not exporting it in large quantities, Pemex head Diaz Serrano presented the economic advantages that the oil revenues ensure Mexico. During Lopez Portillo's presidential term (1977-1982), total domestic and foreign income from oil sales will total \$60 billion. A net profit of approximately \$11.5 billion will be channeled into the recently announced National Employment Fund, a package of industrial projects whose center, according to the Secretary of National Properties and Industrial Development, Jose Andres de Oteyza, will be "large-scale enterprises."

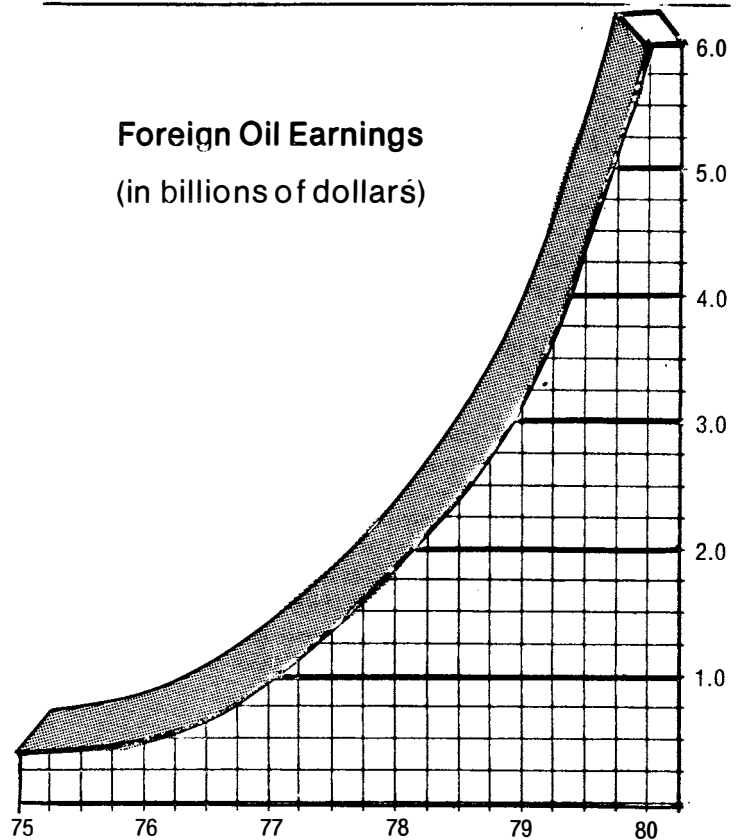
Labor Development

The benefits of this oil bonanza, President Lopez Portillo has emphasized, could be lost if Mexico does not at the same time develop its labor force through the upgrading of education and technological training.

Mexico's forefront commitment to education and technical training recalls the successful industrial development of the United States, and points to a notion of labor policy which U.S. businessmen have not always studied.

The Mexican government has sent the National Congress a bill to reform Article 123 of the Mexican Constitution to make advancing education and skill levels a constitutional right. In a summit meeting on education policy in mid-March, Education Minister Fer-

Foreign Oil Earnings
(in billions of dollars)



Source: Financial Times and Industry Development Minister

nando Solana dramatized the need for educating the broadest layers of Mexico's population by pointing to training and education as "the most efficient means of transforming the potential energy, which resides in the very heart of populations, into the motor force of progress."

The Big Projects

Capital Goods:

Taking into account the great expansion planned for the state sector and the extraordinary market that it provides for capital goods, the government is giving this industry top priority. In the next 10 years, according to Nafinsa Director of Programs Luis Almeida, Mexico's demand for capital goods will total roughly \$45.5 billion. It is hoped that a large part can be supplied by the domestic capital goods industry.

The government-formed task force for the coordination of the capital goods effort will be headed by Finance Minister David Ibarra, a long-time promoter of that industry. Government investment in this area will total \$350 million this year (100 percent more than in 1977). The government has also adopted incentives including an 80 percent guarantee for credits from private banks to capital goods industry, credits that will have a term no less than 10 years. It is also offering favorable tariffs for machinery and equipment imports.

For the rest of Lopez Portillo's presidential term, which ends in 1982, the estimated market for the domestic capital goods industry has been broken down by the government as follows: 20 percent for Pemex (\$8 billion), 17 percent for the Federal Electrical Com-

mission (\$7 billion), 13.6 percent for agriculture, and 9 percent for mining.

Steel:

To direct national steel production, the government formed a private-public sector task force early in February. The state-controlled steel plants, Las Truchas, Altos Hornos, and Fundidora Monterrey, have been consolidated into one enterprise, Sidermex. Total production this year should reach 6.6 million tons, enough to satisfy national demand, sustained especially by Pemex and the capital goods industry. Minimum investment for the next three years will total \$1.58 billion.

Ship-yards:

The Minister of National Properties and Industrial Development, Jose Andres de Oteyza, has emphasized the importance of the shipping industry for the industrialization of the country. By 1982, Mexico will be building 44,000-ton tankers for Pemex, and will gear up its ports on both the Gulf of Mexico and the Pacific coast to accept tankers of 150,000 and 250,000 tons respectively. One of the planned ship-yards will be part of the Las Truchas industrial complex, previously stalled by the IMF.

Petrochemicals:

A 360 percent increase has been programmed for petrochemical production during this government's term, with a total investment of \$4.1 billion.

Fertilizers:

National production in this area is slated to supply 80 percent of the country's demand. The five-year plan for Fertimex (the state fertilizer company) includes an investment of \$304 million.

Natural Gas:

Industry Minister Oteyza has made it clear that Mexico is open to sell natural gas to the United States—despite the fact that U.S. Energy Secretary Schlesinger last year vetoed a contract with Texas gas companies. He further announced that Mexico will utilize its natural gas resources domestically in the interim, and free additional oil for export. On March 29, Oteyza announced the construction of a national distribution network of natural gas, specifying that selected zones on the Gulf of Mexico and the Pacific will enjoy preferential pricing in both natural gas and petrochemicals, and will be provided with infrastructure (roads, water facilities, and industrial ports) to develop as advanced industrial centers.

A Nuclear Future?

These projects are the backbone of Mexico's "think big" planning. The government has yet to make a decision on the key programs for nuclear energy and the agriculture sector.

There is no question that the government is fully committed to exchange its oil wealth for nuclear technology. Lopez Portillo has repeatedly emphasized that nuclear energy is Mexico's "next step." Mexico commands large and barely tapped uranium reserves. The question is how fast nuclear energy will be developed. This issue, vital for Mexico's future, is being discussed

now by scientists, political parties, and government officials in Mexican congressional hearings.

The government is approaching the agriculture question from the standpoint of industrial development as a whole. Several ministers and Lopez Portillo himself have emphasized the necessity of raising the labor skills of the peasantry through industries in the countryside, known as "agroindustries," seen as a transitional stage in the step from peasant farming to an industrialized Mexico with advanced agricultural technology.

However, a full government policy remains to be presented in this crucial area, where several years of stagnating production have created the most serious economic problems the government now faces.

— Alicia Fernandez
— Tim Rush

Mexican Oil Revenue Slated For Development

Here are excerpts from the speech by Jose Andres de Oteyza, Mexican Minister of Industrial Development, announcing the creation of a National Employment Fund at the annual meeting of the Concamin (National Chambers of Industry), March 15, 1978:

...The oil program will lead us to obtain a foreign exchange surplus which will allow us not only to solve our current problems of foreign imbalance, but will also give us unprecedented maneuvering room in economic policy. The task is to turn our abundance of hydrocarbons into a lever of integral, independent and well-planned development. To achieve an adequate balance between reserves and the rates of exploitation of hydrocarbons, to generate sufficient external resources that will help supercede the short-term restrictions imposed by the balance of payments on the economy, and to utilize those resources and the substantial demand for investment that is generated by the sector to foster in the medium and long term a national capital goods industry, is helping at the same time the creation of new activities which, as with petrochemicals, will be intensive in the use of these inputs.

Nevertheless, there exist tendencies in other spheres of economic activity which, if not reversed, will be critical in the medium term. Not only is agriculture not sufficiently productive, but the food industry as well has constricted. We must again become a country capable of feeding itself.

Investment in priority sectors, which now can and should accelerate thanks to the unpressured balance of payments situation will imply a growing demand for capital goods. Therefore, the establishment of an industrial plant capable of producing machinery and equipment, that is to say, capable of *reproducing itself*, is an appropriate destiny for our oil resources.

In this context, the government has decided to selectively promote this strategic sector for the integration and diversification of industry. Concrete measures include a regimen of acquisitions for the leading semi-state companies, a series of fiscal stimuli and the modification of the laws of operation of various rediscount funds, so as to increase the resources that will

specifically help this industry. Through a policy of energy price differentials, we will seek regional development and industrial decentralization. Great ports on our coasts will be constructed to serve as ports of departure for our exports.

The policy of constructing great industrial ports in the country with broad characteristics constitutes the innovative element of the government's present conceptions of industrial decentralization.

...What we need to accomplish is the transformation of non-renewable resources into others capable of reproducing themselves, including developing alternative sources of energy such as nuclear.

I urge the creation of large agroindustrial complexes that will increase production in the countryside, that can offer a sure and remunerative market for the peasantry, that can process its products and distribute them efficiently both in the country and in the exterior. The large company should constitute itself as the foundation of the small and medium companies, each one developing in accordance with its own characteristics. Thus the presidential decision to create a national employment fund, destined to promote the development of public and private sector projects.

Lopez Portillo: We Won't Postpone Development

Following are excerpts of a speech by Mexican President Jose Lopez Portillo March 31 to a rally of 25,000 oilworkers gathered to pledge support for the government's oil program. In these passages Lopez Portillo targets the curious alliance of reactionary elements in the country and certain "left" figures who insist that Mexico "defer" massive development of its oil so as not to jeopardize the resource base for "future generations."

...Thanks to the efficiency of Mexican workers, technicians and administrators, the responsibility of administering our oil surplus is going to begin under this regime in 1980. I am not simply talking about handing over this potential to whoever succeeds me, but determining in this administration what we must accomplish with this surplus resource. And with it I assume a responsibility that I consider historic...

Here are the petroleum resources. They are resources that will run out. Who is going to take advantage of them and for what purpose? That is a moral problem...

Are we going to sacrifice the present generations for those of the future, or are we going to leave the future generations subject to their own advice and decision? This is a grave question to pose to a politician. It is the grave question that was posed to the politician who was Lazaro Cardenas, when he expropriated foreign oil holdings for the future generations. And this was 40 years ago; comrades, we are now the future generations of that time.

For the first time and within two years, we will have the possibility, the potential to not have to resort to foreign financing in order to maintain, increase and accelerate our development.

What are we going to use these potentialities and the petroleum surplus for? To begin an era in which we only pay debts? This, friends, is the grave question before us. And it is an appropriate moment for all sectors of public opinion to debate this national question. It doesn't bother me at all that those who have an opinion in our free society want to give it. It is the future of Mexico that is under discussion.

