

# NEW SOLIDARITY International Press Service

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IPS WEEKLY FINANCIAL NEWSLETTER

IPS DAILY REPORTS FROM OCTOBER 25 THROUGH OCTOBER 31

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## **International Bargaining To Build the IDB Gets Underway**

Oct. 25 (IPS) — Western Europe, Third World countries, the socialist bloc, and groups of Midwest and California capitalists have begun a preliminary round of informal bargaining for a new world monetary system, within the general parameters of the ICLC's International Development Bank proposal. This week, the initial phase of bargaining produced concrete results in the form of regional or bilateral trade and development deals which, collectively, embrace most of the world's economy.

In addition, key spokesmen for the advanced-sector principals in these deals publicly declared their intention to find a means to "pull the situation together from the top," in the words of a negotiator for the Chicago-based industrialists and financiers. In discussions with IPS, U.S. and European financiers cited the possibility of using the Council for Mutual Economic Assistance (CMEA) international reserve currency, the transfer ruble, as a medium of international trade to replace the bankrupt dollar.

The Soviets will back Third World demands for general debt moratoria at a Geneva meeting of the United Nations Council on Trade and Development committee on trade and financing this week in Geneva, according to high UN sources. "The Group of 77 (Third World countries) is going to table very rough demands, without worrying about an agreement with the United States," whose negotiators act as debt-collectors for New York banks, an official said. With Soviet backing, he emphasized, the Third World countries will "stick together" on debt demands which were blurred at the close of the September Special Session on Development of the United Nations General Assembly.

By granting Egypt a moratorium on \$6 billion in debt, according to Western press reports, the Soviets forced other creditors from the capitalist sector to follow, setting a key precedent for moratoria on terms favorable to Third World debt-victims. Leading U.S. bankers are now resigned to the inevitability of debt moratoria and are willing to make their arrangements with the Third World.

But further negotiations of this sort may be hampered by Soviet indecision on the transfer ruble's international use

— unless the Soviet leadership clarifies its position quickly.

### **Asian Focus**

The key focus for bilateral and regional arrangements this week, which attempt to circumvent the breakdown of the dollar monetary system without replacing it, has been a Japanese-Indian-Arab movement in the Asian sector, with strong European and Soviet backing. Despite the utter destitution of Asian countries in the view of their past financiers, the New York banks, this week's initiative will permit trade and limited development efforts to continue in the region as a whole.

Following an Indian-Japanese agreement last week for Japanese investment in Indian rice and steel production and joint investment in the Mideast, the region's governments took the following initiatives:

\*Algeria's Foreign Minister visited Iran, Abu Dhabi, and Afghanistan for talks on expanded economic cooperation, and, specifically, the economic development of India.

\*The governor of Iran's Mineral and Development Bank is in India to discuss investments in Indian resources, including iron ore for Iranian steel plants.

\*India's Energy Minister is in the West German capital for talks with his West German counterpart.

\*The president of one of Japan's largest trading companies, Mitsui, met this week with the Soviet foreign trade minister in Moscow.

\*A strong Japanese delegation representing several ministries is in Saudi Arabia working out oil-for-technology exchanges modeled on an existing treaty between Japan and Iraq, which takes oil trade out of the hands of the Rockefeller-controlled multinational oil cartel.

These developments are part of an unprecedented wave of economic diplomacy in the region, shaking Asia out of the dollar empire. In addition, authoritative sources in international organizations confirm that Japan, the Soviet Union, the Organization of Petroleum Exporting Countries, and Asian countries intend to seize the moribund Asian Development Bank from the orbit of the Washington-based World Bank, and put it to use as a source of development credits.

Leading West German circles im-

mediately hailed the Asian developments as a model for West German policy. Said a spokesman for the German Foreign Trade Association, "Finally there is a realistic assessment of the role of the Third World in international trade." Both the Economics Ministry, hitherto pro-development, and the Foreign Ministry, which previously cooperated with Kissinger's sabotage of development, are following Japanese developments closely. This week, a delegation of 22 Japanese businessmen toured the Economics Ministry, following pro-development conservative Gerhard Stoltenberg's two-week visit to Japan.

### **Bilateral Deals**

In related developments, Western Europe has braced itself against the current downward ratchet of production and trade through a series of bilateral deals with the oil-producing countries and the socialist bloc. Saudi Arabia and Britain have signed a "Memorandum of Understanding" which provides for a \$1.04 billion Saudi trade credit to Britain, under the premise that European economic health is vital to the Third World in general. The memorandum calls for a New Economic Order internationally.

According to press reports, an identical Saudi-Italian deal is in the works, while the Italian and Soviet trade ministers are negotiating a \$900 million Italian loan for East-West trade, which would be financed indirectly through Saudi funds. Banking sources report that a wide variety of OPEC-European loans, including West Germany and France, are now in the process of negotiation.

The Experts' Group of the Organization of Petroleum Exporting Countries is now discussing an \$11 billion package for developing countries, an amount equal to the current expenditures of the Third World for imported oil. This fund, according to authoritative UN sources, will gel closely with a Chicago banker's proposal for a Mideast development agency — in sharp contrast to Henry Kissinger's proposals for a Mideast "consortium" including U.S.-based multinational corporations.

These proposals — like the Japan-Soviet oil deal financed through the Bank of Japan (see p. 8) — rely on spreading existing central bank dollar

reserves among the world's key trading partners in order to give world trade and development a **temporary** boost. By dealing at the government-to-government or regional intra-governmental level, the nations involved avoid the quicksand of the Eurodollar bank-lending market, the most unstable section of the dollar empire.

Equally, these arrangements, which already provide a bulwark against the **next three months'** impending trade collapse, avoid the bankrupt International Monetary Fund, founded in 1944 as the "central bank" of the dollar monetary system. In the past, the IMF has acted as the world's monetary policemen, imposing austerity conditions upon national governments in return for loans. Atlanticist groups in Britain, led by Chancellor of the Exchequer Denis Healey, wanted to put their country into IMF receivership in order to obtain an external mandate against British trade unions; the Saudi deal, with no strings attached except increased British industrial exports to the Mideast, is a setback for these factions. Kuwait, with a strong left faction backed by the Iraqis, also aided the British through large unexpected purchases of pounds sterling on the foreign exchange markets.

The Soviets go one step further. The Soviet Economic Gazette proposes that Asian countries, stripped of reserves and denied international credit, use a regional clearing facility for the inconvertible local currencies to finance mutual trade. The Asian Clearing Union, the body in question, could assimilate trade credits from the outside.

But there are no illusions that international book-juggling can support current depressed levels of trade —

now 25 per cent lower than a year earlier — past the end of 1975, much less make a dent in the 100 to 200 billion transfer rubles in annual demand for development. This requires the creation of a new monetary system and credit-issuing institutions.

Highly reliable sources report that the Soviets are still divided on the question of extending the transfer ruble, the CMEA monetary unit, to the West. Discussions are continuing at the Politburo level in Moscow, and a section of the Soviet leadership is worried that the international use of the CMEA currency would open the socialist bloc to speculation and looting by the West. A high-powered Soviet delegation to this week's meeting of a United Nations committee on trade financing in Geneva still lacks a clear mandate, these sources report.

The Soviets are still unwilling to act on the premise that they are the world's only financial power — in the sense that the circulation of claims against the future "profits" of three-way development between the industrial countries, the socialist bloc, and the Third World are the only possible basis for a new international credit system. The influential Money Manager magazine carries an article this week which admits, "No other country or group of countries (outside the Soviet sector) has the economic importance necessary to have its domestic gold currency become the international benchmark" for a new credit system. The transfer ruble is backed by gold.

The wave of interest in the transfer ruble stateside follows intense discussion of the question in West German and other European banking circles. Last week, former West German Social-Democratic finance

minister Alex Moeller published a favorable article of the ruble-based Soviet international monetary system in the Social Democratic monthly Neue Gesellschaft, at promptings from West German industrialists. In Italy, the Banca Commerciale Italiano's director Gaetano Stamatì told a financiers' conference this week, "I believe the regional approach—the dollar, European Economic Community, ruble, and Japanese currency bloc—may contain realistic solutions."

These capitalists are stating a **negotiating position** to the Soviets.

They are, however, aware that the Soviets' conditions for international use of the transfer ruble will include the organization of trade through government financing institutions, such as Export-Import Banks, which will turn ruble trade credits into payments to exporters in local currencies. Properly, the Soviets object to a ruble subject to capitalist speculation, and interference in internal economic affairs.

Momentarily, the Soviets have declined to put pressure on their capitalist negotiating partners by stating their full set of conditions for the creation of a new world monetary system before world opinion. Apparently, they are waiting for pro-East-West trade capitalist factions to settle accounts with Rockefeller thugs such as U.S. Defense Secretary Schlesinger and West German Defense Minister Leber before offering expanded terms for economic cooperation. Ironically, a Soviet "peace offensive" against the depression in the capitalist sector would give pro-détente capitalists the weapon to destroy the Schlesingers — and give Western workers the muscle to drive the necessary policies home.

## Congress Gangs Up On Rocky's New York Banks

Oct. 26 (IPS) — Out of the chaotic Congressional hearings on Federal loan guarantees for New York City, there has emerged a clear consensus among U.S. capitalists that the Rockefeller Family and its Wall Street-based financial empire is going to be made to pay — financially and politically — for the default of the city. Coupling their proposals with explicit anti-Rockefeller statements, witnesses and legislators connected to Chicago-based industrial interests made it clear that “the real public enemy number one” is the debt owed to Rockefeller banks. This position ensures that the compromise motion expected from the hearings will deny David Rockefeller's request for a complete bailout for his shaky banking empire.

Faced with the probability that large chunks of their debt holdings will become worthless paper, the family went berserk — or as close to it as they could go during televised Congressional hearings. Wall Street banker George Ball, who speaks directly for David Rockefeller, announced that a default will so aid the left wing of the world communist movement that they will be able to destroy the anti-revolutionary “polycentrists” of the movement and lead a successful world revolution. Ball, like David Rockefeller only 48 hours before, warned of a “storm period ahead in relations with Moscow,” if default occurs.

The vehemence of the legislators' position, however, makes it likely that this threat of red scare hysteria will not be enough to swing Congress behind a bail-out of Rocky's holdings.

But the new-found consensus by the Chicago interests has merely cleared the decks for the larger debate problem: the New York banks will pay a price to keep the city's services going temporarily; but what about the trillions of dollars of Rockefeller debt which continues to strangle production and trade worldwide?

The upcoming compromise motion by the hearings is expected to reflect the Chicago faction's attempts to straddle the fence between a full-scale attack on

Rocky's Dollar Empire and these industrialists' deep fear of replacing it with a new production-based credit system. Exemplary is Sen. Adlai Stevenson III (D-Ill) who led the pack against Rocky's banks, but whose own debt “restructuring” plan will probably allow for additional “renegotiation” of workers' pensions.

Stevenson's position is necessarily temporary. No bail-out “balance” which includes austerity directed against workers' incomes can work, and will only increase the rapidity of new crises. Under these circumstances, the Chicago industrialists are expected to quickly progress to — at least — the more realistic position of Chicago mayor Richard Daley, who this week called for only those bail-out solutions that maintain services at all costs.

It was through Stevenson, their chief spokesman in Congress, that the Chicago faction turned the Senate Banking Committee hearings into an anti-Rockefeller forum. Midweek, Committee chairman Sen. William Proxmire (D-Wis.) moved to shut off debate and provoked what could only have been a planned outpouring of opposition. Stevenson charged that bankers across the country were opposed to the bailout, but they had been intimidated out of speaking by representatives of the New York banks.

The hearings were extended, and Stevenson set the tone with a diatribe against the New York bankers. Lectured on the “dishonor of default” by one such unfortunate, Stevenson shot back: “If there is any dishonor it is in the people who put the people of New York in this situation, and I don't want to help them avoid dishonor.” Ominously, Stevenson added, “Maybe we ought to loan Mayor Daley to New York City.”

A. Robert Abboud, Deputy Chairman of the Board of First National Bank of Chicago — and one of those intimidated, according to Stevenson — elaborated the Stevenson call for a debt

restructuring. The city should be forced into a Chapter 11 bankruptcy — a legal action that would allow the city to stave off the demands of its creditors and thereby freeing city revenues for essential services. In addition, Abboud proposed a 90-day U.S. Treasury loan to maintain services during the interim period, and relief beyond that period in the form of a 15-20 per cent cancellation of all outstanding New York City debt. The Chicago banker understood precisely that the rockefellers had the most to lose from such reorganization: He was overheard remarking moments before his testimony that New York Sen. Jacob Javits (the Senator from Chase Manhattan) “will hate what I have to say.”