I think, comrade workers, that the historic moment has arrived to say "enough" to the ancestral misery of the Mexicans; we must have sufficient talent and decisiveness to solve once and for all...the problem of misery and marginality; and for this, the fundamental support, the basic pivot, is and should be oil.

I believe it unjust, for those who are out of work, and there are many; I believe it unjust, for those who suffer hunger; I believe it unjust, for those who are sick; I believe it unjust, for those who are ignorant; I believe it unjust for the Mexicans who are unhappy, that we should postpone the decision to build the greatness of the country. We are going to build it now, for ourselves and for our children.

There are those, comrades, who would want us to defer this decision. They are the same who, wishing that we not exploit the oil now, do not wish us to be indebted either. And the economy does not perform miracles. If there are no internal resources and they do not come from abroad, hope is cancelled; and I do not want the hope of the Mexican people to be cancelled. It has been cancelled too many times in the past. I want to open up hope. We have the means to do it.

Venezuela: The Success Of Dirigism

Record-breaking economic performances have almost come to be expected in Venezuela, where the policy has been the rapid conversion of oil income into capital investment. Since President Carlos Andres Perez took office four years ago, months after OPEC quadrupled the price of oil, capital formation has accounted for a hefty 38 percent of annual gross domestic product. The corresponding average for the preceding 10 years was 25 percent.

Since 1976, this reinvestment process has been centralized and coordinated under the nation's fifth five-year plan, called the Fifth Plan, drafted by dirigist economists such as Minister of the Presidency Carmelo Lauria and former Planning Minister Gumersindo Rodriguez. As a result, key indicators of the economy are beginning to show geometric growth rates.

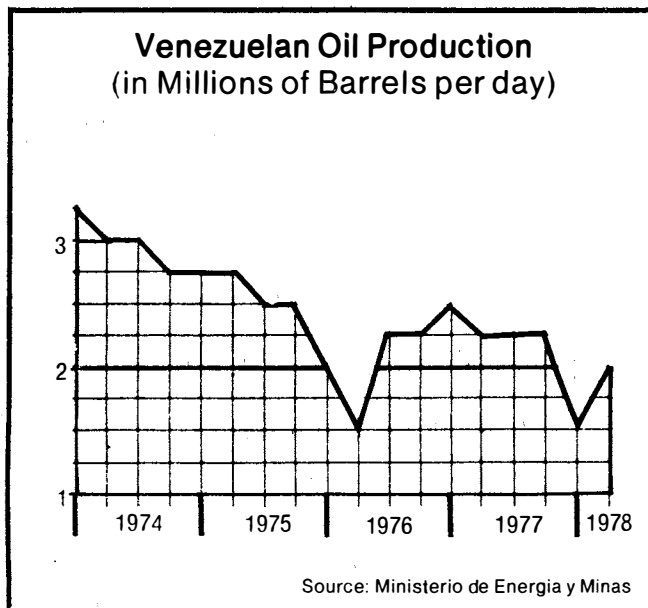
In 1977, another record-breaking year, industrial output climbed by over 15 percent, which translates into a more than threefold expansion of the manufacturing sector within the last ten years. Private sector construction continues to grow at a remarkable pace of 25.3 percent in the private sector. Generation of electricity increased by 10.6 percent.

Agricultural performance was even more spectacular. Following a decline in output as a result of disastrous flooding in 1976, record production was achieved in almost every area. Crop production generally rose by 19 percent, with cereals up by more than 70 percent. Growth spots were sorghum at 326,000 tons, three times last year's crop, and rice at over 500,000 tons, a record, up 87 percent. The corn crop was over 800,000 tons, another

record. In sum, agriculture posted an 11 percent growth rate last year, *one of the highest in the world.*

Fifth Plan Program

Performance in the immediate years ahead promises to be even more impressive. Fifth Plan goals, which provide guidelines through 1980 for \$52 billion in investments — 53 percent of which will come from the state sector — will multiply steel production ten times by 1985.



Trujillo Leads Economic Development

The recent death of one of Venezuela's most brilliant young economists, Manuel Rodriguez Trujillo, is an untimely loss to that nation's industrial development. Rodriguez Trujillo gained prominence during the past year for his economic proposals to the government of President Carlos Andres Perez for cooperation between private businessmen and the burgeoning state sector for a capital-intensive development program for the capital-goods industry. Aside from the obvious benefits to be expected from the exports aspect of an industrial program, he pointed out to a conference of industrialists earlier this year, the crucial consideration is the effect of high-technology development on the population's moral and cognitive development. The "self-esteem" of a worker, he said, is a result of "the machinery and techniques employed in production."

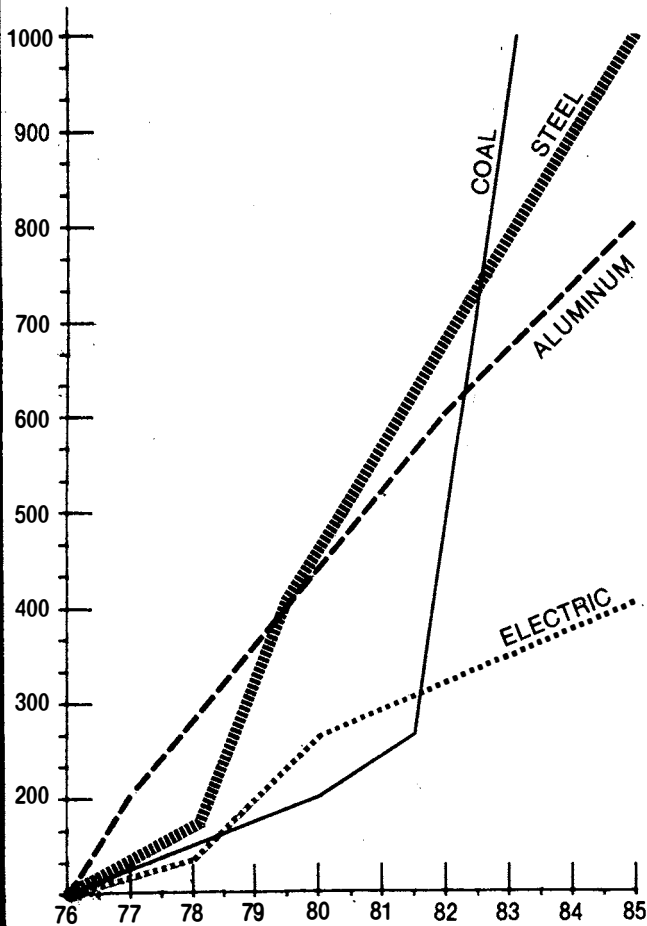
Trujillo's conception of industrialization has played a leading role in guiding Venezuela's development strategy. The major economic development last year was the consolidation of an

alliance between private sector leaders and government planners behind the Perez administration's industrial program. This co-operation has reached unprecedented proportions, as shown by the successful campaign launched by the president of the Council of Industry, Roberto Salas Capriles, in lobbying for capital goods production. This same perspective was endorsed by Vogeler Rincones, chairman of Fedecamaras, Venezuela's largest business organization, in his speech before the Council of Industry's annual convention last week.

On the administration's side, it has been Carmelo Lauria, the Minister of the Presidency, who has skillfully managed the investment and planning policies that have won the private sector's backing.

The forging of a consensus favoring capital-intensive development, led by figures such as Lauria and Rodriguez Trujillo, has laid the foundation for institutionalizing the policies of the Perez administration long after Perez's departure from office one year from now.

**Venezuela's Fifth Plan
Production Targets
1976=100**



Source: Various published plans by government agencies

Longer-range plans predict a 15-fold jump in 15 years. The Fifth Plan component of this program will cost \$3.57 billion.

In aluminum, Fifth Plan investments have already doubled production to 120,000 tons per year, with the expansion of the Alcasa smelter (half owned by Reynolds, half by the Venezuelan government) and the opening of the new Venalum plant. When completed, the Venalum facility, 80 percent the property of the state's Guayana Corporation (CVG) with the remainder owned by a Japanese consortium, will be the world's largest aluminum reduction plant. Meanwhile, the Swiss firm Alusuisse is building a \$560 million, one-million-ton capacity alumina plant, to be completed by May 1979.

By 1985, the entire industry will be producing 400,000 tons of aluminum annually, using mostly domestic bauxite. Findings released earlier this year conservatively peg reserves in the Bolivar area at 500 million tons.

**Who's Missing Out
On Venezuelan Development?**

**Origins of Venezuelan Imports
First Semester 1977
(millions of \$)**

Origin	mid-1977	mid-1976	% increase
Japan	414	208	98.0
EEC	1040	637	63.3
Canada	157	96	62.8
Spain	107	67	60.2
USA	1440	1232	16.9

Source: Venezuelan Foreign Trade Institute

**Trade Balances with Venezuela
First Semester 1977
(in millions of \$)**

EEC	+764
Japan	+392
Spain	+63
Canada	-521
USA	-840

Source: Venezuelan Foreign Trade Institute

The \$4.1 billion electric power program will expand present capacity by two-and-a-half times, to 13,600 megawatts by 1980. The Guri hydroelectric project, which will generate 9,000 MWe by 1988, will be one of the largest dams in the world. Other priorities include coal mining, with capacity skyrocketing when exploitation begins in 1982 of the 10-billion ton Zulia deposits. In petroleum refining, exploration, and petrochemicals, investment doubled in 1977 and will double again this year.

Capital Formation

The 30 percent leap in imports during 1977 — almost two-thirds of which were industrial raw materials, machinery, and transportation equipment — exemplifies the scope of these objectives. Port capacity, which was expanded by one-third under a crash program last year, continues to be taxed to the limit, and further expansion is underway. Volume handled reached 8.8 million tons, compared to 1.4 million tons moved in 1973.

A major problem continues to be maintaining a high capital-goods profile in overall imports. During the first half of 1977, available capital throughout the economy tended to find its way into lucrative speculative ventures,

especially high-rent real estate in Caracas, where the rate of return was as much as four points higher than the interest on government paper. Meanwhile, imports of non-essential consumer goods climbed rapidly.

In July, the government finally took vigorous measures to curb speculation and reorient the nation's credit toward real production. Total liquidity declined in real terms through September, as the local real estate financiers mounted vitriolic attacks against the administration, particularly Ministry of the Presidency head Lauria.

The positive results were twofold. First, inflation was reduced from 9.0 percent in 1976 to 8.5 percent last year, while the real economy expanded. Second, and most important, the July measures inaugurated a new dirigist attitude in the administration that favored the emergence of a state-private sector alliance in favor of capital-intensive development.

By the end of the year it became evident that production-oriented layers had gained prominence among the nation's business community. The Council of Industry began working sessions with government economists on an expected state-directed two-tier credit policy that will tilt the credit of the entire private and public banking system toward real capital formation.