Abboud was followed by the 68 year-old managing partner of Bacon, Wipple, a Chicago-based investment securities firm. Mr. Schank charged that the New York investors were willing to accept the risks of a default in exchange for unheard of interest rates, and therefore deserved no relief. He accused bankers of “scare tactics,” claiming that a default will mean no payrolls, no relief and no services. Schank then proceeded to the heart of the problem: “real public enemy number one,” he declared, is “debt” — the main obstacle to industrial growth.

Once the attack was launched such divisive political groupings as conservative Democrats and liberal Republicans began to coalesce around the Chicago forces. Senator Byrd (D-Va.) educated his fellow Congressmen as to the real meaning of a Federal bailout: “The 8 million citizens of New York will not get one thin dime by what is being proposed by the Senate Banking Committee. Those who will gain by it are those who hold the bonds and the New York City banks are the major bondholders.” Fellow Southern Democrat Senator Allen (D-Ala.) praised the New York legislative leaders in opposition to added taxes, because their attitude is “not austerity, not blood, sweat and tears.” Allen has threatened to filibuster any federal bailout.

# Wall Street Analysts Warn: New York Banks on the Brink

NEW YORK, Oct. 29 (IPS) — The Rockefeller banking empire is teetering on the brink of catastrophic collapse, according to top Wall Street financial analysts reached here yesterday. One reputable source turned over to IPS the list of blue-ribbon New York banks that will blow on the basis of a New York City default alone. In the order they will go under, they are: Marine Midland, Chase Manhattan, and Bankers Trust. According to the source, First National City, Morgan Guaranty, and Manufacturers Hanover are relatively safe for the moment. The failure of three small regional banks in the last two weeks was just the foretaste of the massive bank bankruptcies to come.

This same source -- a top analyst at the internationally renowned investment bank which handles many of the Rockefeller family's personal accounts -- warned: "The crisis of confidence resulting from a New York City default at this stage of the game would be absolutely uncontrollable. The only thing that will save the banking system now is a straight Fed discount window operation" -- low-cost emergency loans from the Federal Reserve to the banks -- "so bad is the cash inflow situation of the major banks."

He confirmed that the collapse of the banks' high-profit speculative operations in the last two weeks and the snowballing of bad loans to Third World countries, REITS, tanker concerns, New York, and bankrupt corporations are now closing in on the banks from all sides.

The situation is so desperate that in his second public address in the space of a week --unprecedented in the post-war period-- David Rockefeller laid bare the tip of the iceberg of his bank's loan losses before an audience of 200 securities analysts at One Chase Manhattan Plaza yesterday. David

Rockefeller's willingness to come out of the closet and reveal even one-fiftieth of his loan losses indicates the problem has passed the point where it can be concealed and that his family wants a Federal bail out of the banks or else:

## Pull The Plug

Another well-placed inside banking source spelled out what the "or else" is: "The banks have not pulled the plug on the rest of the economy yet. They will see to it that there will be a holocaust before the banks allow themselves to go under." He recalled a recent conversation with a Chase Manhattan banker on the tanker loan situation -- one of the boom areas of banking activity before the oil hoax bubble burst: "Even if you imagine the worst-- say that 8 years from now 70 per cent of tankers are still idled in port. If you strip down the tankers and sell off the scrap metal, then you can recover 40 per cent to 50 per cent of the original loan." Our source agreed that this banker overlooked one problem: there has to be someone left to buy the scrap metal!

Because the ruthless Rockefeller banking interests will stop at nothing to ensure that they come out on top--even of a pile of bankruptcies -- the political opposition to Rockefeller must formulate a policy of containment with respect to the New York banks; cut out the cancer before it willfully spreads itself!

Meanwhile, the panic is already on, the latest issue of Money Manager reports that "scared money" is leaving New York bank CDs (deposits of \$100,000 and up, the major source of cash for the New York banks) for safer regions and safer instruments such as Treasury bills, while Unilever, one of the largest multinationals in the world, speculates openly about withdrawing "several hundred million dollars" in CDs from New York banks in the

current New York Magazine. On the news of President Ford's speech, U.S. bank branches in the Euro-dollar market hiked up their interest rate an unprecedented half a per cent in order to attract deposits.

## How It Happened

The crisis of confidence in the New York banks was precipitated by a convergence of developments: just as bad loans started popping up everywhere, the ability of the banks to hide their non-accruing assets collapsed. Starting in approximately mid-August the prestigious New York banks began to depend on high-risk gambling operations for day-to-day operating income. With the help of their friend and protector, Fed Chairman Arthur Burns, the New York banks borrowed low cost Federal funds (the excess reserves of the banking system which banks lend out among themselves on an overnight basis) and relented to the U.S. Treasury at a handsome 2 per cent profit. When this arbitrage operation fizzled -- essentially because the crisis of confidence in the banking system provoked a rush into Treasuries, pushing down the rate and reducing the spread to virtually nothing--the banks moved into another riskier gamble. They borrowed Fed funds in the U.S. and made six-month interbank loans on the London-based Eurodollar market, earning a 2.5 per cent spread.

However, around Oct. 15 the banks had to pull funds back to the U.S. to shore up their liquidity in preparation for a New York City default. The banks are now borrowing one and two-month Eurodollars to be able to lend them out for six months to the shakiest banks on the market to make a measly one per cent spread. This is how desperate the banks are. The banks are betting that the one and two-month rate stays below the six-month, however the two rates are rapidly converging.

# East-West Trade Now Only Prop Holding Up the World Economy

by David Goldman

Oct. 29 (IPS) — A quasi-military mobilization of existing international means of payment to expand trade with the Soviet sector and developing countries has averted the collapse of western Europe's and Japan's industry, an ICLC intelligence study shows.

Two distinct tendencies now bear on international commerce, according to the study. The first is the continuing dissolution of post-war channels of trade and investment, organized under the "Marshall Plan," "Development Decade," "Alliance for Progress," and similar rubrics. The second is the preliminary phase of the construction of a new international economic order, centering on three-way trade between the advanced capitalist countries, the Soviet sector and the Third World.

The Italian government underscored the new conditions under which international trade is conducted this week by granting a \$900 million subsidized trade credit to the Soviet Union and a \$500 million trade credit to Poland this week.

During the first half of 1975, European Economic Community exports to the Soviet sector rose by 18 per cent, while dropping by 5 per cent to the rest of the world. Exports to the Soviet Union of the four largest industrial countries — West Germany, Japan, Britain, and France — rose to 46 billion during the first five months of this year, almost twice the figure for the same period in 1974. If new trade credits made available during 1975 are used for current imports — including 42.0 billion in projected commercial bank loans and almost \$9 billion in government loans — the rate of exports will have doubled again by the year's end.

"Previously," writes the Journal of Commerce in a feature on East-West trade, "the East sought primarily liberalization of quota restrictions...now the stress is distinctly on industrial cooperation, licensing trade, joint construction of enterprises, joint ventures in third countries, transfers of technology, and credits." That is, the Soviets are primarily concerned with extending trade relations to close industrial cooperation with the Western countries, and three-way development of Third World economies.

In contrast, European exports to the United States tumbled sharply during the same period. West German exports to the U.S. fell from \$3 billion during

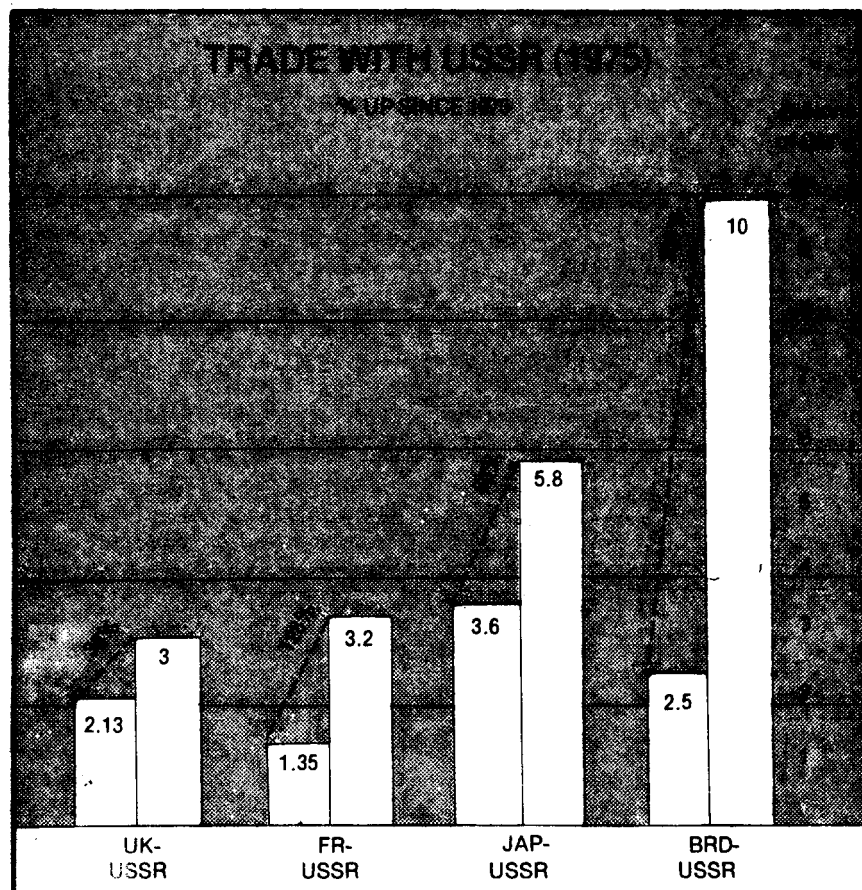
January to May of 1974 to a mere \$2.2 billion in the same period this year; French exports from \$1.86 billion to \$0.82 billion, or less than half of their previous level; and Japan from \$4.5 to \$4.4 billion. These figures include price inflation of 20 per cent in commodities traded among the industrial countries. The volume level is, in proportion, much worse.

In addition, preliminary indications from the third quarter of 1975 indicate a sharp drop in European countries' current exports and export orders involving non-oil-producing developing countries, including cutbacks of essential items. Beginning with the June 30 international payments date, New York banks began drawing down their \$30-\$35 billion in short-term loans outstanding to Third World countries, many of which had been used to finance essential imports. This liquidity squeeze, combined with the closing of Eurodollar lending channels to the Third World, forced severe import cutbacks throughout the underdeveloped sector. The cutbacks range from blockages of food and medicine imports to bankrupt Zaire, to a 60 per

cent cutback in capital equipment imports for Brazil, with \$03 billion in outstanding debt, and an impossible \$4 billion to refinance this year.

Bandaid proposals — including one under discussion at the Experts Group of the oil producing countries' organization in Vienna for an \$11 billion fund for developing countries — mitigate this situation to a certain extent. To a considerable extent, last week's \$1 billion Saudi loan to Great Britain, and similar reported deals with other European countries, will provide temporary trade credits for the developing sector.

Nonetheless, existing international reserves, mainly dollars held by central banks, cannot be juggled to sustain even current depressed levels of trade past the next three months. The Algerian proposal for an immediate international conference to rebuild the international monetary system in Havana yesterday, and other initiatives which converge on the ICLC's International Development Bank proposal, must go through by the end of this year, or trade will suffer the most precipitous collapse in world history.



## Special Report:

# CIA Primes Syria To Invade As War Wracks Lebanon

by Bob Dreyfuss

Oct. 28 (IPS) — Full-scale civil war erupted this week in Lebanon between CIA-backed right-wing militia and a coalition of leftists led by the forces of the Lebanese Communist Party and the Arab Ba'ath Socialist Party. Beirut, the Lebanese capital, is nearly totally deserted as house-to-house fighting raged throughout downtown areas, with each side seeking to control key sea-front hotels and office buildings in an all-out effort to control the capital.

The seven-month-long series of clashes in Lebanon, originally provoked by U.S. Secretary of State Henry Kissinger and the National Security Council to smash the pro-Soviet and pro-Iraqi Lebanese left, has reached its climax. Despite active sabotage by Palestine Liberation Organization boss Yasser Arafat and Syrian Intelligence-controlled Palestinian factions — who, in an effort to isolate the left, have sought to restrain Palestinian commandos from joining anti-fascist defense squads with leftist militia — the forces of the Communists and the Ba'ath have held out against the fascists and their government allies, and have gone on the offensive.

In response, according to a preplanned RAND Corporation counterinsurgency scheme, the CIA has drastically exacerbated sectarian divisions between semi-feudal Christian and Muslim communities in preparation for a forced partition of the country. Shaky CIA dictator Hafez Assad of Syria is prepared to intervene in Lebanon with brutal military force on Kissinger's orders — on the pretext of "defending" the largely Muslim left and the Palestinians. The radical-faker Assad, who has long-standing personal and ideological ties to the Lebanese and Syrian fascist movements, has since April been the chief coordinator, along with PLO agent Arafat, of the Lebanese civil war.