Even the business organization Fedecamaras has toned down its traditional diatribes against the growing state sector. This is not surprising, since, as Development Minister Azpurua Marturet noted recently, private sector investment in the Fifth Plan is 70 percent higher than the government had expected at this point.

Missing: Nuclear Energy

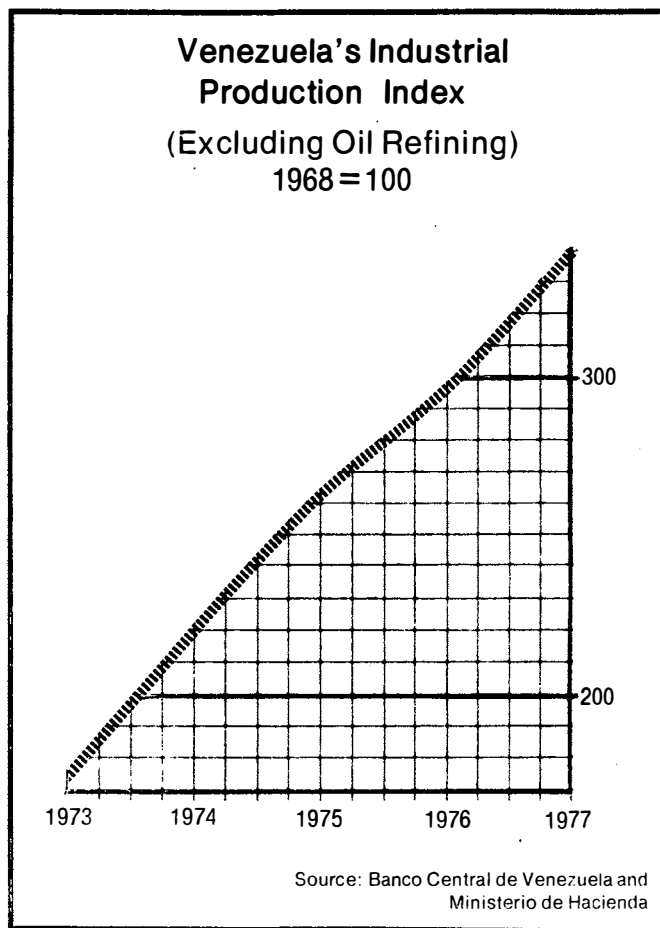
The striking feature of the Plan's success thus far is that it has been achieved despite a steady decline in oil production since 1974 — the foreign exchange earner that allows Venezuela to import its huge requirements of capital goods. The current output of 1.8 million barrels per day is below the 2.2 million target set by the Fifth Plan and may be less than half of short-term capacity.

It is here that the Perez government has committed its major error. Through its concession to zero growth advocates such as former oil minister Juan Pablo Perez

Alfonso, who claims Venezuela must "save" its oil, Caracas has failed to make a bold commitment to the necessary development of nuclear energy — the one resource that can, as Perez wants, deliver Venezuela from dependence on petroleum.

The objective to replace oil income with exports of industrial goods resulting from Fifth Plan capital investment will be impossible to maintain without nuclear energy sources to replace dwindling oil reserves.

— Chris Allen



NAACP Stands Firm With Energy Position

Scores Media 'Distortion Of Our Views'

The National Executive Board of the National Association for the Advancement of Colored People (NAACP) met in Atlanta April 17, for its first quarterly meeting since the publication of its Jan. 9, 1978 energy policy. The meeting reaffirmed that policy as issued, despite a strong internal opposition led by Washington D.C. lawyer and union wrecker Joseph Rauh, head of the Americans for Democratic Action (ADA).

The NAACP energy policy calls for the development of nuclear power to expand the U.S. economy and provide skilled jobs for black and white Americans.

Due in part to enormous pressure from Rauh's so-called "labor faction," and despite a recommendation by the civil rights organization's own Energy Committee to refrain entirely from defensively reiterating their already clearly stated policy, the 100-member executive board, after a day-long discussion, released a statement explaining that they had announced their January energy policy because of the need to reduce unemployment among blacks, particularly black youth, and because of the impact of inflation on the NAACP's constituency.

The statement continues, "We reaffirm our statement of Jan. 9, 1978. We deplore the failure by some members of the media, and others, to focus any attention on the essential thrusts in that statement. Apparently there was a deliberate distortion of our views and priorities..."

Despite the NAACP's condemnation of the distorted press coverage given the original statement, which was directed in large part to the *New York Times* which led the pack in misreporting the energy policy, the *Times* continued its policy of deliberate and racist distortions in reporting on the April 17 meeting. Headlining their April 18 news story "NAACP Seeks to Clarify Deregulation Stance," the *Times* lied "The organization's energy statement of Jan. 9 has widely been interpreted as supportive of deregulation....The statement was seen by many as one that favored the oil industry, and it drew bitter criticism from organized labor....," implying that the NAACP had backed down. Again the *Times* omitted reference to the clauses in the energy statement which promote development of nuclear power. On Jan. 27 the *Times* had editorialized on the original statement by asking, "Does Civil Rights Include Energy?"

In its Jan. 27 editorial the *New York Times* concluded: "We happen to believe that the NAACP paper on energy was inadequately prepared, poorly reasoned and finally,

wrong for all Americans....In debating the wider questions, civil rights groups will have to rely on 'outside experts' for their research and analysis, perhaps risking, as the NAACP did, manipulation and exploitation by other interests."

The Rauh faction was able to force the NAACP's defensive reiteration, but suffered a major setback in their attempt to have the organization renege in its support of nuclear power.

Expressing a "sour grapes" attitude after the meeting, Rauh told a reporter, "I don't like people who criticize and blame the press for their own mistakes...whether that person is Bert Lance, whom I don't admire, or the NAACP board, whom I do." Revealing the depth of distrust of Rauh within the NAACP, a member of the NAACP's Energy Committee, when asked about "disrupters" at this week's meeting, responded: "You mean Rauh, don't you?"

Rauh had been joined in his efforts to subvert the dominant pro-energy-growth policymakers in the NAACP by Lane Kirkland-controlled "labor" NAACP board members Bill Pollard, head of the civil rights division of the NAACP, and the United Auto Workers' Doug Fraser and Bill Oliver.

Observers close to the Atlanta meeting stress that the situation within the NAACP and in particular around the organization's prodevelopment, pronuclear policy is up for grabs. According to these sources, the future policy direction of the NAACP Executive Board—led by Monsanto executive and Executive Board Chairman Margaret Bush Wilson and NAACP Executive Director Benjamin Hooks—depends very much on the degree of public support the Board receives from industry and organized labor for its courageous stand for nuclear power production.

The full text of the NAACP Executive Board statement issued is reprinted below:

On Jan. 9, 1978, the National Board of Directors of the NAACP announced its energy statement for the following reasons:

* A full employment economy is essential for the reduction of unemployment of blacks across America.

* The failure of the Federal Energy Department to employ blacks in substantive policy positions.

* The persistently high rate of unemployment and underemployment among black youth.

* The massive and continuing decay of the inner cities, where most blacks live.

* The destructive impact of inflation on people who look to our organization for leadership.

* The threat to the health and well-being of the most most needy segment of America.

We now reaffirm our statement of Jan. 9, 1978.

We deplore the failure by some members of the media, and others, to focus any attention on these essential thrusts in that statement.

Apparently, there was a deliberate distortion of our views and priorities. Indeed, efforts were made to discredit our leadership regarding its motives and intentions. (emphasis added—ed.)

For more than 69 years, the NAACP has been in the forefront of economic, political, and social progress for black Americans. We have uncompromisingly advocated justice and fairness for all Americans.

Historically, the NAACP has been sensitive to and an advocate for, our constituents in their role as consumers and in this connection has always favored the concept of regulation of certain essential commodities. The Jan. 9 statement did not address itself to the issue of "regulation" or "deregulation" in this context—nor did

we intend it to do so! (emphasis added—ed.)

The determination of energy policy is ultimately a governmental matter. However, America is well aware that a policy impasse persists at the highest levels of our government. Whatever policy is finally adopted, the NAACP will remain alert in defense of the best interests of the poor, and will carefully monitor the effect of such actions on the daily lives of our constituency.

New Jersey Mayor Endorses NAACP on Energy

In an open letter to NAACP leaders Margaret Bush Wilson and Benjamin Hooks, Trenton Mayor and president of the New Jersey Conference of Mayors Authur J. Holland expressed his full support for the NAACP jobs and energy program. Holland called for the expansion of industry and commerce "in order to provide the best possible future for our nation, its cities, and our citizens." Since such expansion is only possible with a growing supply of energy, wrote Holland, "I believe the nation's interest is best served by an aggressive commitment to expanding the available supplies of energy including the development of nuclear fission and nuclear fusion technologies."

The Holland letter was read on Monday into the record of the New Jersey Senate State Government Committee during hearings on a bill calling for restoration of funds to the breeder reactor. Following testimony by the USLP and state utilities, the breeder bill passed the committee unanimously, and will now go the full Senate.

NAACP An Issue In N.Y. Press Battle

The largest black weekly in the U.S., the Amsterdam News, has locked horns with the Village Voice, the granddaddy of Fabian journalism, in a political battle which could have ramifications for the liberal wing of the Democratic party nationally. The battle erupted with an attack in the April 10 issue of the Village Voice on the Amsterdam News, establishing that paper's link to what the Voice alleged were "pork barrels" in the New York City budget.

In reply, the April 15 issue of the Amsterdam News devoted two entire pages to a caustic description of the Village Voice's political interests, and a defense against the charges of conflict of interest. Significantly, the Amsterdam News cites the Voice's attack on Margaret Bush Wilson, chairman of the board of the NAACP, for the organization's energy policy.

Here are portions of the editorials of the April 15 issue of the Amsterdam News.

"Voice of Our People"

The Village Voice is racist to begin with. . . .

Over the last year (*The Village Voice*) has set a tone to its content that is limited to the most negative aspects of Black life in New York City. . . the paper last year crucified one of the most eminent justices, Judge Ed-

ward Dudley, through the same type of yellow journalism. . . .

And in January the *Voice* took upon itself to attack Margaret Bush Wilson, the National Chairperson of the NAACP, for allegedly selling out the NAACP to the oil industry. . . .

The *Amsterdam News* is a small business operation and its board members are struggling small businessmen who should not be held to any arbitrary standards not being applied to other businessmen and other newspaper publishers. (Jack) Newfield (the author of the *Voice* article—ed.) asks the question: would we tolerate the publisher of the *New York Post* (Australian Rupert Murdoch) simultaneously owning a company that held a large contract with the city government? The question cannot be entertained until the publisher of the *New York Post* discloses what it is that he owns.

We know he owns the *Village Voice* and *New York* magazine. We know that he was an early supporter of Ed Koch. We do not know what the subsequent relationships are.