The explosion in Lebanon coincides with two other critical hot spots — Portugal and Angola — here NATO and the international gun-running and counterinsurgency apparatus run by the Rockefeller interests have provoked equally dangerous conflicts to crush the working class. This unprecedented extension of direct NATO operations into the developing sector is but an adjunct of the Rockefeller-ordered economic

warfare against the Soviet bloc and the Third World, led by Iraq and Algeria. The bloody carnage in Lebanon is the result of that policy, aimed at stopping the pro-development forces at all cost.

Proof that the Lebanon crisis is directly tied to the Portugal-Angola situation was furnished yesterday by the revelation that a CIA-linked airline, "United Air Industries," was ferrying tons of arms and ammunition from Lisbon to Beirut. According to a Reuters dispatch published in the London Financial Times Oct. 27, an unmarked Boeing 707 leased by United Air brought ten tons of 7.62 mm bullets for "standard NATO assault rifles" to Beirut just before the current outbreak of open civil war.

Lebanese Interior Minister Camille Chamoun — a Christian extremist and a supporter of the fascist Falangist party — admitted the shipments but added a cynical denial that the aircraft was "not carrying the arms on behalf of any faction" in the civil war.

Even the London Times, in an Oct. 27 editorial, ridiculed Chamoun's studied pose of neutrality, noting that the report of the arms being shipped to Beirut for the CIA-backed rightists "has a certain grim plausibility." The Times further mused that "if one were an international arms dealer" one would be now engaged in transferring presently unnecessary Lisbon arms stockpiles to "keep the Beirut market supplied."

The ICLC has already documented the extent of the Rockefeller-controlled CIA-NSC terror apparatus, including the conduiting of arms and explosives to foreign and domestic terrorists and anti-communist armies.

### Communists, Ba'ath Vs. Falange, Syria

The heavy involvement of CIA, NATO, Israel, and Syria in lending support to the paramilitary Lebanese right is sparked by their fear of the powerful left and its growing ties to both workers' organizations and the Palestinian movement. Uniformly throughout the bourgeois press, the well-trained shock troops of Syria are being viewed as the only hope for halting the Communists and Ba'ath in Lebanon — before the class war spreads into Syria and topples Assad himself!

"In Western Europe we do not hear so much about the Lebanese Communist Party as we do about the Portuguese

CP," wrote a fearful London Times editor. "But it exists, and it is playing a hardly less important role, arguably with rather greater success."

While ruthlessly launching a powerful counterattack in response to continual Falangist-CIA provocations, the Ba'ath-CP forces have made tremendous efforts to restore calm whenever possible. But repeated ceasefire violations by the crazed Falangists have now sent the country to the brink, apparently beyond any hopes for a peaceful resolution.

According to yesterday's Washington Post, the Lebanese Communists are in virtual control of Sidon, a major southern port city, which is now virtually autonomous — like several other regions — of the central government. Popular committees are being set up to maintain essential services, schools are scheduled to reopen, and merchants are being watched for price gouging. The calm in Communist-run Sidon is in sharp contrast to demolished Beirut.

### Syria Readies Intervention

In spite of strong counterpressure from the Lebanese left, Iraq, and the Soviet Union, the CIA-NATO plans for "Cypriotizing" Lebanon — much as Cyprus was crushed by a NATO-ordered Turkish invasion last summer — are already being implemented. The devastation of much of Lebanon has already sent hundreds of thousands of refugees streaming into Syria for protection, creating the necessary forced transfer of populations for establishing Christian and Muslim "zones." Such a scenario has been developed by the Pentagon-CIA think-tank, the RAND Corporation, which recently did a "scholarly" study of the sectarian balance in Lebanon, according to the Egyptian newspaper Rose al-Yousef.

Paralleling the population transfer, the government itself has begun to harden along sectarian lines, with the Syrian-backed CIA Prime Minister Rashid Karami seeking to rally Muslim nationalist support for his faction against the Christians, represented in the regime by Interior Minister Chamoun and pro-Falangist President Frangieh.

A statement in the Iraqi Ba'ath party daily newspaper Ath-Thawra today denounced the "attitudes expressed" at the meeting of 50 Arab progressive organizations in Damascus this week-



end, according to Prensa Latina, the Cuban news agency. The meeting, called by Assad, was designed to give Syria a mandate to intervene in Lebanon in supposed defense of the left. The Iraqi statement reiterated support for the unity and integrity of Lebanon, according to Prensa Latina.

Partly due to Iraqi pressure, the left has begun to awaken regarding the issue of Syrian treachery — especially

as they find themselves increasingly fighting both the Lebanese rightists and the commandos of Arafat's Fatah and Assad's Saiqa Palestinian groups. Le Monde reported Sunday that Assad's intervention in Lebanon has "served to pacify, greatly deceiving certain formations of the left, who saw in the Syrian Ba'ath (Assad's breakaway faction — ed.) a natural and very active ally."

## **MPLA Counterattacks Multi-Front Invasion of NATO-CIA Forces**

Oct. 29 (IPS) — The pro-socialist Popular Movement for the Liberation of Angola (MPLA) has turned back the northern invasion of CIA-backed Zairean and National Front (FNLA) troops into Angola. The MPLA is contending with a four-front NATO onslaught into Angola, as the Nov. 11 date for Angola's independence from Portugal nears.

The NATO forces, including Zairean and South African regular forces, are attempting to prevent the pro-Soviet MPLA, which has the support of most of Angola's population, from being recognized as the official Angolan government on Nov. 11. NATO, with no hope of overthrowing the MPLA, is attempting to exhaust the MPLA forces in a multi-front war and then envelop the country in an endless war of brigandage and destruction.

The success of this all-out effort to prevent an MPLA victory is seen by NATO planners as vital to the outcome of the related NATO destabilization operations underway in Portugal and Lebanon. The NATO invasion — operating under cover of a near total blackout in the western European and American press — was planned at the highest levels of the major NATO governments, and has the active support of Maoist China.

French President Giscard D'Estaing, Belgian Prime Minister Leo Tindemans, and State Department Africa expert Sheldon Vance — all top NATO leaders — visited Zaire during the late summer and fall for planning sessions.

According to well informed diplomatic sources, Giscard conferred directly with the FNLA politburo in Zaire, and has diverted arms ship-

ments originally destined for South Africa to the FNLA.

West German neo-Nazi and former Defense Minister Franz Josef Strauss coordinated the South African invasion plans and the Chinese aid to the FNLA. Strauss, who calls Angola "a strategic priority for NATO and the BRD," spent fully three weeks this summer in South Africa on a "private visit" and subsequently went to see his good friend Premier Chou En Lai in China.

### **Northern Invasion Repulsed**

Despite the extent of NATO preparations, the MPLA has managed to contain and turn back the northern onslaught of the FNLA and the Zairean army.

Over the weekend, the MPLA drove the FNLA-Zairean forces from the town of Quifangando, north of the capital of Luanda and the location of Luanda's water reservoir. The MPLA is reportedly preparing a counteroffensive in that zone, according to a diplomatic source in Europe. The MPLA also repulsed FNLA attacks on the oil-rich enclave of Cabinda last week. Cabinda is controlled by the MPLA and separated from Angola proper by a small strip of Zaire.

Zairean troops which invaded the diamond-rich Lunda and Malanje provinces were also beaten back, according to the Portuguese daily *Diario de Noticias*, and MPLA forces are advancing on the so-called stronghold of the second-string NATO counter-gang UNITA in the central highlands city of Nova Lisboa.

Reports from both diplomatic and

press sources state that both Holden Roberto, head of the FNLA, and Jonas Savimbi, head of UNITA, are making moves toward suing the MPLA for peace.

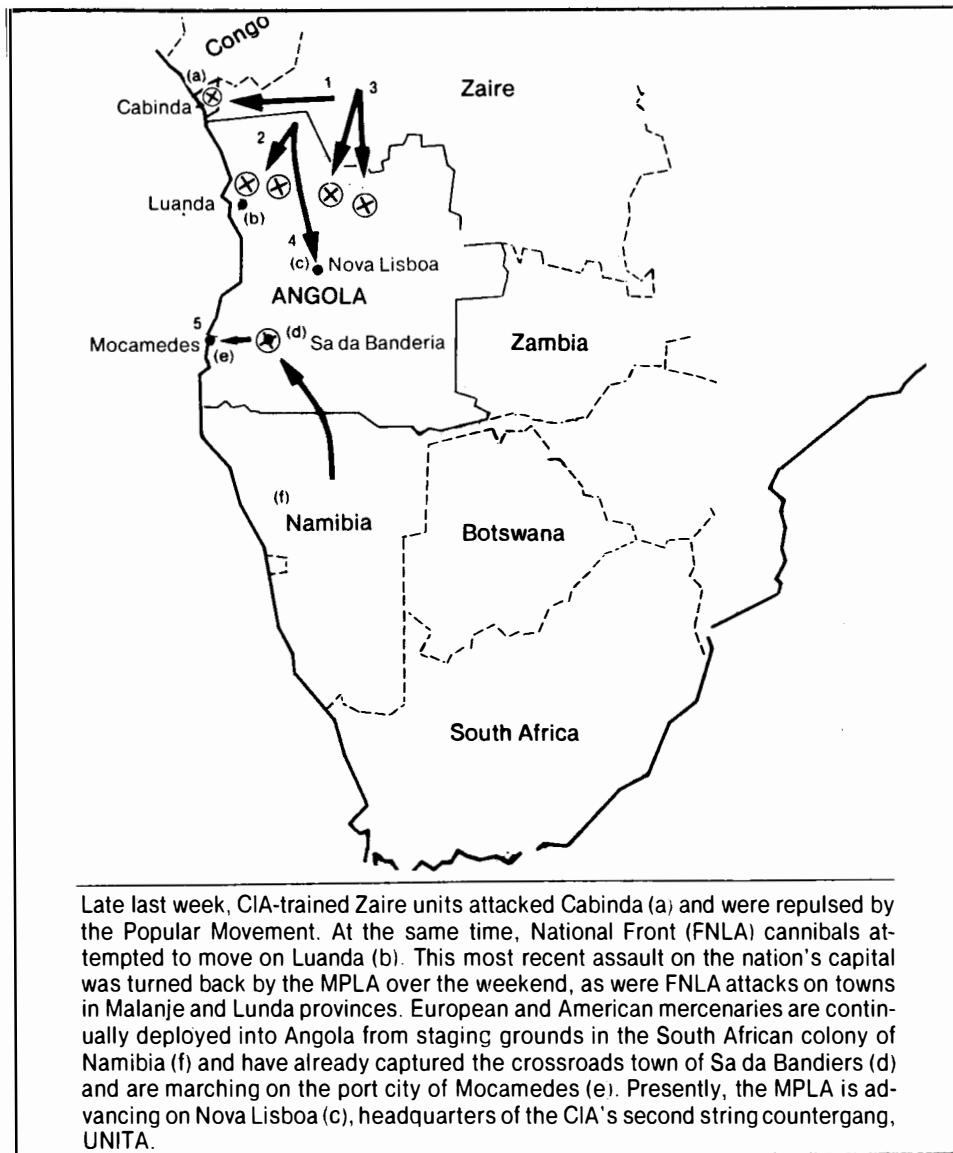
### **Spinola, South Africans Invade South**

The attack in southern Angola, by a South African mercenary force, which includes representatives from most NATO countries and is spearheaded by exiled Portuguese President Spinola's fascist Portuguese Liberation Army, represents the most serious danger. Styling itself the "unified armed forces," the heavily armed gang of thugs has seized the important southern crossroads town of Sa da Bandeira, with the aid of French-made South African armored cars and helicopters, according to West German press reports.

The MPLA responded to the onslaught on Oct. 23 with a call for a total mobilization of men and women aged 18 to 35. The call has received overwhelming support. Long lines of recruits formed at recruitment centers in Luanda early the next morning, according to the Portuguese daily *O Seculo*, and the MPLA has been able to marshal 30,000 troops in Luanda alone.

Those unable to fight are being deployed to boost up the economy, under the slogan "Production is Resistance." Moreover, 10,000 white Angolans rallied on Oct. 22 in Luanda to wish the NATO-run Azevedo government in Portugal "ill health and a speedy demise," according to *Diario de Noticias*, and affirmed their unconditional support for the MPLA.