Newfield's problem is that the *Amsterdam News* understands the implications of the plan: nothing less than the consolidation of all federal funds for New York City in the hands of the omnipotent super poverty pimp, Ed Koch. . . .

Violence Mars Development Negotiations In Turkey

Anti-government riots broke out in southeastern Turkey April 18 following the letter-bomb assassination of Hamit Fendoglu, the mayor of the city of Malatya, and three of his relatives. Thousands of Kurdish clansmen, backed up by the fascist commando units of Nationalist Action Party leader Alparslan Türkes, poured into Malatya from outlying districts to protest the murder of Fendoglu, also a Kurd. Blowing up scores of buildings, the Kurds blamed "leftist extremists" for Fendoglu's death and accused the Turkish government of Prime Minister Bülent Ecevit of "leftist sympathies."

For decades, political, sectarian, and tribal rivalries between Kurds and Turks, rightists and leftists, and Sunni and Shiite Moslems have been cultivated and manipulated by British intelligence, not only in Turkey but also in neighboring Iran and Iraq.

Special army troops were sent in to quell the rioting in Malatya, and martial law was imposed. Ecevit denounced the murder of Fendoglu as "an assassination directed against democracy and the free will of the people," and warned the Kurdish population not to overreact. In addition, Turkey's Nuclear Energy Research Center was shut down following reports that its employees, many of whom are linked to Türkes, are manufacturing bombs for the terrorists.

The Malatya incident marks the worst in a spiraling series of violent clashes throughout Turkey that have left more than 200 dead and thousands wounded since the beginning of the year. The unprecedented violence, which has kept the country on the brink of a military takeover, is aimed at keeping Turkey off balance and incapable of moving toward lasting solutions of its economic troubles and the long-festering Cyprus problem. Although Ecevit has attempted to undermine both the Nationalist Action Party's commando operations and Türkes' control over much of Turkey's security apparatus, his moves have been limited and have done little to dismantle the vast capability of the Turkish neo-Nazi right-wing to carry out its terrorist activities. Ecevit's restraint in mopping up once and for all the British-run Türkes network could eventually lead to Ecevit's own political demise.

Nelson Rockefeller in Turkey

The destabilization of Turkey coincides with intensified efforts on the part of development-oriented forces in the U.S., Europe, the Arab world, and the Soviet Union to resolve Turkey's massive economic problems by investing in industrial and agricultural development projects.

Last month, after approximately one year of negotiations with the International Monetary Fund,

Turkey agreed to implement a stringent austerity program to enable repayment of its whopping \$15 billion foreign debt. In 1977, Turkey defaulted on almost \$400 million in short-term convertible Turkish lira deposits and failed to pay for more than \$1 billion in imports due to the foreign currency crisis.

Following the agreement with the IMF, Turkey's creditors are once again negotiating to restructure the debt and issue new credit. Heading up the negotiations is a coordinating group of eight banks whose combined loans comprise 25 percent of Turkey's convertible lira deposits: Barclays, Citibank, Chase Manhattan, Morgan Guaranty, Deutsche Bank, Union Bank of Switzerland, Dresdner and the Swiss Banking Corporation. These banks, along with the rest of Turkey's creditors, cut off all lines of credit to Turkey last year, restoring them only on the condition that Turkey reach a satisfactory agreement on austerity with the IMF.

The Regional Development Imperative

Several banking and U.S. Department officials have admitted, however, that the IMF measures are only a stop-gap and in the long run will undercut the very basis of Turkey's productive capabilities. It is becoming increasingly clear that what is needed is a long-term development perspective to ensure Turkey's economic viability and internal stability.

While the Carter Administration has yet to push the notion of economic development and cooperation in its policy formulations for Turkey and the eastern Mediterranean, a leading analyst of Aegean affairs affirmed that "certain people in the State Department" as well as "unofficial circles, such as Nelson Rockefeller" are interested in development of the region. What has yet to be made explicit is the role of regional development as an integral part of an overall approach to drying out Greek-Turkish animosity and underwriting a Cyprus settlement. Such an approach is also key to destroying Great Britain's ability to use the region, and Cyprus in particular, as a trigger for showdown in the eastern Mediterranean.

On April 15, Nelson Rockefeller arrived for an eight day visit to Turkey, where he is expected to discuss large-scale investment, possibly with Arab cooperation, in Turkish development projects. Last month, Rockefeller announced his intentions to set up a Saudi-financed nuclear energy and high technology investment corporation to realize projects in the developing sector and to put the faltering U.S. economy back onto a firm export-oriented footing.

According to the Turkish daily *Dumhuriyet*, talks between Turkish and Kuwaiti officials will begin soon to

negotiate badly needed credit for the Turks. In addition, an agreement with Iraq over oil deliveries to Turkey via the Iraqi-Turkish pipeline is in the process of being worked out. Since January, Iraq has withheld deliveries to Turkey due to Ankara's unpaid \$330 million oil debt.

Strategic Location

Situated strategically along the Soviet Union's southern border, Turkey provides the perfect staging ground for East-West economic cooperation. In February, the Soviets signed a \$1 billion trade agreement with the Turks. In June, Ecevit is slated to visit Moscow. Turkey's growing relations with the Soviets are also in evidence in the military sphere. On April 24, a high-ranking Soviet military delegation led by Chief of Staff Ogarkov arrived in Anakra for a four-day visit.

In addition, there are hopeful signs of increased Balkan cooperation. Ecevit has just completed a trip to Yugoslavia to discuss economic, trade, and cultural cooperation, while a Turkish delegation visited Romania, where talks with President Nicolae Ceausescu were held dealing with Balkan, as well as European, peace and cooperation and the need to establish a new world economic order.

West Germany is also looking to contribute to stabilizing the region. According to the Greek daily *Eleftherotypia*, the West German government is prepared to initiate "a mini-Marshall plan" of economic assistance to the Greek and Turkish Cypriot communities for the "reconstruction and economic development" of the island.

Cyprus the Key

To break the Cyprus deadlock, the Carter Administration submitted a proposal on April 6 to Congress requesting the lifting of the arms embargo against Turkey, which was imposed following Turkey's invasion of Cyprus in 1974. The proposal was submitted following private assurances by Ecevit to the State Department that significant concessions on the Cyprus issue would be forthcoming from Turkey to facilitate Congressional lifting of the embargo and the granting of U.S. arms aid to Turkey. By lifting the arms embargo, the Carter Administration hopes to stabilize the Ecevit government and give it badly needed leverage in its fight against terrorism. Should the arms embargo continue, Ecevit's position will continue to deteriorate, and civil war, leading to a military takeover, is likely. Ecevit has threatened to redefine Turkey's defense needs if the U.S. doesn't lift the embargo.

Last week, Turkey submitted its Cyprus proposal to Cypriot President Spyros Kyprianou. The proposal called for "an independent, sovereign, nonaligned, bicomunal and federated Cyprus Republic," a formula not unac-

ceptable to the Greek Cypriots. However, because the Turks failed to offer significant territorial concessions, Kyprianou rejected the proposal.

The French daily *Le Figaro* worried that "in the event of a Greek refusal to negotiate, Turkish Cypriot leader Rauf Denktash will declare an independent Turkish state on Cyprus," a move portending dire repercussions for regional stability. However, a Turkish spokesman at the United Nations was more sanguine and predicted that both sides to the conflict would, in time, soften their positions and reach an accord.

Kyprianou Cracks Down on Terrorists

Kyprianou, meanwhile, is waging a bitter struggle to maintain himself in power in the face of a British-run operation, parallel to the destabilization operation in Turkey, to assassinate or overthrow him. Kyprianou is considered an obstacle to continued British manipulation of the region, due to his anti-British sentiments, his close ties with France, and his close working relationship with the powerful Cypriot Communist Party, AKEL.

In a sharp blow to the British, Kyprianou has cracked down on terrorist networks operating through the two British sovereign military bases in Cyprus at Dhekelia and Akrotiri. The Greek Communist Party newspaper *Rizospastis* revealed April 13 that the Cypriot government has obtained evidence showing that "Israeli Zionist diplomats and West German neo-Nazi groups connected with Franz Josef Strauss of the West German Christian Socialist Union have been financing and supplying the Cypriot terrorists with arms."

A total of 23 people, including two members and a captain of the agent-infiltrated Cypriot National Guard, along with a policeman, were arrested and imprisoned on charges of plotting to overthrow the government. All suspects belong to an underground organization led by Vassos Pavlides, known as "The Doctor," who masterminded and executed the kidnapping of Kyprianou's son Achilleas last December. Pavlides was among the first to be arrested in Limassol, while four others were rounded up "near the British base of Dhekelia," the London *Financial Times* reported.

The Cypriot police stated that all will be tried on charges of planning sabotage of government buildings and attacks on foreign embassies, as well as assassinations and kidnappings of political figures in a broader "conspiracy against the state" of Cyprus.

In a statement of April 11, Kyprianou charged that "third parties" were behind the plot. Government spokesmen have also stated that extremist groups, such as EOKA-B and the newly formed "Hellenic Liberation Army—Suicide Brigades," have been encouraged and financed from abroad.

—Nancy Parsons

An Atrocity Called Cambodia

The murderers entered the school while the children were sleeping: They were attired in black suits and carried guns and knives. They broke into the people's houses, woke the children up and ordered them to gather at the playground. Only a few children managed to escape. Some 50 children and seven female teachers were captured. The murderers forced the children to watch them rape the female teachers. Then they beheaded all the teachers and threw their heads into the air. The children could not even cry because they were so frightened, while a few passed out . . . They held the children's legs and threw them into the air and bayoneted them. A moment later, the playground was painted red with the blood of the pupils and female teachers. The murderers then fired at the remaining children. The children's bodies were left scattered on the playground while they frolicked with the children's limbs and torches in their hands before setting fire to the school and people's houses. The moon turned scarlet . . . the ground gave off the putrid smell of the burning . . .

Eyewitness account of a Cambodian
raid on a Vietnamese school in
Tan Bien, January 1978

It is no surprise that there are very few men among us, because in Cambodia women and children live separately and men are taken away to other places. Many men have been killed. My husband, a former officer in Samdech Sihanouk's army, was shot by the Cambodian authorities. Not only my husband but all other intellectuals, including professors and doctors, have been arrested, massacred or taken away to unknown destinations. Schools no longer exist . . . even temples have been destroyed. Anyone who is not killed or arrested must perform labor, or put more precisely, is ill treated and forced to do hard labor. Workers are given scant daily rations. Nobody has enough to eat. One of my friends said loudly 'I am still hungry' after finishing his meal. Immediately, those in charge of management and surveillance beat him up with hoes and then buried him alive . . .