## **Special Report:**



## Stop CIA-Run Invasion of Angola!

### USLP Presidential Statement

NEW YORK, Oct. 25 — Over the last three days Rockefeller and Kissinger have ordered mercenary forces from South Africa, Belgium, West Germany, Tunisia, Zaire, and the United States to launch a major invasion from staging areas in South-West-Africa and Zaire against the only legitimate government of Angola, the MPLA (Popular Move-

ment for the Liberation of Angola). These forces, backed with arms and training from pro-Rockefeller factions in nearly every European country, have been deployed in an all-out effort to prevent Angola's Nov. 11 Independence under an MPLA regime, and to release reactionary units of the Portuguese army now tied up in Angola to Portugal in order to suppress the revolutionary movement there.

Reports late today from the Voice of East Germany radio broadcasts and from diplomatic sources in Paris indicate that the MPLA forces have scored

major victories against both invasion forces. However, there can be no security for the multiracial, pro-development MPLA regime until the elected representatives of the U.S., France, and West Germany — in particular — cut off the massive gun-running and troop deployments being carried out by the National Security Council and its lackeys throughout the world.

#### Foreign Invasion

As has been made clear in the world press, there is no question that the National Front for the Liberation of Angola (FNLA) and National Union for

the Total Independence of Angola (UNITA), opposition groups to the MPLA, are pure creations of the international CIA network:

1) According to West German Foreign Ministry sources, neo-Nazi Franz Josef Strauss has been exporting West German arms to the FNLA and President Mobutu of Zaire through Switzerland and Great Britain;

2) High African diplomatic sources in New York and Paris have revealed that the Giscard government has not only sent arms to the FNLA, but also operates three training camps for the FNLA in Namibia; that the BRD has supplied anti-tank rockets to the training camps; and that the Namibia mercenary population includes Belgians, Tunisians, Americans and Germans.

3) The Afrique-Asie magazine of Oct. 20 - Nov. 2 reports that the FNLA and UNITA are being trained by "a mélange of Chinese, Tunisians, Americans, Portuguese, South Africans, German Nazis, and Israelis;"

4) A highly reliable source has revealed that UNITA leader Jeremiah Chitunda, upon arriving in the United States several weeks ago, made the Pentagon his first stop.

In addition, the U.S. State Department has asked for a \$19 million military aid package for Zaire, over and above \$60 million "emergency aid" already requested. The Washington Post of today states that Mobutu of Zaire has primary responsibility for arming UNITA and the FNLA, as well as his own forces who are currently invading Northern Angola.

#### Two Targets

What threat has caused Rockefeller and Kissinger to pull the strings of nearly every Atlanticist agent to cooperate in the destruction of Angola and the MPLA?

The target is twofold. In Angola the MPLA forces, with strong links to the Soviets and a policy of international capital-intensive development at the expense of Rockefeller financial interests, represents a potentially deadly blow against Rockefeller containment

against the Third World. Its significance, in the context of the mostly CIA-controlled African liberation movements, is best exemplified by the rally of 10,000 white Portuguese Angolans in support of its regime yesterday. With such massive support for the MPLA, the NSC crowd cannot hope to win a lasting military victory in Angola. The best they can hope for is to destroy the economy and the population as a punitive example for Third World countries striving to escape the Rockefeller debt burden. Militarily the mercenary drive can only hope to justify the imposition of the United Nations trusteeship previously mooted — as a prelude to the kind of massacre previously carried out by Mobutu in the Congo.

The second target is the revolutionary movement in Portugal itself. The first effect of a defeat for the MPLA would be demoralization for the PCP, which has expressed its full solidarity with the MPLA. The second would be the release of more white Portuguese Angolans and the reactionary Portuguese army units still stationed in Portugal.

The MPLA has gone on full military mobilization against the CIA invaders. In Portugal the PCP is still on full political alert — as right-wing sabotage and maneuvers to destroy the economy and the revolutionary process continue. What is required now is the mobilization of the entire European and U.S. working class.

Rockefeller, Kissinger, Strauss, Leber, Giscard — the authors of the Angolan butchery — must be stopped. The black and white working population of the United States has already shown its overwhelming opposition to CIA intervention in this Third World country and in Portugal. The European working class, despite serious defections among its leadership, has shown similar strength of solidarity with the MPLA and the PCP. Now — when the agents have been forced to expose themselves in their frantic drive against the MPLA — the Angolan butchers can have their hands tied. With CIA gun-running stopped, the mediators — Mobutu and South Africa — will be stopped in their tracks.

Stop CIA intervention in Angola!

Fight for Development in Portugal and Angola!

## Special Report:

# Portugal: Civil War Is Already On

Oct. 28 (IPS) — In Faro, a city deep in Portugal's south, Communist Party cadre led local popular assembly formations in the seizure of the local civil government headquarters this week. The action, triggered by the Sixth Provisional Government's replacement of the left-wing civil governor with a reactionary, was carried out under the slogans, "Popular power to victory! Don't obey fascists' orders!" The occupation forces, which reportedly were supported by the area's soldiers, were attacked by fascist gangs led by Socialist Party and Popular Democratic Party (PPD) agents. Military units were then forced to intervene, and latest reports of the outcome of the confrontation are contradictory. Similar incidents are reported in Lisbon and Braga.

With the CIA-mapped Social Democratic path of Portugal's current government now totally discredited, both the Communist Party and its allies and NATO and its Portuguese agents are preparing their forces for imminent, all-out war, as the initial skirmishes are already beginning.

The MDP, a party closely aligned to the Communist Party, put out a communique Oct. 24 declaring that "this whole situation is unsustainable, and a solution will have to be found in the short term that is favorable to the interests of the working masses...one that ousts from power all the civilians and military men who oppose the revolution." Another group close to the Communists, the FSP, stressed the necessity for "the working class to be ready to take power from the bourgeoisie," which it said will no doubt follow a right-wing coup attempt "that could come in weeks, or days, or even hours."

Pro-Communist Gen. Vasco Gonçalves, the head of the pro-working-class Fifth Government who is certain

to figure prominently in any new worker-installed regime, is reported to be receiving a steady stream of visitors from the former Fifth Division (a pro-Communist military body abolished by right-wing officers two months ago) at a fort just outside of Lisbon. The nation's trade union confederation, Intersindical, ordered its members to maintain a state of "vigilance" in a communique released today, implying the danger of a right-wing coup attempt.

The other side in the class war now shaping up is also preparing for battle. The head of the Portuguese army, NATO agent Gen. Carlos Fabaio, has just arrived in West Germany to confer with top military officials there and to work out arms deals for supplying weapons to the last batch of right-wing Angolan refugees, scheduled to arrive in Portugal by the end of this week.

Fabaio will meet in Bonn with West German Defense Minister George Leber, a top NATO operative. He will also visit with notorious ex-Nazi Lieut. Gen. Hildebrandt, who was last seen in the Iberian peninsula last year marching in a pro-Franco parade in Madrid and proudly wearing his Iron Cross.

Fabaio's itinerary also includes a meeting with the heads of a major arms manufacturer. It is by now an open secret that West German arms are being conduited to both the mercenary forces of the CIA's Angolan counter-gang, the FNLA, and the Agency's "Portuguese Liberation Army" front led by Portugal's fascist ex-president, Gen. Antonio de Spínola.

Fabaio's return to Lisbon Oct. 31, probably with an arms deal in hand, will coincide with the termination of the refugee airlift from Angola to Portugal.

Many of these refugees, NATO hopes, will be recruited into the Portuguese government's new AMI shock-

troop apparatus and assorted right-wing gangs, and armed with West German weapons. It was returned Angolan refugees, for example, who on Sunday destroyed the Lisbon offices of the pro-Soviet Angolan liberation movement, the MPLA.

As civil war becomes an immediate question, the NATO forces are junking their "pluralism," "social democracy" rhetoric and reverting to slogans worthy of Czar Nicholas II. The Lisbon weekly Expresso, which is controlled by the right-wing PPD, a close ally of the CIA-funded Socialist Party, has no apparent qualms about printing a caricature showing the PPD and the Socialists marching heroically into the battle against international Communism — behind the American flag and the CIA's banner! With similar candor, Expresso this week published all the gory details of the agent government's planned "emergency austerity program," including increased taxes on wages, freezing of collective bargaining contracts and forced reductions of imports. Expresso goes on to itemize the military hardware and "operational capability" of the country's leading right and left army regiments.

Informed observers are currently watching the Portuguese-Spanish border as a possible CIA-provoked flare point. As a result of the recent high-level military shake-up in Spain engineered by the CIA, two of that country's most paranoid, ultra-right generals have been appointed heads of the two key military regions bordering on Portugal, Galicia in the northwest and Sevilla in the south. In view of Spain's political instability on the eve of Franco's death, it is possible that a provocation against Spain from "Red Portugal," run by the CIA, could provoke a Spanish intervention with disguised NATO support.

## Special Report:

# Rocky Terrorizes Brazil To Collect His \$4b in Blood

Oct. 29 (IPS) — The tortured body of a Brazilian army colonel is deliberately dumped near the home of the officer's relatives, to make sure the message is clear, while the government announces the colonel died of a "heart attack" resulting from an "interrogation" by the Department of Internal Operations (DOI). A lieutenant is found hanged in his cell; DOI pronounces it a "suicide." A bank official, a trade union vice president, the son of a well-known medical school president, and an internationally-known journalist and his wife all "disappear," victims of police kidnappings. The director of the news bureau of one of the nation's largest television stations is hanged in the DOI interrogation chambers; another "suicide."

Rockefeller has unleashed the most intensive wave of terror in Brazil since the fascist regime was installed in 1964. The reason is clear, as indicated by a Peruvian columnist writing in yesterday's Lima daily *Expreso*. Commenting on the supposed "suicide" hanging of Wladimir Herzog, the news director of Sao Paulo's educational television station, *Expreso* stated flatly that Herzog was murdered "because he did not agree with the responsibilities of Brazil's foreign debt."

With his forces in a rout internationally, and with \$4 billion due from Brazil by the end of this year, Rockefeller has given his Brazilian fascist animals the order: anyone, without exception — worker, peasant, press, or capitalist, who opposes measures necessary to collect the debt, must be exterminated.

The mad right-wing generals, in such a frenzy that they are screaming about "red fascists" and equating Hitler's SS with Communists, are labeling all resisters Communists and throwing them to the crazed dogs of DOI and the death squads. Herzog was reportedly forced to sign a "confession" that he was a member of the Brazilian Communist Party.

In recent weeks, hundreds of bourgeois Rockefeller opponents — no matter what their renown and influence — have been kidnapped, tortured, and murdered. First Rockefeller went after potential resistance within the military itself, arresting 116 members of the Military Police in the key industrial region of Sao Paulo and accusing them of having connections with the Brazilian Communist Party (PCB). There have been reports in the international press

that the sub-human maniacs that torture working class leaders now derive their pleasure from torturing the flesh of other officers, as well.

Then, to quell the growing faction of industrialists moving towards moratoria on Brazil's huge dollar debt, Rockefeller's AID-trained death squads were let loose on the children of wealthy businessmen. Neatly wrapped in butcher paper, children were left on street corners, cut into dozens of pieces.

Now Rockefeller is directly targeting liberal-leaning politicians of the opposition Brazilian Democratic Movement (MDB) party, opposing capitalists, and the press. Scores of MDBers have disappeared, including elected local officials. Members of one of the oldest and most prominent families in the country have "disappeared" within the past few days in Sao Paulo and are reportedly being held by the military.

Eleven well-known journalists have also vanished in recent days. Among them are included the international news editor of the newsweekly *Visao*; a reporter from the *Folha de Sao Paulo*, a daily linked to anti-Rockefeller industrialists; and the cartoonist from the liberal *O Estado de Sao Paulo*.

## **Special Report:**

# **Peru, Under Fire, Leads Bloc of Anti-Fascists At Military Conference**

Oct. 25 (IPS) — Representatives of the Peruvian and Panamanian militaries led an anti-fascist intervention into the Eleventh Conference of American Armies in Montevideo, Uruguay, this week, to blast away at bloodthirsty calls for a continent-wide anti-communist crusade and the unleashing of fascist military attacks on the pro-development Peruvian regime. The purpose of the conference was to lay the basis for the detonation of the RAND War of the Pacific scenario against the Brezhnev's recent statement that detente would not mean the end of ideological struggle by declaring that detente is entirely insufficient without "ideological detente." The Uruguayan Commander in Chief of the Army extolled the "Uruguayan model", where the Military has outlawed the Communist Party and all trade unions or cultural organizations of marxist tendency as a prelude to the military "dismantling of the powerful guerrilla group, the Tupamaros". Argentine Army chief General Videla added that in order to end subversion, "we will kill everyone necessary."

The Brazilian Chief of Staff backed up his call for an integrated anti-subversion drive by warning that the movement of international communists will do everything to repeat another Portugal. This is a direct attack on Peru, touted the hysterical Rockefeller press as a potential Portugal.

### **Development Vs Guns**

The development opposition to a continentwide military organization—a "Latin American NATO"—was government of Peru and the destruction of any potential communist-led resistance to that scenario.

This was made unmistakably clear by the Chief of Staff of the Chilean Army who proposed the institutionalization of a continental military organization under the Organization of American States and who broke the Chilean government's previous public commitments to peace

and friendship with neighboring Peru. The Chilean, clearly talking about Peru, attacked those countries, "some military controlled or influenced," which negotiate or vacillate" in relation to "marxist subversion." He further motivated assaults on Peru by noting the Peruvian refusal to endorse the rabid anti-communism of the meeting that the "enthronement of socialist leaning regimes harbors the risk of extending into neighboring spheres."

The conference concluded with a resolution to separate from hemispheric defense arrangements those countries that establish governments of marxist orientation.

Leftist Peruvian Chief of Staff Fernandez Maldonado came to the meeting prepared to launch his own offensive for the peace and development forces on the continent and stated bluntly at the start that the Peruvian government is "humanist and socialist." Before leaving for the conference, Maldonado put forward Peru's desire for peace and friendship with all countries in Latin America and for integration and cooperation to solve common problems. On arriving in Montevideo, he swiftly organized Panama, Ecuador, and Venezuela, the latter two key "swing" countries for RAND's war push in Latin America, to issue a statement objecting to the rigid anti-communism being pushed by the U.S. and the other Latin American countries. In another communique, Peru and Panama attacked the anti-Marxist tone of the conference as "an instrument to serve economic dependence and the multinationals." Panama also hit at the "right-wing subversion" of the transnationals' use of the natural resources of the weaker regions.

Maldonado defined the common problems facing Latin American nations: "There is no integral security over the rubble of misery, of hunger and illiteracy, of the lack of a secure roof, of liberating education, of health and social welfare."

The gorilla counterthrust was a heightened attack on the "international marxist aggression." The "international Communist parties" were singled out as the key infiltrators, the main enemies in the present struggle against "subversion." Uruguayan President Bordaberry, a leading fascist on the continent, directly answered Soviet Communist Party head Leonid, initiated more than a month ago by Mexican President Luis Echeverria when he announced without apology that Mexico would not participate at the CIA-designed military conference. Maldonado's attack on the gorilla regimes at the Uruguayan conference was based on a coordinated campaign by pro-development forces: last week Mexico issued an official attack on the CIA-fed Latin American arms race and supported Peru's drive for arms control in the Andean region, targeted by RAND for war.

Furthermore, the creation last week of the Latin American Economic System (SELA) as a development bloc on the continent is the alternative to solve the economic crisis wracking the continent. This week the Soviet press hailed SELA as an anti-imperialist opportunity for development.

Even within the U.S. State Department itself, there are increasingly loud murmurings against the gorilla offensive. Saturday Review published an article last week by a State Department official attacking the U.S. focus on arms sales to Latin America, a key part of the RAND scenario. He stressed that instead, economics must be the keystone of future U.S. relations with Latin America. The official concluded that the continued military assistance to Latin American countries "defies logic" in light of the needs for public health, education etc. If the U.S. does not act soon to change the present mad policies toward the continent he warned, "the smoldering animosities will turn open, angry and ugly."

## Special Report:

# Labor Party to Win 20-30 Per Cent of Vote in November 4 Elections

Oct. 28 — Based on extensive polls taken by trade-unionists, press and broadcasters, and political organizers, the U.S. Labor Party national campaign staff predicted today that the party will win a minimum of between 20 and 30 per cent of the vote nationwide in its 30 municipal and local elections next Tuesday, and will win four elections in working-class districts outright.

Solid evidence supporting these predictions is in from every section of the U.S.A.

**Philadelphia** — Workers say 35 per cent of construction workers and 20 per cent of garment workers will vote for Labor Party mayoral candidate **Don Taylor**. Ten unions, including Mayor Rizzo's flagship Roofers local, have backed the USLP's strike against Kresge—K-Mart. Breakaway sections of the city's Democratic Party machine are organizing for the Labor Party.

**Seattle** — Polls show Labor Party City Council candidates **Carol Ruckert** and **Marianna Stapel** tallying more than 30 per cent of the vote. In the primary these USLP candidates were officially credited with more than 20 per cent; seven other Labor Party candidates were massively defrauded.

**Springfield, Mass.** — In a former Democratic Party stronghold here, the Hungry Hills district, polls showed Labor Party mayoral candidate **Steve Desmond** winning 18-20 per cent in the primary — fraudulently cut to 6 per cent in the official returns. He should score 30 per cent or more against his runoff opponent in the general election.

**San Francisco** — In an eight way mayoral race, Labor Party candidate **Nick Benton** is in a head-to-head battle with LEAA front-runner "Dolphine Dianne" Feinstein, who is credited with 23 per cent of the vote. Benton's drive to mop up the Rockefeller drug-pushing apparatus has forced every other

candidate in the race to come out against methadone maintenance, completely isolating Feinstein.

**East Orange, NJ.** — Labor Party City Council candidate **Janet Cohen** racked up a near-majority of 46 per cent in a poll including more than 400 of the 2,000 voters in her district. Her two opponents split 10-15 per cent of the vote, and rest of the voters reported themselves still undecided. Cohen will win any honest election, and in nine other northern New Jersey races, Labor Party candidates will receive a minimum of 30-35 per cent of the vote.

### The Third Major Party

"There is nothing really unusual about these examples," USLP national campaign coordinator **Marcia Merry** commented on the results today. "The solid 20-30 per cent the Labor Party won in seven primaries and elections nationally during October is holding firm."

**Merry** pointed out that the people voting Labor Party are the same people showing up in the Gallup as "independents" — 35 per cent of the U.S. electorate. "Faced with a choice between the same warmed-over slave-labor austerity the Republicans and Democrats have been peddling for the last two years and the kind of program typified by the USLP's Emergency Employment Act, these 'independent' voters are not having any trouble making up their minds," she added.

The key to stopping the fraud is the USLP's VOTE TWICE campaign — voting for the Labor Party once at the polls, registering a second "vote," a notarized affidavit, with the Labor Party. With this ammunition the party can nail the crooks to the mast in court.

Federal anti-fraud lawsuits are already being pressed by USLP candidates in Boston, Charlotte, and Buffalo who were robbed earlier this year, and

a Federal anti-vote fraud bill has been sent to the U.S. Congress.

In northern New Jersey, where the Labor Party has one of the best organized components of its growing nationwide political machine, more than 4000 people have registered with election officials as USLP pollwatchers to back up the VOTE TWICE effort. **Janet Cohen's** incumbent opponent, Democrat **Harold Carnes**, has already announced his intention to defraud the USLP at a public debate! "I don't care how many affidavits you collect, you are only getting 50 votes," said **Carnes**. But local press are beginning to note that, given worker's obvious support

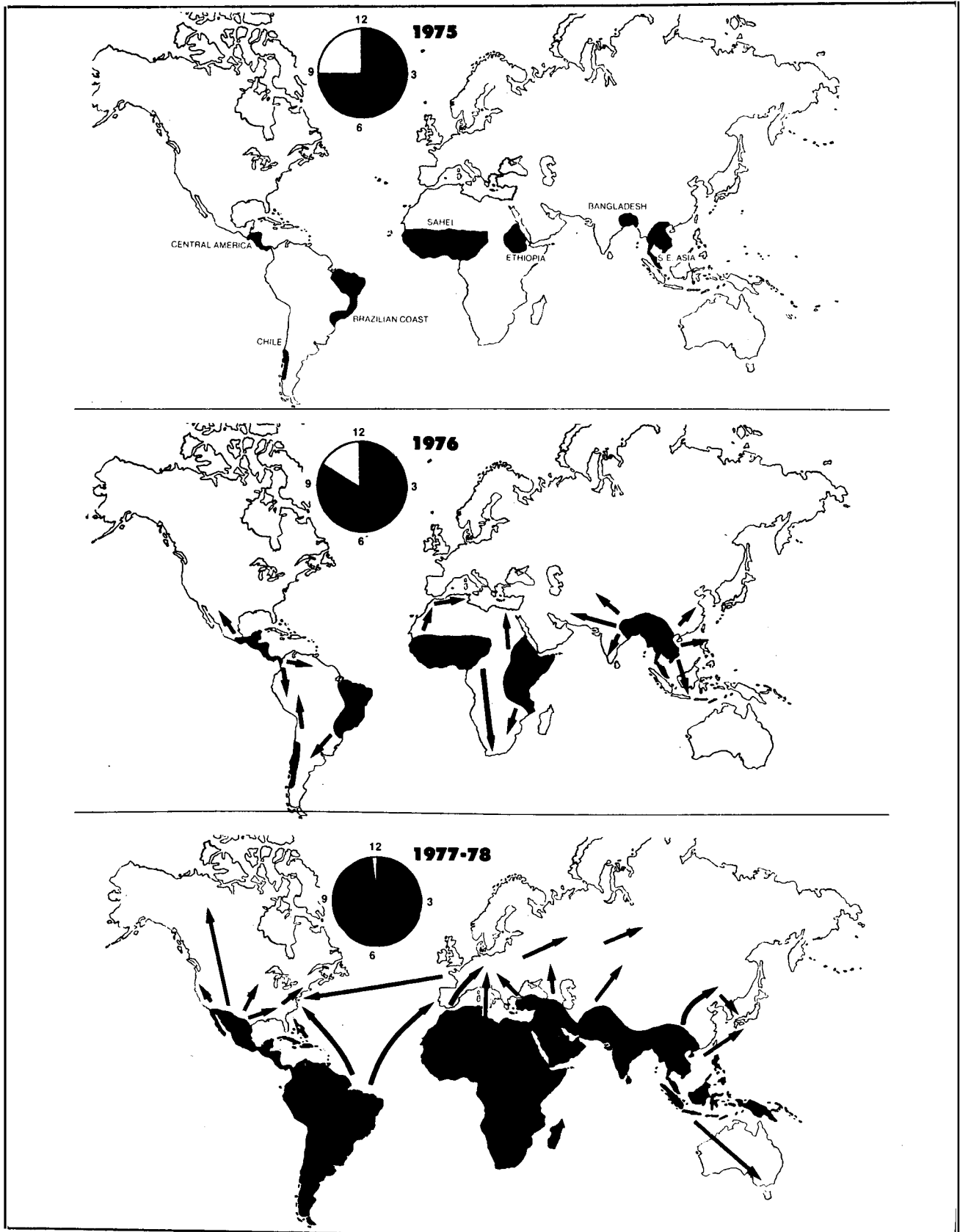
for the Labor Party, large-scale fraud will be extremely dangerous for the CREEP forces.

For USLP City Council candidates **Mary Gilbertson** in **Hartford, Conn.**, and **Mary Jane Coates** in **Bethlehem, Pa.**, and for **Reading, Pa.** mayoral candidate **Mike Brennan**, victory is also well within reach. **Brennan's** campaign exemplifies the Labor Party's impact on the political issues far beyond the traditional small town campaign; as a key figure in exposing the entire National Security Council international drug- and gun-running operation headed by **Henry Kissinger**, **Brennan** helped to nail FBI pushers **Joe Biancone** and **Maoist Bertram Jones**, who are now awaiting sentencing. **Brennan** is thus known as the man most responsible for cleaning up crime — FBI dirty tricks — in **Reading**.

In the four-way race for mayor his estimated 35 per cent of the vote should win. Two nights ago 25 per cent of the callers to the city's major evening radio show on **WHUN** endorsed **Brennan's** running mate for City Council, **Nancy Dorfman**. Last night, on the same show, **Dorfman's** support rose to 60 per cent.

**Special Feature:**

# Stopping The Holocaust





# Part 1: The Approach of Ecological Holocaust

by Ned Rosinsky, M.D.

In January 1975, the International Caucus of Labor Committees predicted that unless the current economic collapse was reversed, the world would suffer an ecological holocaust of irreversible momentum by 1979-80, a holocaust which would virtually wipe out the human race by 1990. The development of ecological destruction since that time has entirely confirmed the general import of that warning, and in fact showed that it was far too conservative. Today, we must say plainly that unless massive centralized investments to expand industrial and agricultural production along the lines of the International Development Bank are made, the process of ecological holocaust will be irreversible within two or three years.