A Cambodian refugee, Ban San
Camp, Vietnam, March 1978

These reports appeared in *Nhan Dan*, the daily press of the Communist Party of Vietnam. Vietnam, of course, has been at undeclared war with Cambodia (Kampuchea) for some months, and these "refugee interviews" might therefore be dismissed as exaggerations or even fabrications not atypical of war-time propaganda. But in this case, their dismissal would be a mistake.

This news service has no special knowledge of what transpired in the places, at the times, reported by the Vietnamese. However, comparable war-time eye-

witness atrocity reports, say about Hitler's Germany in the 1940s, were to be believed even before all the horrifying evidence was in, because the regime accused of such crimes was by its nature, fully capable of the crimes described.

The Cambodian regime, nominally Communist, is of the same species-nature as the Hitler regime. It is not communist in any meaningful sense, but — like Hitler — fanatically "zero growth" in its policies and paranoid in its peasant mentality, as even friendly observers report. For the Cambodian regime, human beings are no different than beasts, or beasts of burden. That is what war-crimes are made of.

There is a certain half-truth to U.S. National Security chief Zbigniew Brzezinski's "observation" that the Vietnam-Cambodia border conflict is actually a "proxy war" between the Soviet Union and China. Vietnam, like the Soviet Union, is a humanist republic in its policy-commitments, anxious to develop its nation, its people, and its region in cooperation with Communist and non-Communist neighbors and allies. Cambodia, like Maoist China, its supporter, is committed to zero growth and peasant bestialism, and as a matter of record, Vietnamese reports aside, the Cambodian leadership is engaged in an atrocity against its own population by virtue of basic economic orientation.

Otherwise, Brzezinski's "proxy war" statement indicates his (and London's) purposes respecting the Vietnam-Cambodia "hot spot," but not the reality of the situation. Brzezinski might be compared to William Pitt the Younger, outspoken over the horrors of the French Revolution, while secretly directing Jeremy Bentham in deployment of his agent, Jean-Paul Marat, to wield the Paris mob in the Great Terror which destroyed the French humanist leadership. Pol Pot, Secretary General of the Cambodian ruling party, has chosen to play the part of Marat; China's Teng Hsiao-ping, that of Bentham.

Cambodia

The Cambodians own propaganda betrays their claim of having been victims of Vietnamese aggression. Their radio station commentaries — there is only one newspaper, issued three times a month — talk only of Vietnamese intrigue to establish a vague Indochinese federation; usually some captured Vietnamese soldier or officer is dragged in to reveal a dark invasion plan, all of it much as a paranoid peasant always sees his neighbor plotting to steal his chickens. By contrast the Vietnamese have interviewed hundreds of the nearly 100,000 Cambodian refugees *who have fled to Vietnam*, and who tell of attacks by Cambodian troops and of "concentration camp" conditions inside Cambodia. These stories are more than confirmed by Western journalists, who have been to the disputed territories in Vietnam. Particularly

telling is the report filed by a team of Yugoslav journalists, who went to Phnom Penh on a friendly mission to observe life in "Democratic Kamuchea" and could only diplomatically describe catastrophic mass relocations of the people to farm labor camps. (Portions of their report appear below.)

Cambodian propaganda speaks of its "Kampuchean revolution" fighting for equality in the "collective spirit." In contrast to Vietnam, however, where new urban and industrial centers are being planned, the Cambodians have depopulated their cities of 3.5 million residents, forcing them into the countryside to become peasant laborers. Its former capital city, Phnom Penh, which boasted a population of 1 million before the fall of the Lon Nol regime, has, in the words of the Yugoslav journalists, been reduced to a "city without life or soul," and a current population of 200,000. One could stand on the main boulevard the entire day, they said, and count the passers-by on the fingers of one hand.

The urban population has been shoved into cooperatives throughout the countryside, imbibing the "collective spirit." A more accurate description was given by a Cambodian refugee who recounted how the "Cambodian authorities have turned Cambodia into a large concentration camp." She described how Cambodian town dwellers were simply arrested while walking along a street and sent to a cooperative, where they were put at hard labor. These cooperatives are generally composed of 30 families who eat in a common dining hall; children are taken away from their parents at an early age for "revolutionary indoctrination." No one is allowed to have rice, vegetables, or pots and pans to prepare additional meals. Anyone who dares to build a fire in his home is arrested and punished.

There is no money, and no higher education in Cambodia. The former National Bank of the Kingdom of Cambodia lies in ruins in the center of Phnom Penh. According to the Yugoslav journalists, unopened safes, cash boxes containing untold millions in foreign currency and precious metals, lie strewn about untouched. Cambodians have been reduced to bartering for whatever commodities are available.

Pol Pot told the Yugoslav newsmen that there is no need for universities or secondary education, since cadres are trained on the job: "by doing practical work, we gain practical experience." The journalists told of children as young as 12 and 14 working in factories, standing on boxes in order to reach the machines.

What keeps the Pol Pot leadership in the seat of power is cold-blooded terror. The depopulation of the cities and establishment of an autarkical regime underscores the paranoid outlook of this clique, suspicious of all intellectuals, technicians, and anything that smacks of foreign influence. In the last three years Cambodia has suffered a continuous "cultural revolution," with young Khmer Rouge, many in their teens, marauding through the countryside like Red Guards, seeking out any "opposition elements" — and anyone over 30 is immediately suspect.

Following an attempted coup last April by leaders opposed to the continuous relocation programs that have reached genocidal proportions, purges were initiated against the "Old Khmer Rouge." These included resistance fighters who had fought beside the Vietminh

against the French, or, later, with the Viet Cong. But Pol Pot condemned them as "of an advanced age if compared to the young, with reduced strength and slightly declining mental facilities."

Vietnam

Cambodian claims, and those of Cambodia's apologists like Noam Chomsky, that the depopulation of the cities and political purges were the result of food shortages and security considerations are dramatically disproven by developments in Vietnam. While Cambodia immediately cut itself off from the world except for China, Vietnam immediately put out an international appeal for reconstruction aid and emergency food supplies. Starvation was averted through food aid from the Soviet Union, Eastern Europe, and United Nations relief agencies. Similarly, no soldiers of the former Saigon regime were killed, but were sent to reeducation camps.

The Vietnamese liberated their country in order to rapidly transform its backward rural economy into a modern industrial and urbanized society. This transformation is being based on the introduction of higher forms of agricultural techniques, organization, and education to the peasant, to aid him to overcome his narrow traditional outlook. A recent article in the Vietnamese party daily, *Nhan Dan*, quotes Party Secretary General Le Duan on the question of "socialist pricing": "Paying attention to value is being mindful of incessantly promoting technical improvement, constantly increasing labor productivity, and striving to make a profit in production for the purpose of unceasingly improving the standard of living and accumulating more capital for carrying out expanded reproduction."

The Vietnamese dealt with the refugee problem in terms of this national development policy. Refugees have been resettled in well-prepared New Economic Zones; the new settlers were given enough supplies and equipment to sustain themselves. Technicians and agricultural specialists including those who had served under the old regime and were far too precious to be "purged," were mobilized for the gigantic task.

The Vietnamese leaders have conducted themselves in their conflict with Cambodia in the same way they have treated their own population. The nearly 100,000 Cambodians who fled to Vietnam have been housed and clothed at rehabilitation centers; some have been settled on land to engage in agricultural production.

A Polish journalist visiting captured Cambodian soldiers in a Vietnamese camp was surprised to see them, chalk in hand before a blackboard, being taught to read and write. Shocked to see that these young soldiers, many only in their teens, were illiterate, he compared Cambodia to Nazi-occupied Poland, where the Nazis said it was enough that the Polish people could read and write, and closed all the schools.

Vietnamese soldiers are under orders to take prisoners, for which they are given material reward, whenever they engage in military operations against Cambodian troops. The aim is to relax border tensions and show the Cambodians that their worst enemy is the Pol Pot clique.

Since the first week in January, right after Cambodia

broke diplomatic relations with Vietnam, the Vietnamese have made numerous peace proposals which the Cambodians have chosen to ignore. The Cambodians have made no peace proposals, but have periodically escalated their border attacks, striking at Ha Tien in the south while conducting naval operations against Vietnamese-held Phu Quoc Island. And Western intelligence sources report that the Chinese have been sending new arms shipments since February.

As a concession, the Vietnamese said they would be willing to withdraw from Cambodian territory in the context of an overall ceasefire. They called for negotiations, to be based upon noninterference in each other's internal affairs. These efforts have been supported by a white paper stating the Vietnamese position over three years on the disputed border territory.

The United States could well support these proposals — as critics of Zbigniew Brzezinski ought to note.

Yugoslavia Delegation Tours Cambodia

The following release detailing a visit to Cambodia was issued by the Yugoslavian news service Tanjug, March 21:

Phnom Penh — In the very center of the capital city of Cambodia there stands the ruins of a modern red building which one can read was the National Bank of the Kingdom of Cambodia. In the debris in front of and behind this building we noticed heavy bank safes and cash boxes which, our companions told us, the Khmer Rouge have not yet attempted to open. . . . People from the Ministry of Information and Propaganda who accompanied us convinced us that this indifference towards what could well be millions lying in the safes was no more than acceptance of the principles of the new authorities, who want to resolve this country's difficulties by self-reliance.

Town Without Life and Soul

This unarranged tour of the former treasury coffers of the Kingdom of Cambodia perhaps most symbolically illustrates the attitude of the new authorities toward everything that could remind one of the old times. From this one may draw a conclusion why millions of men, women and children sleep in dilapidated straw cottages or in hastily built huts when towns offer comfort in the totally empty, beautiful — and more than beautiful — residential buildings, villas and ordinary family houses.

...Even Pol Pot, secretary of the Cambodian Communist Party (KCP) and prime minister, does not want to answer the question of when this national wealth will be given to the people. He prefers to speak of the reasoning behind the decision to evacuate the city population....all towns were evacuated in the first days of the liberation.

All former town inhabitants are now agricultural producers or members of mobile work brigades building the new Cambodia. This involves 3 million people....However, on the enormous building sites — where sometimes there are over 20,000 people per square kilometer at any given time — they cannot be distinguished from other builders. And our hosts are not always ready to make it possible for us to establish contacts, for in Cambodia all workers are now peasants.

Yet, confronted by journalistic curiosity and persistence to look closer and become acquainted with the needs of these people who work 8 to 9 hours per day in very difficult conditions — because they often do not have any technical aids at their disposal — our hosts

gave in and took us to one or two former town inhabitants for an interview. We met a former student who over the past 3 years so completely had forgotten the language he had studied that an interpreter had to help us communicate with him. He said that he was happy to be taking part in a mobile work brigade which moves from building site to building site throughout the year.

Mobilization and Not Resettlement

The new authorities have on several occasions divulged the reasons for their decision to abandon the towns.

Those who saw Phnom Penh and other towns did not find it difficult to deduce that this mobilization had been quick and vigorous, because in town houses furniture, crockery and even clothes remain untouched, just as they were at the moment when the decision to abandon the towns was taken. This can best be seen in Phnom Penh where there are many houses that have not been opened since the day their inhabitants left them. Coffee cups are on the tables, clothes in the cupboards, and in garages are cars untouched since that date. Yet our hosts told us that about 200,000 inhabitants live in the capital and its surroundings, and there is no reason to doubt that statement.

However, with the exception of a few buildings taken by foreign diplomats or foreign experts, the passers-by in the busiest boulevards in the center of the town within an hour can be counted on the fingers of one hand. Even when an inhabitant is seen now and again he turns out to be a member of a work brigade responsible for town maintenance. Insofar as the maintenance of the streets, parks and even the facades of abandoned buildings is concerned, these people are invariably members of work brigades who, as far as we were able to see, do not live in the center of the town but come here every morning from the suburbs.

The only people here are those responsible for city security, who cannot be seen by day, but whose presence can be felt at night. However, they too avoid living in modern airconditioned city buildings or in buildings with rusted refrigerators. They live in the adjoining courtyards of these same buildings. It is due to them that former parks have become plantations of coconuts and other tropical trees, while cabbages are sometimes grown in flowerpots.

Water and electricity are available only on the streets where traffic leads into the town from the airport or on streets in the areas with accommodations for foreign

guests and diplomats. When night falls Phnom Penh does not look like a capital of a country even to those who live in these lit up parts of the city.

The entire life of this town which one had half a million inhabitants, and which during the war was a city of 1 million, goes on in four premises marked specifically for that purpose: The "Friendship Cinema" which opens its doors only when a foreign statesman arrives, the "Hostel" for guests, where official diplomatic dinners are given, the theater and the diplomatic club. Even big ministry buildings do not have anything inside that would give away their function because the officials in them

can be counted on the fingers of one hand.

They too have to work and be educated through labor. Fruit and the vegetable plots were being cultivated by officials from the ministries. These were the very people we asked if the policy of abandoning towns is a long-term or a passing stage of the Cambodian revolution, but we could not conclude from their replies whether it is the former or the latter. If it was an imperative decision dictated by temporary conditions which could jeopardize the achievements of the liberation victory, then the task of shifting the center of gravity from the towns into Cambodian villages has been carried to completion.

Cambodia Refuses Negotiations

The following are excerpts of the Vietnam Hanoi International Service release of March 20:

Since mid-1975, the Kampuchean authorities have harped on Vietnam's aggression while their armed forces nibbled into Vietnamese territory. They killed Vietnamese civilians, plundered rice and burned down Vietnamese villages along the border region, saying Vietnam looted property and killed Kampucheans. They even massacred Kampucheans and Vietnamese residents now living honestly in Kampuchea, photographed them, and then accused Vietnam of the crimes.

Inside Kampuchea, they launched a campaign claiming Ho Chi Minh City as part of Kampuchea. They say moreover that wherever there are trees, that place belongs to Kampuchea and must be liberated. Their argument that Vietnam intends to force Kampuchea into an Indochinese federation goes on like a cracked record. Now they say that they want to establish friendly relations with neighboring countries but unceasingly tell their people and soldiers that Vietnam is Kampuchea's traditional enemy.

Justice and popular support can never belong to those criminals who commit crimes and blame others. Some Kampuchean leaders have been so outspoken in their policy of national enmity against Vietnam and their policy of white terror against their own people that the world public cannot help raising the question: What type of regime is running Kampuchea?

The Kampuchean authorities cannot hide the truth. Neither can they hope to use repeated crooked slanders to deceive people. That is one of the reasons the three-

point proposal put forth by the Government of the SRV has now won support from broad public opinion. Vietnam's three-point proposal has been internationally recognized as fair and reasonable and as a solid basis to peacefully settle the problems concerning Vietnam-Kampuchea relations in the interests of peace and security in Southeast Asia.

Rude Pravo, organ of the communist party of Czechoslovakia, wrote on February 7:

Fairness and deception will be brought to light. This depends on whether Kampuchea will accept Vietnam's latest and most concrete proposals. If Phnom Penh refuses to change its attitude, all its charges against Vietnam will be seen as lies.

By slandering Vietnam, the Kampuchean authorities want to justify their hostility toward Vietnam and to deceive public opinion which is urging them to negotiate with Vietnam to jointly solve the border problem. Moreover, they intend to use this false pretext to repress their people and to purge their opponents, the genuine Kampuchean revolutionaries who do not approve of their dangerous home and foreign policies and are trying to preserve the time-honored solidarity and friendship between the peoples of Vietnam and Kampuchea.

But one thing is certain. The Kampuchean authorities slanders against Vietnam cannot deceive people forever. Revolts against the hell-on-earth conditions within Kampuchea and worldwide condemnation of Kampuchea's hostility toward Vietnam prove this. We are confident that justice will prevail, the solidarity and friendship between the peoples of Vietnam and Kampuchea will be restored.

Schlesinger's New Indian Wars

Imagine for a moment the response of the United States if a foreign power were to seize control over the bulk of this nation's natural resources — resources that are basic to the continued growth of our industry and agriculture. Imagine further that this foreign power actually prevented the development of those resources because such development was incompatible with that power's own economic and ideological interests.

The response would obviously be something close to a declaration of war, to which a majority of the U.S. population would offer its full support. "But America is one of the superpowers," you say. "No one would dare attempt that kind of sabotage."

Nevertheless, it is all too close to being true. But the "foreign power" involved isn't the Russians or the Chinese. It's not even the British — not directly, that is. Rather, the threat comes from citizens of the U.S. who have been led to believe that they comprise an "alien

nation" whose interests and needs are different — in fact, opposite — from those of the rest of the country . . . the "Indian" or "native American rights" movement. This formation and its political overseers are attempting to do through the courts what no world power would dare do directly.

The Schlesinger Connection

At a time when the nation is at a critical juncture in determining a national energy policy, the "native American rights movement" has been created as a key element of influence in that policy. While James Schlesinger is doing everything to eliminate high-technology energy sources, cut off oil imports, and "environmentally" strangle domestic energy production, the native American rights movement is organized to help by choking off access to strategic domestic energy raw materials, through a multitude of "treaty-rights" and

A New Turn To Terrorism

Since this report was written, several events have occurred that indicate the directions now being given to the native American rights movement.

On April 16, a 17-day seizure and shutdown by disgruntled Indians of Texaco's Aneth oil pumping station, located on the Navajo Reservation in Utah, ended with a coercive settlement forced on Texaco, three other major oil companies, and their subsidiaries by the Navajos. The occupation of the Texaco facility, which pumps 22,000 barrels of oil per day, is illustrative of a growing trend of Indian seizures to force out-of-court settlements for alleged industry infractions against Indians, under penalty of production shutdowns.

Certainly, the viability of inciting obstruction of development projects has been demonstrated previously. Didn't Alaskan Eskimo and Indian activities prolong construction and increase the cost of the Alaskan pipeline, while the Northern Territory Indians of Canada actually prevented the construction of the MacKenzie Valley natural gas pipeline altogether by threats of terrorism? The escalation of these tactics, however, sets the stage for full-scale terrorism directed at industrial and energy projects located on or adjacent to reservations.

Simultaneous to the Texaco seizure, the Navajo tribe sponsored a national Indian conference on the problem of white backlash to Indian rights claims.

The conference emphasized in particular that the one million native Americans, unlike other minorities, were seeking not *equal rights* but supposed *special rights* negotiated as sovereign nations a century ago. The continued inculcation of and adherence to an ideology that defines native Americans as distinct and sovereign entities is essential to the viability of the rights movement as a divisive force.

Furthermore, the conference explicitly endorsed the extortionist tactics of the Texaco seizure, giving credence to future such actions. Peter MacDonald, the Navajo chairman and leader of the Council of Energy Resource Tribes, an umbrella organization of 22 energy-rich Indian tribes, said in reference to the Texaco incident, "this may be indicative of how the nation's Indian tribes will deal with large corporations in the future over oil, gas, coal and other mineral production."

During the same week U.S. Senator James Abourezk urged the native rights forces to move from crime to treason. The South Dakota democrat advised Hawaiian natives to seek "freedom" from the United States and "set up a government in exile." This new "government" would determine who among the community was actually a native and eligible for reparations from the U.S. federal government. Abourezk, who made the statement while chairing the Senate Select Committee on Indian Affairs hearings, also endorsed the efforts of "native Hawaiians" to create a "self-sufficient" Hawaiian nation.

similar court actions. Not coincidentally, a key participant in the evolution of the native American rights movement has been James Schlesinger.

The extent of natural resources in jeopardy thanks to these legal actions includes no less than *50 percent or more of the nation's uranium; over 16 percent of the nation's coal, most of which is west of the Mississippi River; 35 to 40 percent of the nation's oil, undetermined amounts of natural gas; and extensive water rights* which are currently held in trust for native Americans by the U.S. Government.

The native American rights movement, which has catapulted into the news in the last year, is intent on securing autonomous control over those resources, while simultaneously pressing claims to yet more. The danger lies in the externally imposed ideology that has motivated that endeavor — for it actually pits “Indian tradition” against progress, so that technological development is necessarily seen as an “alien” intervention by an undesirable culture.

If the “needs” arising within this ideology are acknowledged in any way but clinically, as a false identity, it will further undermine the principles of progress on which this country was founded.

A summary history of the origins of the native American rights movement and the decidedly non-native institutions that control and shape it shows, first, how diverse backward tendencies were shaped into a synthetic belief structure and program, and second, how that in turn was given a coordinated political and institutional form that coheres completely with the environmentalist and zero-growth ideological attacks on the nation.

Setting Up The Movement

The native American movement's leading expression of the moves to achieve centralized control over the bulk of native resources now held in trust by the Government is the newly formed, Schlesinger-controlled Council on Energy Resource Tribes (CERT). The Council, which represents 25 energy-rich Indian tribes in the lower 48 states as well as Alaskan Eskimo and Indian tribes, was formed as a power block to “play a key role in the nation's future energy plans.” By amalgamating all energy-rich tribes under the CERT umbrella, individualized tribal negotiations for resource development can be influenced by the power block, whose specific purpose is to cartelize member resources.

The real purpose of the amalgamation is quite clearly delineated by CERT's chairman, Peter MacDonald, who states, “In many cases tribes are not going to lease out their resources . . . They may be forced to just sit on those resources.”

The initiating forces behind CERT are LaDonna Harris, wife of former Senator and self-styled “populist” Fred Harris, and John O'Leary, *the Deputy Secretary of Schlesinger's Department of Energy*.

Both Harris and O'Leary are known for their admiration for environmentalism and “alternate” energy sources. Like boss Schlesinger, O'Leary has worked his way up through almost every government energy agency, setting up antienergy networks in each. O'Leary

spent 1975 with the Mitre Corp., which plays a major role in assisting the Department of Energy in retailing regressive energy projects through special studies devoted to the “hazards” of nuclear development.