The grim problem facing humanity at this time is that the growth of infectious disease and the general self-aggravating process of debilitation of the population cannot at any point be turned around merely by stabilizing or even increasing the standard of living. The Earth's ecology is now undergoing a process of **negative reproduction**. This is an exponentially accelerating cycle which not only increasingly destroys the very productive potentials available for stopping the holocaust, but continuously acquires a greater destructive momentum, increasing the amount of effort required to stop the destruction.

In broad outlines, this cycle of destruction, as described in January of this year and evidenced since then on a global scale is as follows: First, the looting of industrial production, agriculture and trade to feed the demands of a parasitic debt system leads to rapid contraction of production and consumption of all sorts, especially food consumption. Simultaneously, massive decreases in nutritional levels, the exhaustion of the population through speed-up and the collapse of municipal services such as hospitals and sanitation leads to rapid increases in disease levels.

The increase in numbers of diseased persons and the total mass of bacteria and viruses itself leads to an increase in the spread of disease, while the increasing debilitation of the diseased population increases the **rate** of exponential spread of disease. The working population's productivity is thus increasingly destroyed, leading to a further collapse of production, further collapse of nutrition, and so on.

From the standpoint of the ecology as a whole, the available free energy increasingly shifts from the process of the human-controlled and developed economy to the parasitic-destruction—ecological holocaust process and its mass of viruses, bacteria and pests. As this shift occurs, the amount of free energy necessary to reverse the ecological destruction increases, while the amount available decreases and the efficiency of use of this energy decreases even faster, until the point, or critical threshold, is reached where even the entire remaining economic potential of humanity, no matter how directed, is insufficient to stop the destruction. At that point the holocaust is irreversible.

The tremendous velocity with which a population can then collapse through the exponential spread of disease is illustrated by such catastrophes as the Black Death of the Fourteenth Century. Occuring at the end of a period of general decay of feudal society and the parasitic action of mercantile capitalism, the holocaust of that period took place in the space of a single decade. In 1339, the depression was triggered through the repudiation of debt by the English king, thus sending a wave of bankruptcies and collapse of trade throughout Europe. By 1343-45 the delivery of food to the overcrowded cities was disrupted by the mass bankruptcy of the feudal lords, resulting in famines in 1345 and 1346.

By the following year, the threshold of exponential holocaust was passed. Bubonic plague broke out in Sicily at the beginning of 1347, within months swept through Italy, and by the end of 1348, **more than half the population of Europe had died**. And this rapidity of spread occurred in a society far less integrated and with far poorer means of transportation than our own.

During the past year, the global ecology has rapidly approached that threshold. The "accident" of relatively good weather worldwide has led to a general stabilization, and even in a few cases, an improvement in the critical food situation globally, despite a drop of about 5 per cent in fertilizer consumption. But despite this relative stabilization, the past year has seen the breakdown of localized "weak links," such as Brazil and Bangladesh, where the threshold of exponential holocaust has already been crossed, either through local collapses in the standard of living or through the already accumulated momentum of the process. From these focal points, disease is spreading outwards, threatening to engulf within a year much broader surrounding areas. At the same time, in the advanced world, the killing speedup and destruction of services is rapidly preparing the preconditions for the spread of disease from the underdeveloped to the advanced sector and simultaneously destroying the advanced sector's vital productive capacity to reverse the process.

## The Holocaust Focal Points

Two types of looting operations have directly led to the creation of the holocaust focal points—straightforward economic looting via debt service, as in Brazil, and the even more intense "Wallenstein's Army" phenomenon, of deliberate destruction through warfare of whole populations as a counterinsurgency tactic of Henry Kissinger and company.

Brazil is the worst example of the first process. Here the standard of living has reached such levels (40 per cent below that of 1964) that the ecology is undergoing a collapse which, if Brazil were left to itself, would be totally irreversible. The agricultural sector is so fragile that minor weather fluctuations have played havoc with food production and consumption. In July, a two-day frost was sufficient to wipe out large areas of pastureland for months, slashing milk production and destroying other crops. Food consumption dropped by 200 calories per capita. In a healthy ecology, recovery from such a frost would have taken a couple of weeks. But the Brazilian food-producing sector is already on its last legs. In the winter (July and August) this destruction was compounded by hail-storms in the South and flooding in the North.

Despite this further collapse of food consumption, the ruling Brazilian junta has used all available foreign exchange reserves for debt service rather than food imports. This disastrous drop in the already low food consumption, combined with a total lack of sanitation and killing speed-up has produced waves of epidemic disease spreading across the country. In March and April, meningitis previously at epidemic levels, rose to five times its 1974 rate in Sao Paulo and surrounding areas. The frightened government launched a massive vaccination campaign, managing to control the disease in Sao Paulo. But in Rio de Janeiro, meningitis then rose to double the year earlier rate. In the meantime, in the winter (July and August in the Southern Hemisphere) the North-east flooding brought with it a virulent outbreak of leptospirosis, a disease carried by the urine of rats. And over the last two months, the most horrendous epidemic of all, bubonic plague has rapidly spread out of its small endemic areas in the rural interior to within a few tens of kilometers of populated areas in the North-east such as Salvadore, the fourth largest city, with a population over one million. In one state alone, Bahia, the number of reported plague cases is more than that for the entire country last year.

The outbreak of plague is especially significant, both because the disease, spread by rats, generally occurs in epidemic form only among the most severely debilitated populations as the final phase of holocaust, and because of its tremendous mortality rates (up to 90 per cent in untreated patients). Wherever these epidemics have broken out, the feeble hospital system has broken down, unable to deal with the influx of patients into the already jammed facilities.

The creation of this focal point in Brazil threatens the rest of Latin America immediately, where the conditions are ripe for rapid expansion of the holocaust. To the South, in Argentina, real wages have dropped by 30 per cent in the last twelve months and industrial production has virtually shut down, dropping 70 per cent in auto. Chile, already devastated by the junta and quack economist Milton Friedman's austerity has likewise suffered a drop of 30 per cent in its standard of living. The government admits that major portions of the population subsist on less than 1500 calories per day. In Venezuela, the government has ended wheat supports, which will automatically price wheat, the main staple of the population, out of reach with a 425 per cent increase. To replace it, the government is concocting mixtures of manioca and platano, an extremely low protein combination compared to wheat.

Moving still closer to the U.S., the Central America-Caribbean area has been plagued by a drought for the past three years. Half a million people in the Dominican Republic are now starving, while President Balaguer is attempting to maintain international debt payments by stalling land reform and denying peasants farm credits. Epidemics of gastroenteritis and widespread tuberculosis have been reported in the press. The area of Honduras, Guatamala, El Salvadore, and Nicaragua has still not recovered from the devastation of hurricane Fifi last year, which destroyed the corn, rice, bean, and sorghum crops. Nearly three-

quarters of a million people are now facing famine. U.S. public health officials are warning that Mexican immigrants are threatening the U.S. population by bringing tuberculosis and other diseases across the border.

In the meantime, in Brazil itself, the junta this month slashed imports by 50 per cent to maintain debt service, an insane act which will only accelerate the destruction of the workforce and the population as a whole.

The second major focal spot has developed in Bangladesh. Here, despite the fact that there was good weather and a better crop than last year, disease levels have continued to rise. Cholera is now raging at a higher level than last year. The epidemic is expected to reach 150 fatalities per day at the cholera clinic in Dacca over the next three months. Since less than one-tenth of the actual number of deaths are seen at the clinic, the total deaths will number in the hundreds of thousands. The actual number of non-fatal but debilitating cases will number in the millions.

The Bangladesh epidemic directly threatens India, the traditional route of cholera out of Bangladesh. India now suffers the doubling of cases of malaria in the past year. Millions have been affected, again despite a good crop and relatively good food situation. According to Indian health officials the malaria is out of control because the government cannot afford simple mosquito eradication measures like insecticide. They estimate that an annual expenditure of only approximately \$20 million could halt the current epidemic.

#### Kissinger's Bands

Compounding this situation are the overlapping effects of the greatest and most direct threat to the ecology — Henry Kissinger. His wars are creating havoc world-wide. In Southeast Asia, in the after-math of the Indochina war, bubonic plague is spreading across Thailand toward the already disastrous situation in neighboring Bangladesh.

Waves of dengue hemorrhagic fever, a frequently lethal mosquito-borne disease of children, have inundated the area in the past year. Fulminant tuberculosis has increased enormously, as have the whole range of parasitic diseases, most notably malaria. Southeast Asia has traditionally been an origin of world-wide disease spread, as in the most recent cholera pandemic which began there in 1963 and has been rampaging over Asia, Africa, and parts of Europe ever since.

The same process is occurring in Africa and the Mideast.

In Angola, in the territory held by the CIA-created FNLA, municipalities are in complete chaos and there are no municipal services. The FNLA and the mercenaries sent from South Africa are living off the occupied population. In an attempt to export the destabilization to Portugal by relocating thousands of white workers, cholera has also been exported — 150 cases of the disease have hit the crowded refugee camps around Porto. Portugal, Spain, and Italy are all ideal breeding grounds for such diseases as cholera, shown clearly by the epidemics of the past two years in which thousands were hit by the disease, and will function, in a general holo-

caust situation, as the portals of entry and spread of disease throughout Europe.

In Lebanon, the deliberate chaos operation to cover for war on the left has resulted in the paralysis of Beirut for the past month: no municipal service, dead bodies commonly lying in the streets, breeding diseases, and warnings of cholera issued by health authorities. Water supplies are available for only several hours a day. Should a major war break out this will be the fate of the entire Middle East.

In Ethiopia, the much-touted World Health Organization campaign to eradicate smallpox has virtually been halted by a landlord's revolt against Fascism-With-A-Democratic-Face style land reform. The entire country is in chaos. Meanwhile, in the Ogaden desert area, the holocaust has already become irreversible. Last year's drought killed hundreds of thousands of people and destroyed 70 per cent of the cattle herd. This year's plentiful rains are having no effect; since there are so few cattle to graze, the population is still dying of starvation.

As in Latin America, the situation in Africa as a whole has been prepared for the rapid expansion of these pools of war-borne disease into entire oceans of holocaust. All of sub-Saharan Africa is malarious, affecting more than 100 million people. Virtually no control measures exist.

As in the Indian sub-continent and South America, a multitude of parasitic, bacterial, and viral diseases combine with malnutrition to produce a nightmare. The ease of oral-fecal disease transmission has been well demonstrated by the present cholera pandemic, which has spread over the entire continent. This year, Kenya and the Comorro Islands have been hit, with tens of thousands of cases reported. In Egypt, wracked by schistosomiasis, river blindness, and many other diseases, all staple foods are now rationed. A foreign visitor to Alexandria is allotted two pounds of meat per month! The rationing even extends to medication allotments for pharmacies.

#### The Advanced Sector

The advanced sector is rapidly approaching the same condition.

As was the case in 1348, Italy is a major portal of entry of epidemic disease into the advanced sector. The living conditions in Italy are hellish. In the past year unemployment has risen from 1 million to approximately 2.5 million, these workers coming predominately from the productive workforce of 8 million. In the impoverished southern region, the Mezzogiorno, the unemployment is over 70 per cent. Meat consumption for the country has fallen 25 per cent in the past year. The consumption of pasta, the staple of the diet, has fallen 35 per cent in Sicily. The worst drought in decades has resulted in water rationing in Naples, Palermo, and other cities.

The situation is exacerbated by the failure of the bankrupt cities to build aqueducts to take advantage of even the small amount of water available. Teachers are closing schools because they fear epidemics among the unbathed children. Twenty million rats now occupy Rome, five times the human population. The city employs a total of 70 people for pest eradication.

Nationwide, the hospital system is collapsing from bankruptcy and manpower shortages. In this context, salmonella, a diarrheal disease which can be life-threatening in untreated infants, is spreading at an increase of 35 per cent this year, affecting thousands. Fully 10 per cent of the population of Rome, or 300,000 people, are carriers of salmonella! One of the main sources of transmission is through the poorly maintained hospitals.

Epidemics of hepatitis and typhoid fever, associated with poor sanitation and sewerage facilities, have also been wracking the country. The rapid spread of the 1973 cholera epidemic through Italy only underlines the susceptibility of the entire area to enteric disease. Italy is now a Third World country.

Depressed conditions in the U.S. and Western Europe are now creating every necessary precondition for the massive importation of epidemic disease from the Third World. Real wages in the U.S. are down 22 per cent this year. In Europe they are down 25 per cent. A U.S. national nutrition study published recently showed that the average diet for persons over 45 is less than 2000 calories per day.

Workers in the U.S. and Western Europe are being unbelievably sped up. The New York Times happily reports that worker "productivity" is up 9 per cent this year. True speedup is much higher, due to wasted energy in inefficient overwork conditions. For example, if two workers are assigned to lift a 100 pound part off an assembly line, and the job is cut to one worker, he certainly works more than twice as hard!