The O'Leary-Department of Energy connection extends directly into CERT through Edward Gabriel, a recent DOE retiree, who has taken the helm of CERT's Washington, D.C. office. Not surprisingly, then, the same policies of deindustrialization and destruction of advanced energy development which are rampant in Schlesinger's Energy Department form the policy basis for the Council.

Schlesinger himself is directly involved in molding the Indian organization into a power bloc. His involvement, however, is something of an apparent contradiction in his career. During his tenure in the Office of the Budget in the 1960s, he was actively considered as a potential new Secretary of the Interior by Richard Nixon. Schlesinger was adamant in refusing to allow Indians the right to “self-determination” as a federal policy. Now suddenly the energy czar sees innumerable benefits in allowing total self-determination to native Americans.

Schlesinger is now forming an interagency task force to focus on Indian energy matters which cuts across agency lines. The obvious purpose of the task force is to extend Schlesinger's influence into government agencies which are responsible for Indian affairs.

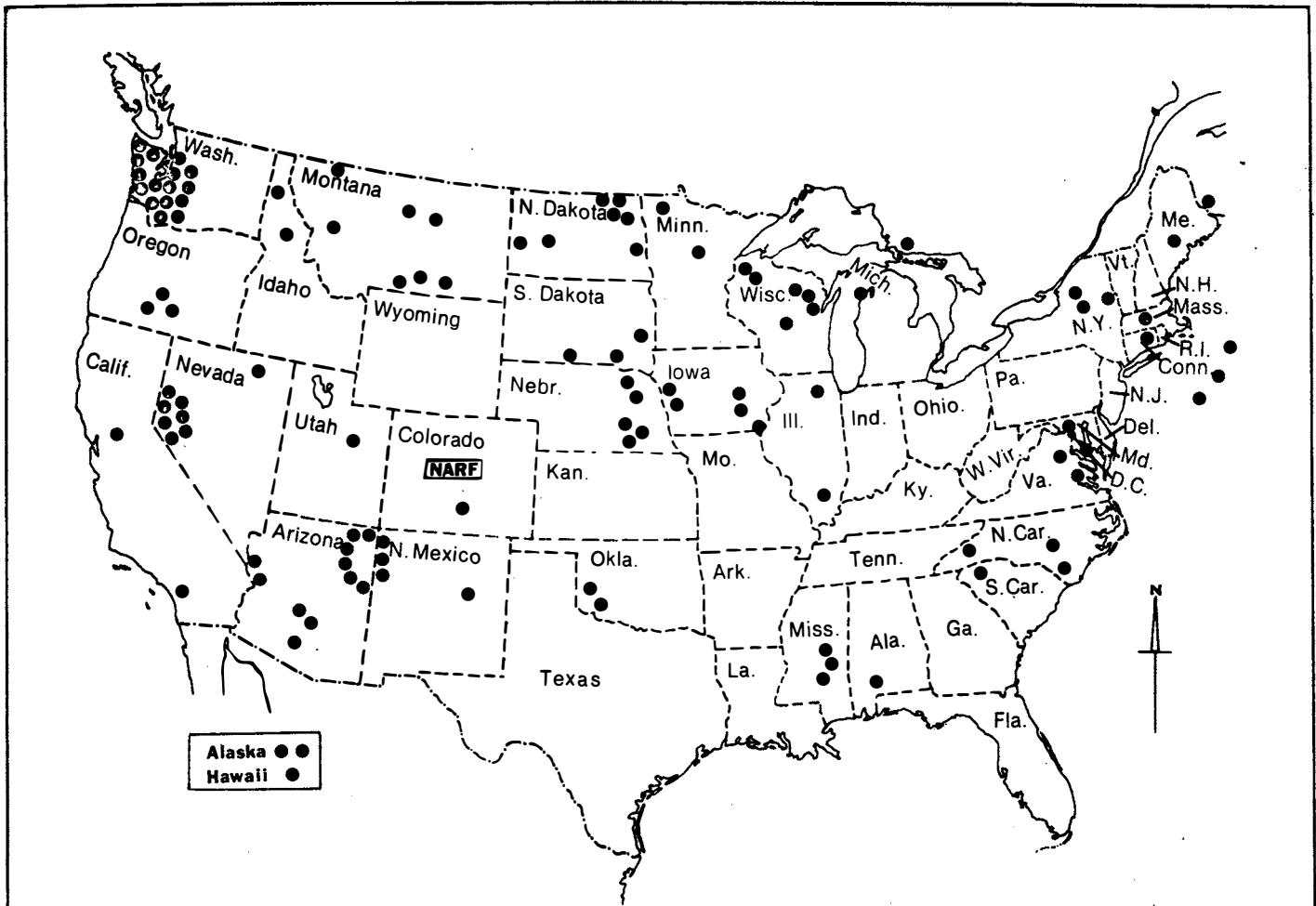
The Fight For Control

The Department of Interior and its relevant administrative arm, the Bureau of Indian Affairs (BIA), are charged with the federal government's exclusive trust responsibility to native Americans. The Bureau is responsible for fiduciary control of Indian lands, monies, and resources held in trust by the United States. In that capacity, the Bureau is responsible to assist native Americans to realize maximum benefits from their resources and encourage the development of their potential as American citizens through the provision of social and educational opportunities. BIA now has final authority to approve or disapprove contractual arrangements made by third parties with Indians for the development of their resources.

Since the adoption of the American Constitution, a battle has raged over Indian policy between republican and anti-republican forces. The two irreconcilable policies which have been in conflict through two centuries are assimilation and retribalization. In the 20th century alone, Indians have been bounced back and forth between the two policies numerous times. It is sufficient to identify the shifts in policy to bring the current situation into perspective.

The government policy of assimilation, in effect since the 1880s, was undercut by New Deal reformists in 1934. An Indian Reorganization Act (1934) emphasized the distinctions setting Indians apart and called for the preservation of tribes and reservations as distinct cultural entities. This policy, which was fully coherent with New Deal endeavors to glorify communal, labor-intensive projects at the expense of industrial expansion, reinforced the rural, labor-intensive Indian economies.

However, following World War II, which aborted this policy, the Eisenhower Administration attempted to re-



The map provides a graphic view of the scale of Indian litigation and claims negotiations being carried out by just one group, the Native American Rights Fund as of January 1976, the date of the NARF's latest available report. More recent information indicates that the number and impact of NARF legal activity could easily have increased as much as 10 percent since that date. This map of course does not account for the hundreds of other actions brought by the U.S. government, private law firms, and other Indian legal organizations.

The Rights Fund, a Denver-based Indian public interest law firm, was set up by the Ford Foundation, and is at the center of national Indian legal efforts by virtue of its tacit coordinating role. Moreover, the Fund serves as a revolving-door "personnel bureau" for government agencies dealing with Indian affairs, as well as a legislative drafting service to rewrite federal law and regulations favorable to Indian interests. The Fund has also taken an active role in accelerating the development of the Alaskan and Hawaiian native rights organizations.

introduce a policy of assimilation, to bring Indians into full status as American citizens. That policy was totally scrapped by the Kennedy Administration at the behest of its anti-industrial faction.

An Old British Technique

The key features of the ideology which defines the American Indian, Eskimo and Hawaiian rights movements is an identity which negates national and universal human purpose in favor of the equality and sovereignty of distinct subcultures (tribes) and the reification of each tribe's discrete "needs" based on the maintenance of primitive "traditions," as rights in themselves. Those traditions include Stone Age economies, superstitious religions, and a return to the "natural" tribal state.

This ideology is not unique to the native American population. It has been demonstrated time and again, in India, Africa, Canada and elsewhere, that the incitement of backward ethnic, religious, and cultural tendencies provides an effective divisive tool against a sovereign nation, without direct involvement by the forces who benefit from the resulting instability. The age-old adage "divide and conquer" appropriately describes the real value of this sociological phenomenon. And no one wielded it more effectively than the "cultural-relativist" British Empire.

In the case of the native American movement, the panorama of involvement by social self-help agencies, universities, and foundations and other funding organizations points directly to British financial interests as the prime benefactors of economic destabilization and de-industrialization in the United States.

Indians and British Lawyers

In the mid 1950s, the University of Chicago, which was the birthplace of both the Indian movement and the anti-nuclear movement, hosted a conference of social scientists and anthropologists to hammer out an alternative Indian policy that was coherent with their claim that assimilation was an unworkable solution, that Indians, no matter what their history of contact with the dominant society, only incorporate traits of that society within older "covert patterns of Indian life." This not-so-subtle racist finding, reinforced by a predetermined "scientific" study of the Indian population, was the basis for future reintroduction of those "old patterns of Indian life."

In 1961, under the tutelage of the environmentalist Steward Udall, then Kennedy's Secretary of the Interior, a new policy of retribalization was implemented on the basis of "recommendations" from the Fund for the Republic (headed by Robert Hutchins), the parent organization of present-day terrorist policy centers like the Center for the Study of Democratic Institutions and the Institute for Policy Studies. The Fund warned that congressional termination of government responsibilities to Indians, "may tomorrow call for the payment of unanticipated indemnities." How perceptive the Fund was.

With the route opened in the Administration, Hutchins's former command post, the University of Chicago, held another conference to overcome Indians' traditional reluctance to work together as a group, and began introducing the notions that all Indian existence was threatened by a common enemy — government and "big business." The result of the conference was a demand for tribal sovereignty.

Folk-Song Army

Furthermore, the conference erupted in a classic confrontation between young and old Indians, which resulted in the creation of the National Indian Youth Council. The Council, which became the rallying point for young Indian dissidents who were impatient with tribal leaders, was the recruiting ground for future terrorist and left insurgent operations (under the banner of "Red Power"). The Youth Council aimed to neutralize and replace older Indian leadership, and has had primary responsibility for the growing number of local militant uprisings on Indian reservations. It has been bankrolled by the Field Foundation, an Institute for Policy Studies funding conduit for a number of kinds of networks.

With the passage of the Economic Opportunity Act of 1965, elements in the Kennedy Administration began a widespread campaign to introduce the synthetic identity worked out by the University of Chicago and the Fund for the Republic. Under the guise of the "War on Poverty," Indians with minimal or no contact with American society were targeted by OEO-VISTA volunteers. The goal was to reintroduce heteronomic cultural tendencies and place growing emphasis on the maintenance of backward traditions to ensure the future of the Indian as a distinct entity. Technology was posed as a threat to the fantasy of the idyllic life in harmony with nature that had purportedly been enjoyed by Indian forefathers. Who says the buffalo's gone?

However, without earlier activity around Indians by American-based British law firms, the "War on Poverty" could never have been the divisive factor it was. Until the 1960s, total authority, including resource allocation for the benefit of Indians, was centered in the Bureau of Indian Affairs. In order to really inculcate a synthetic identity, it was necessary to usurp the Bureau's authority and introduce influence from other Government agencies.

The law firm of Fried, Frank, Harris, Shriver and Kampelman, whose partner Sargent Shriver had already secured the reins of the Office of Economic Opportunity, began a congressional lobbying effort to secure resources for Indians outside the Bureau. The result of that effort was a federal "set-aside" policy that mandated that most federal agencies allocate resources solely for the benefit of Indians.

Fried, Frank, which made its original money pursuing Indian claims cases against the government for activities on behalf of Indians that were supposedly nonetheless injurious to Indians, is directly linked to British Rothschild financial interests in the United States, Canada and elsewhere. The firm continues to maintain its influential position as chief counsel to more than 12 Indian tribes.

The most significant evidence of the firm's humanitarian aims is the fact that Fried, Frank is the chief counsel to Rio Tinto Zinc, the Rothschild-owned mineral cartel, which seeks to control international uranium resources. Fried, Frank partner Sam Harris is the chairman of the board of Rio Tinto.

To choke strategic international uranium production and so force an advantageous market price for its own mining operations in Africa, while securing control over other national uranium reserves, Rio Tinto utilized the service of the Rothschild-directed Friends of the Earth environmental organization to block the export of Australian uranium. Not only did the accommodating "Friends" leak planted information of an international uranium price-fixing conspiracy by Rio Tinto, which has enmeshed Westinghouse, the U.S. government, and numerous other uranium industries in a diversionary and protracted legal action over the escalating price of uranium, but the Friends also bankrolled a synthetic Australian aborigine movement, which has since been successful in blockading the mining of uranium by embroiling the Australian government in land challenge cases.

Fried, Frank and Rio Tinto's sincerity in helping oppressed minorities and liberation movements is best shown in their use of the Congress of Racial Equality, founded by a Fried, Frank partner, to recruit mercenaries to protect RTZ uranium mines in Namibia from Angolan liberation fighters.

The Legal Strategy

With the false identity burgeoning among the Indian population, the next phase began — to institutionalize the ideology into a political and legal movement. By taking

advantage of the government's historic and counter-productive policy of dealing with Indian issues on a case-by-case basis, usually in a time of crisis, the movement's legal onslaught was designed to not only force negotiated settlements but flood the courts with precedent-setting rights claims.

In 1966, the OEO set up a legal program which reached into every area of poor rural and urban life to, in effect, establish the rights of the lumpenized. OEO established specialized Indian legal programs to complement its already entrenched community-control programs reinforcing every aspect of backwardness.

In 1968, through direct policy and financial input from the Ford Foundation, a legal strategy was formulated to secure Indian rights in the courts. The long standing policy of seeking financial remuneration for "historic wrongs" done to Indians was for the most part dumped, in favor of a plan to secure "lost rights," even if it is land bought by settlers 200 years ago, now the site of thousands of homes, industries or water, for example that provides irrigation to the nation's vegetable garden, the Southwest.

This tactic, known as the "key-case strategy," was formulated, with the help of the Ford Foundation, to build a pyramid of Indian legal-case law, starting with the most innocuous claims, to establish precedents for those claims which represent real threats to the nation's industrial and agricultural infrastructure. The common thread in this strategy is to reinforce tribal jurisdiction without controlling influence from the government.

The principle of the key-case strategy was taken from the legal theories of Felix Cohen, a legislative reformist in Roosevelt's New Deal Administration, who was the "Father of Indian Law" and the founder of Fried, Frank. The principles elaborated in Cohen's *Handbook of Federal Indian Law* negate any generative quality of law, any reason behind a law, and instead interprets facts as determinants of a static law. Through a literal interpretation of the Founding Fathers' intent in creating the government-Indian trust relationship, Cohen then rationalizes that all law that does not conform to the interests of Indians as Indians amounts to an atrocity which must be undone.

In 1971, the Ford Foundation — whose experience and intent in bankrolling population-control programs, like the Institute for Race Relations' "black power" community control projects, is notorious — provided \$1.2 million in seed money to establish the Native American Rights Fund. The foundation is equally well known for providing funds to notable environmentalist legal fronts, including the Natural Resources Defense Fund and the Environmental Defense Fund.

The Native American Rights Fund, a public interest law firm for Indians, actually implements Ford Foundation policy directives through the selection of appropriate cases which will contribute to the growth of "Indian law reform," while discouraging those cases which will jeopardize that plan. The Fund has been the principle force behind most Indian claims cases in the last seven years. The stated objective of NARF is to "assure the survival of tribes as separate peoples . . . by defending and extending treaty rights."

The Indian legal maneuvers have the immediate effect of large-scale economic disruption.

Land Claims cases, which are currently going on in numerous northeastern states, have totally paralyzed the real estate markets in claims areas, preventing home owners, industries, and states from buying or selling land, not to mention the potential liability that could be imposed on those same landowners for "100 years of trespassing." For example, Alaskan land claims significantly contributed to stalling the completion of the oil pipeline as well as escalating the costs.

Water Rights cases, potentially the most dangerous of all cases, have had various impacts and results, including endangering irrigation, hydroelectric power, and high-technology industrial projects. The Indian water-right argument is based on a 1922 Supreme Court decision called the Winter's Doctrine, which essentially states that the original inhabitant of the land has a primary and paramount right to the water on or under that land whether he uses the water or not, before any other can use it.

This doctrine includes a prohibition on depriving the primary water-owner of his rights by means of diverting the flow of water at its source (i.e., dam) when it is not on the claimant's land. Already various Indian tribes are mooting a planned challenge to rights over approximately 50 percent of the water flow of the Colorado-Arizona dam project which will not be completed until 1985. Eventually, this diversion project is scheduled to provide water for six parched southwestern states.

To further add to the climate that poses resources development as inimical to Indian "interests," the Institute for Policy Studies' front organizations like the Youth Project have provided resources and manpower to carry out "scientific" studies of the impact of development on tribal life. Youth Project-funded studies have already found that the development of coal on the Navajo and Northern Cheyenne Reservations is detrimental to "traditional" native activities. As a conduit of funds for major foundations, Youth Project is one of many which are peddling these planted impact studies.

The Rights Fund also serves as a revolving-door personnel agency for the Interior Department, Bureau of Indian Affairs, and the Justice Department to benefit the legal strategy. As one floating ideologue put it, Indian advocate attorneys in NARF, Justice, and BIA are a "tight little group . . . all thinking the same thing."

The Donner Foundation is notable here in that it provides funds for all components of the native American legal infrastructure, including the Indian, Hawaiian, and Eskimo branches, as well as directly interfacing parallel nationalist movements in Canada through the Donner Canada Foundation.

The Terrorists

While the legal apparatus developed, its terrorist counterpart also blossomed. The American Indian Movement, created in 1968 with Department of Health, Education, and Welfare and Department of Housing and Urban Development Administrative funds, was originally a self-policing organization to patrol urban Indian ghettos. In 1971, the Ford Foundation and the Institute for Policy Studies began funding AIM under

their "oppressed minority" projects. Within two years, AIM erupted as a terrorist organization.

The terrorist antics of AIM have brought national visibility and popular support to the campaign to secure Indian rights. However, that popular support consists primarily of individuals and organizations whose worldview has no room for technological development, and are themselves promulgating the same ideology among other native populations — that is to say, "liberals." A leading supporter of the Indian rights movement, the World Council of Churches, is responsible for introducing similar ideologies through its mission efforts in Latin America and the Caribbean.

At the same time AIM, through its auxiliary organizations, the Native American Solidarity Committee and the International Treaty Organization (which has nongovernmental status at the United Nations), directly interface a wide variety of terrorist organizations, including the Weather Underground and the July 4th Coalition, through interlocking membership.

Eroding the Republic

The Supreme Court recently ruled in no uncertain terms it will not entertain motions to increase tribal autonomy and jurisdiction. In its decision, the Court stated clearly that Indians had long ago given up the

right to extended jurisdiction when they came under the domain and protection of the United States.

However, in spite of the Court's decision, the country's constitutional principles continue to be undermined in local legal actions, negotiated settlements, and legislative reform. The U.S. Senate has recently re-established its oversight prerogatives. Under the Chairmanship of Sen. James Abourezk, the Congressionally mandated Indian Policy Review Commission returned its recommendations for congressional action this year.

The Committee has recommended full autonomy to Indian tribes, including total control over their natural resources. The report stressed the preservation of Indian culture and the abolition of the Bureau of Indian Affairs in favor of an autonomous government agency free from the conflicting interests of the Interior Department.

Abourezk, whose sympathies for zero growth are compatible with those of James Schlesinger, now chairs the Senate Select Committee on Indian Affairs, which is drafting the Review Committee's recommendations into legislation.

In short, some evil whiskey-running white faces are stirring up a new Indian War. But the war that must be fought is against the ideology which condones cultural divisiveness and antidevelopment sentiments, the zero-growth outlook of Mr. Schlesinger, Rio Tinto, and their friends.

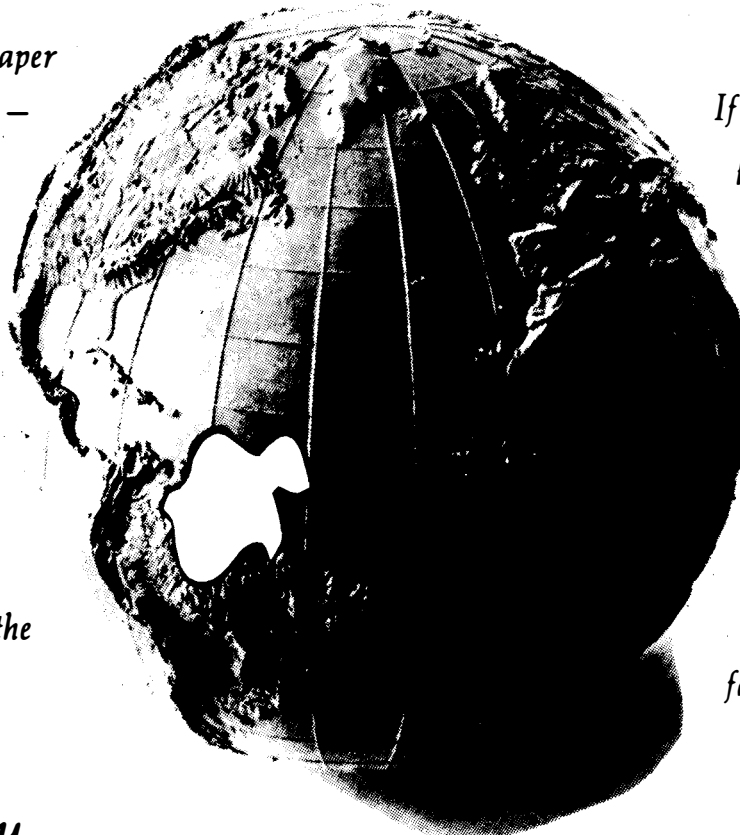
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