Actual speedup is more than 25 per cent for this year alone. At the same time, many workers are working 60 to 70 hours per week, a return to conditions of 150 years ago. Precious leisure time for cultural development and education is becoming non-existent. In the auto industry, layoffs are outstripping production by a full 20 per cent. Industrial accidents, over one-half million this year, have risen at least 10 per cent since last year.

Municipal services are collapsing. A government report on water safety states that 25 per cent of water sampled nationally contains a "dangerous" number of bacteria, more than are permitted by government regulations. In New York City, even previous to the monstrous cuts now being contemplated to maintain the banks, rat control has been cut by 34 per cent, hospital beds by 14 per cent, child clinics by 15 per cent, and likewise for all other departments. Similar cutbacks are slated for Detroit, Boston, and other cities.

Immunization rates are incredibly low among children. Even the official statistics claiming 60 per cent unimmunized in the cities are low, because of large-scale non-reporting from ghetto schools to the surveys. The actual unimmunized rate in inner cities is 70 to 80 per cent. Epidemiologists are predicting outbreaks of whooping cough and diphtheria unless these conditions are reversed. The situation is even more advanced in Britain, France, and West Germany.

The rates of major infectious diseases in the U.S., such as tuberculosis, are showing a ten-

dency to level off after dramatic declines for more than a decade. The real potential threat of even indigenous disease was clearly shown by this year's encephalitis epidemic.

The epidemic actually affected hundreds of thousands, as shown by random blood samples drawn in areas of previous endemicity, yet only several thousand were diagnosed. These were predominately the old and the debilitated: in Mississippi, an area heavily hit, the average age of clinical cases was seventy. Others who typically succumbed to the disease were those with tuberculosis, diabetes, or other chronic conditions. In deeper depression conditions a high percentage of these hundreds of thousands from 19 states across the country, would have died or been severely ill.

Other diseases which are mild in healthy populations but killers in debilitated populations abound in the U.S. Infectious hepatitis, tuberculosis, influenza, even measles need not be imported from the Third World. Measles is the second greatest cause of the enormous infant mortality rate in South America.

But under conditions of worldwide economic collapse, it is far more likely that the advanced sector populations would succumb to the worst diseases rampaging through the underdeveloped sector, such as plague and typhus.

#### The Prognosis

The future development of the holocaust depends at this point entirely on political decisions. There are three courses ahead, depending on the actions taken by the working class, the socialist governments and by factions within the ruling class. First, the continued existence of the Rockefeller regime, in any form, will inevitably mean the continued collapse of production of all sorts through debt-parasitism. Second, a "compromise" policy of the type now beginning to be implemented by West European industrialists, an attempt to stabilize the situation through individual "three-way" trade deals and debt reschedulings. Third, the institution of massive centralized reconstruction through an International Development Bank.

In the first case, the food situation will deteriorate rapidly. A ratchet decline of the magnitude which must occur over the next six to eight months in advanced industry and trade if the current credit system continues to wreak havoc will lead to a drop of at least 30 per cent in the production of fertilizer and other inputs to agriculture. Under such conditions, per capita food production will fall by early 1977 by at least 15 per cent. This will bring over all per capita consumption to the levels of about the 1948-50 period and wipe out a large chunk of the nearly 35 per cent of all Third World food consumption which depends either on imports of food from the advanced sector or fertilizers and materials for fertilizer.

This would immediately push the entire world over the threshold of holocaust. The impact of such a drop can be partially judged by the last period in which food consumption collapsed to this level, in the late 1940s, when food consumption was 15 per cent below the depression level of 1938 (This is, incidentally, the same level we now enjoy after 40 years of capitalist "development.")

In that period in Britain, the death rate rose by 15 per cent while the birth rate fell by the same

amount in two years, putting the country on the verge of massive decreases in population. In India, caloric intake fell to 1700 calories a day, malaria swept the country and the net surplus of births over deaths fell by 30 per cent in a single year. While these areas hovered on the verge of collapse, actual genocide was already beginning in the more isolated areas of Africa. In Cape Verde, for example, the death rate rose in 1947-48 to 10.8 per cent yearly, with 20 per cent of the entire population dying in that period from famine and epidemics. Similar catastrophes hit Zanzibar and Madagascar.

Today, within a year, plague will be raging throughout Brazil and Bangladesh. Within another it will have spread into an unstoppable holocaust throughout Asia, Africa and Latin America (see map).

Cholera will spread from Bangladesh throughout the subcontinent and into Africa, followed by waves of plague from Southeast Asia. Plague and meningitis from Brazil will spread throughout Latin America. Typhus, malaria, and other diseases will combine in the onslaught. In the advanced sector debilitation from speedup and psychological demoralization will make the population more susceptible to tuberculosis, serious bouts of flu, etc. Municipal service collapse, especially sewage, will begin to make possible the mass spread of enteric disease.

At this rate, by the end of 1977, a general collapse of industrial production and the productivity of the labor force in the advanced sector will make the process as a whole irreversible, leading to massive epidemics in the advanced countries in 1978-79 and general devastation.

The second alternative, a stabilization of conditions through individual, decentralized trade deals, will provide only a grim future. Without massive centralized investment, production can at best be stabilized, since current industrial capacity is barely sufficient as presently organized to replace destroyed and worn out capital and machinery. World tractor production, for example, even at full capacity is barely enough to replace worn out tractors. Heavy capital investments are running enormously below that needed for replacement.

Under these conditions, the spread of disease will inevitably continue through its accumulated momentum, and at only a somewhat slower pace. Nonetheless, it can still be conservatively estimated that without massive increases in food production to rapidly increase resistance to disease, the merging of the present pools of disease into one global catastrophe, at least in the underdeveloped sector, will not take longer than three years. At that point, the subsequent collapse of the advanced countries, dependent on the Third World for all basic raw materials and fuels would be inevitable.

The only solution is the third course. If there is to be a humanity by the end of this decade, centralized development of world productive resources must be begun at once. A delay of even a few months will make the job much more difficult, since, at best, the real impact of such a program will not be fully felt for a year, by which time the flames of holocaust will have nearly engulfed such large regions as Brazil. A delay of a year will prove fatal. The critical period is now.

*The following article appeared in last week's IPS October 24, 1975. It is being reprinted because of an error in production.*

## **The Way Out for Japan**

The impending collapse of the entire Japanese economy puts in sharp relief the future of every industrial power that allows itself to be held in hock by the Rockefeller banking interests. Over the past year, during open threats to its oil and even food supply, the Japanese have gutlessly capitulated at every turn. Now, with bankruptcy at the front door, Japan has only one alternative to sinking into Third World status and taking the rest of the dollar-based world economy with it. That alternative is the establishment of a Japanese-Middle East Trading Company which, on the basis of transfers of oil for technology, will provide the basis for saving the Japanese economy.

### **Turning the Tables**

The special vulnerability of Japan to Rockefeller blackmail has been its extreme dependence on imports for obtaining raw materials and energy, in particular oil. Now the cost of financing these imports — debt service that runs as high as \$33 billion in the short term — combined with the catastrophic decline in exports imposed by depression devastation in the Third World and the U.S., threatens to shut down Japanese production altogether.

Ironically, this very weakness defines the solution to the Japanese bind — the oil-producing countries. Over the very same period these countries have also been subject to a massive cutback in production, bringing them way under their capacity for oil production. This cutback has been imposed both by the rise in oil prices engineered by the Rockefeller oil companies, and by the austerity forced on their customers by Rockefeller political and financial institutions. These Middle Eastern countries need to have the market for oil which the Japanese can offer — in return for the industrial goods which the Japanese are in excellent condition to provide.

As should be obvious, the mere barter of oil-for-technology would not be sufficient in itself to save the Japanese or the Arab populations from further immiseration. The key purpose of the swap arrangement would be to use the letters of trade as the basis for expanded credit and trade between Japan and other Third World countries — and eventually including other European countries and the Comecon sector as well. This expansion would inevitably move toward debt moratoria on dollar debt, and the establishment of an International Development Bank type arrangement. It would be guaranteed to be well received not only among vocal proponents of three-way deals for development such as the Iraqis, but also by pro-development forces in Europe. One of the most prominent pro-development spokesmen in Europe, British economist Gordon Tether, has in fact already called for an Asian Development Bank on the similar principle of circumventing Rockefeller-controlled financial institutions in order to expand mutually beneficial trade between the industrialized and Third World countries.

### **What It Would Look Like**

The first step for the Japanese business community would be to establish a trading company for deals with the Middle East, totally circumventing the Japanese Central Bank, and hence circumventing the point of Rockefeller control over the project. The stated purpose of the trading company would be the exchange of oil for technology — with nothing denominated in dollars. Unlike the dollar, the letters of trade which represent

this swap agreement represent real production — and hence a healthy basis on which to “finance” further trade between Japan and the Third World. In the short-term such an arrangement would beg the question of a currency of account — although movement toward use of the Soviet ruble, the world’s most stable currency, makes it likely that the ruble would take over this function eventually.

#### **The Next Step**

Significant movement toward such an arrangement has already come about in the last few days, as Japanese industrialists have begun discussions toward major new deals with the Indians and the government of Iraq. The political import of these projected developments, which include extensive investment in fertilizer, steel, and petrochemical plants, has already forced the Japanese Ex-Im bank to back the barter deal with Iraq up to the point of \$1 billion. The political test will come if the Japanese get the nerve to extend these deals regardless of dollar backing — on the basis of the mutual needs of the economies involved.

The next immediate step required of the Japanese would be to bring in other industrialized countries into the arrangement. The most likely first candidate would be Great Britain, a section of whose industrialists have shown a consistent interest in exploiting its close relationship to former Commonwealth nations and thus establishing a similar “raw materials for technology” arrangement. Britain also shares Japan’s heavy dependence upon imports — and a very narrow margin away from the situation where its industrialists too find it unprofitable to continue production at all.

#### **No Light Matter**

While the measures outlined above are absolutely essential to save the Japanese working class from a period of poverty and chaos more desperate than any they have ever experienced, the necessity of such measures is dictated by the needs of the international economy as a whole.

Japan has been a major supplier of industry and technology to the Third World; just as the advanced industrial plant and workforce of the U.S. cannot be lost to the underdeveloped world, neither can the Japanese industry and industrial workforce. Similarly the Japanese export 20 per cent of their products to the United States. In monetary terms, the dependence of the rest of the world is just as heavy. The collapse of the yen would detonate a total collapse of the Eurodollar market and large chunks of the U.S. financial community.

The plight of the Japanese economy is a clear proof that an International Development Bank arrangement is a matter of life and death for the advanced sector as well as the Third World. The promise of taking the road for development has never been better; the Japanese are being forced by Rockefeller to be the first industrialized country to take it.



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EARLY EVENING NEWS ROUND-UP

INTERNATIONAL NEWS

## SYRIA READY TO INTERVENE IN LEBANON

OCT. 31 (IPS) -- THE CIA-CONTROLLED GOVERNMENT OF SYRIA IS PREPARED TO INVADe LEBANON ON A MOMENT'S NOTICE, THE BALTIMORE SUN REPORTS TODAY. SYRIA'S ARMED FORCES ARE REPORTEDLY ALREADY MOBILIZED.

THE SUN ALSO REPORTS THAT THE LEBANESE DEFENSE MINISTRY HAS TOLD LEBANESE PRIME MINISTER RASHID KARAWI THAT SYRIA "HAS A DIVISION-SIZED TASK FORCE READY TO MOVE ON BEIRUT" IF DAMASCUS DECIDES TO INTERVENE.

## U.S. AMBASSADOR TO ISRAEL HINTS AT INTERVENTION IN LEBANON

OCT. 31 (IPS) -- MALCOLM TOON, THE U.S. AMBASSADOR TO ISRAEL, HAS HINTED THAT THE U.S. MAY INTERVENE MILITARILY INTO LEBANON, WHERE THE CIA IS FUELING A RAGING CIVIL WAR AIMED AT CRUSHING THE LEBANESE LEFT. WHILE STATING THAT "AT THIS PARTICULAR MOMENT" HE SAID THAT THERE IS "NO REASON" FOR INTERVENTION, "IF THE SYRIANS OR OTHER OUTSIDE FORCES SHOULD MOVE AGAINST LEBANON THEN THE SITUATION WILL BE ENTIRELY DIFFERENT," ACCORDING TO CONFIDENTIAL PRESS SOURCES.

TOON'S VEILED THREAT FOLLOWED HOLLOW DENIALS OF U.S. CONTINGENCY PLANS FOR LEBANON BY BOTH STATE DEPARTMENT SPOKESMAN ROBERT ANDERSON AND UNDERSECRETARY ALFRED AHERTON.

IN A TELEPHONE INTERVIEW, A STATE DEPARTMENT OFFICER TOLD IPS THAT THE AMBIGUITY WAS DELIBERATE. "THEY'RE KEEPING THE SITUATION OPEN," HE STATED.

## WORKERS-SOLDIERS DEMONSTRATE IN NORTHERN PORTUGAL

OCT. 31 (IPS) -- THOUSANDS OF WORKERS AND SOLDIERS DEMONSTRATED YESTERDAY IN THE NORTHERN PORTUGUESE CITY OF OPORTO TO EXPRESS THEIR OPPOSITION TO THE PRESENT NATO-CONTROLLED SOCIAL DEMOCRATIC GOVERNMENT. "SPEAKERS AT THE RALLY SAID THAT THE ARMY UNITS OF THE CENTRAL REGION OF THE COUNTRY WERE ALL INFILTRATED BY MEMBERS OF THE UNITED SOLDIERS WILL WIN" (SUW), ACCORDING TO UPI REPORTS YESTERDAY. THE SUW, THE NATIONWIDE MOVEMENT OF PRO-COMMUNIST SOLDIERS IS REPORTED BY SEVERAL SOURCES TO HAVE GAINED SIGNIFICANT SUPPORT

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AMONG UNITS IN THE CENTRAL MILITARY REGION.

JAPANESE ECONOMIST CALLS FOR THIRD WORLD DEBT LIQUIDATION,  
DEVELOPMENT

OCT. 31 (IPS) -- SHIGETO TSURU, A PROMINENT JAPANESE ECONOMIST WHO IS AN ADVISOR TO THE LEADING JAPANESE DAILY, ASHAI, CALLED FOR CONSIDERATION OF WAYS TO LIQUIDATE THIRD WORLD DEBT AT A RECENT INTERNATIONAL SYMPOSIUM SPONSORED BY ASHAI, THE PAPER REPORTED OCT. 25.

TSURU ALSO ENDORSED THE IDEA OF A NEW INTERNATIONAL ECONOMIC ORDER BASED ON DEVELOPING INDUSTRY IN THE THIRD WORLD. HE SPECIFICALLY CALLED FOR JAPANESE PARTICIPATION IN BUILDING STEEL PLANTS IN INDIA AS AN EXAMPLE OF THAT POLICY.

WEST GERMAN TRILATERAL COMMISSION MEMBER, THEO SUMMER, WHO ALSO SPOKE AT THE SYMPOSIUM, COUNTERPOSED THE NOTION THAT "WE MUST GET USED TO...A DECLINE IN INCOME."

UNCTAD SECRETARY GENERAL CALLS FOR INTERNATIONAL DEBT MORATORIUM,  
EXPANDED PRODUCTION

UNITED NATIONS, N.Y., OCT. 31 (IPS) -- IN HIS OPENING SPEECH TO THE MEETING OF THE COMMITTEE ON INTERNATIONAL FINANCE OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD) WHICH BEGAN OCT. 28 IN GENEVA, UNCTAD SECRETARY GENERAL GAMAVI COREA IDENTIFIED THE DEBT PROBLEMS OF THE DEVELOPING COUNTRIES AS THE MOST TROUBLESOME FINANCIAL PERIL FACING THE WORLD ECONOMY. ACKNOWLEDGING THAT THE WORLD FINANCIAL CRISIS WILL GET WORSE IF NO NEW SOLUTIONS WERE FORTHCOMING, COREA, WHO IS THE OFFICIAL SPOKESMAN FOR THE THIRD WORLD, SAID THAT THE DEBT CRISIS COULD NO LONGER BE DEALT WITH "AS IF IT WERE AN ISOLATED EVENT CALLING FOR IMPROVISED MEASURES." COREA SAID THAT CONSIDERATION SHOULD BE GIVEN TO A "DEBT MORATORIUM" FOR THE REMAINDER OF THE DECADE AND THE POSSIBILITY OF TURNING UNCTAD IV, WHICH WILL TAKE PLACE IN MAY 1976 IN NAIROBI, INTO AN INTERNATIONAL DEBTORS-CREDITORS CONFERENCE.

ATTACKING "ZERO GROWTH IDEOLOGY" AND ECHOING INTERNATIONAL CAUCUS OF LABOR COMMITTEES' PROPOSALS FOR THE CREATION OF AN INTERNATIONAL DEVELOPMENT BANK, COREA PROCLAIMED THAT THE SOLUTION TO THE CRISIS LIES NOT IN THE INTERNAL CONTRACTION OF THE DEVELOPING COUNTRIES BUT IN SUSTAINING THEIR GROWTH AND THEREBY CONTRIBUTING TO THE RECOVERY PROCESS IN THE DEVELOPED COUNTRIES. SEEN IN THIS LIGHT, THE REAL COST OF SUCH AN AUGMENTED FINANCING MECHANISM WOULD BE VERY LOW INDEED, EVEN FROM THE POINT OF VIEW OF THE DEVELOPED COUNTRIES.

TASS PRAISES UNCTAD CONFERENCE

OCT. 31 (IPS) -- TASS, THE OFFICIAL SOVIET NEWS AGENCY, HAS PRAISED THE PROCEEDINGS OF THE COMMITTEE ON INTERNATIONAL FINANCE OF THE UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT (UNCTAD), WHICH IS NOW MEETING IN GENEVA. TASS REPORTED YESTERDAY THAT THE THIRD

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WORLD DEBT BURDEN, RESULTED IN "ANIMATED DISCUSSION" OF THE DEVELOPING COUNTRIES ATTACKS ON THE INTERNATIONAL MONETARY FUND (IMF). THE DEVELOPED COUNTRIES, TASS SAID, "WERE UNSUCCESSFUL IN DEFENDING THE IMF, WHICH IS UNDER THEIR CONTROL."

#### IRAQ STEPS UP DRIVE FOR ARAB SECTOR ECONOMIC INTEGRATION

OCT. 31 (IPS) — AT AN OCT. 16 MEETING OF ARAB FOREIGN MINISTERS IRAQI FOREIGN MINISTER SAADOUN HAMMADI CONCRETIZED IRAQI PROPOSALS FOR ECONOMIC INTEGRATION OF THE ARAB SECTOR.

ACCORDING TO THE IRAQI NEWSPAPER AL-JUMHURIYYA OF OCT. 17, HAMMADI INSISTED ON THE IMMEDIATE IMPLEMENTATION OF FOUR BASIC PRINCIPLES: 1) THAT "ECONOMIC COMPLEMENTARITY" SHOULD BE CONSIDERED AS THE MOST IMPORTANT FACTOR FOR "ARAB POLITICAL COMPLEMENTARITY AND ARAB UNITY." 2) THAT ACTION TOWARD ECONOMIC INTEGRATION SHOULD BE HANDLED AT THE LEVEL OF SUMMIT MEETINGS AND NOT AT LOWER LEVELS. 3) TO PREPARE DETAILED "OBJECTIVE STUDIES ON THE ARAB ECONOMY TO EVALUATE THE SPECIAL STEPS REQUIRED BY ECONOMIC COMPLEMENTARITY." 4) "TO CARRY OUT RADICAL REFORMS IN THE ECONOMIC APPARATUS OF THE ARAB COUNTRIES," INCLUDING SUCH MEASURES AS THE LOOSENING OF LIMITATIONS ON INTER-ARAB COUNTRY CAPITAL FLOWS.

AL JUMHURIYYA EDITORIALIST HAMDY AYOUB FURTHER SPECIFIED THE NECESSARY TASKS CONFRONTING THE ARAB STATES. IN THE OCT. 21 EDITION, AYOUB STRESSED "THE NECESSITY OF ARAB ECONOMIC COOPERATION" TO OVERCOME BACKWARDNESS AND ADVOCATED THE USE OF OIL REVENUES TO "PLAY A MAJOR ROLE IN THE FINANCING OF BIG JOINT PROJECTS AND IN QUICKENING THE PROCESS OF DEVELOPMENT IN THE ARAB WORLD."

AYOUB CONCLUDED BY CALLING FOR "THE PROPER LEGISLATION TO ENSURE THE FREEDOM OF CIRCULATION OF CAPITALS AMONG THE ARAB COUNTRIES UNDER THE CONDITIONS THAT THESE CAPITALS BE USED IN DEVELOPMENT OPERATIONS AND NOT IN NON-PRODUCTIVE PROJECTS."

#### FRENCH COMMUNIST PARTY MOBILIZES FOR MPLA IN ANGOLA

OCT. 31 (IPS) — THE FRENCH COMMUNIST PARTY (PCF) HAS COMMITTED ITSELF TO A FULL INTERNATIONAL MOBILIZATION IN DEFENSE OF THE PRO-SOVIET MPLA IN ANGOLA.

PCF POLITBURO MEMBER GASTON PLISSONNIER SENT A SPECIAL MESSAGE OCT. 28 IN THE NAME OF THE PCF SECRETARIAT TO MPLA LEADER AGOSTINO NETO WHICH SAID IN PART:

"IMPERIALISM HAS LAUNCHED A NEW ASSAULT AGAINST YOUR HOMELAND. THE SOUTH AFRICAN AND ZAIREAN ARMIES, FOREIGN MERCENARY GROUPS, HAVE UNDERATKEN TO INVADRE ANGOLA. THEIR OBJECTIVE IS THE PHYSICAL LIQUIDATION OF THE MPLA AND THE COMPLETE DESTRUCTION OF THE NATIONAL AND POPULAR ASPIRATIONS WHICH THE MPLA EMBODIES. SIDE BY SIDE WITH AMERICAN IMPERIALISM AND THE NATO COUNTRIES, THE SOUTH AFRICAN RACISTS, THE FRENCH GOVERNMENT BEARS A HEAVY RESPONSIBILITY FOR THE WAR OF RECONQUEST UNDERTAKEN. GISCARD'S GOVERNMENT SUPPORTS AND ARMS HOLDEN'S FNLA AND UNITA (THE CIA'S CONTROLLED NATIONAL LIBERATION MOVEMENTS). ARMS SOLD BY THIS GOVERNMENT DESTROY AND KILL IN ANGOLA...."

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"THE COMMUNISTS, THE WORKING CLASS AND FRENCH DEMOCRATS ARE IN SOLIDARITY WITH THE ANGOLAN PEOPLE WHO STRUGGLE UNDER THE LEADERSHIP OF THE MPLA FOR THEIR NATIONAL SOVEREIGNTY...THE PCF HAS FIRMLY RESOLVED TO CONTINUE TO ACT SO A VAST MOVEMENT OF SOLIDARITY WITH YOUR STRUGGLE GROWS, GATHERING BROADER AND BROADER LAYERS OF PROGRESSIVE FORCES IN THE ENTIRE WORLD. INDEED, THE JUST STRUGGLE OF THE MPLA AND THE ANGOLAN PEOPLE CONCERNS ALL THE PEOPLE OF AFRICA, OF THE WORLD, WHO LOVE PEACE PROGRESS AND FREEDOM."

BRITISH ENERGY MINISTER 'INTERESTED IN FUSION'

OCT. 31 (IPS) — ANTHONY WEDGEWOOD BENN, THE BRITISH LABOR PARTY'S LEFT-WING SECRETARY OF STATE FOR ENERGY, "IS INTERESTED IN THE PLAN TO BUILD, WITH EUROPEAN MONEY, A THERMONUCLEAR FUSION PLANT (THE TORUS JET SCHEME)."

IN CONTRAST, BENN IS SCEPTICAL OF A BETTER-KNOWN NUCLEAR FISSION REACTOR PROJECT, THE LONDON TIMES REPORTS ON OCT. 29.

BENN IS "DETERMINED TO SHAKE THINGS UP, TO BRING THE WHOLE ENERGY PLANNING APPARATUS UNDER POLITICAL CONTROL," THE TIMES ADDS.

WHEN INTERNATIONAL PRESS SERVICE (IPS) QUESTIONED BENN ON THERMONUCLEAR FUSION SIX WEEKS AGO, HE SAID THAT HE WAS UNFAMILIAR WITH THE PROCESS.

CONTINENTAL NEWS

JUAN MARI BRAS SAYS FALN MAY BE LINKED TO U.S. INTELLIGENCE

OCT. 31 (IPS) — PUERTO RICAN SOCIALIST PARTY (PSP) GENERAL SECRETARY JUAN MARI BRAS HAS DECLARED THAT THE RECENT FALN TERRORIST BOMBINGS IN THE UNITED STATES WERE THE WORK OF EITHER A CLANDESTINE PUERTO RICAN INDEPENDENCE GROUP OR "TERRORIST ACTS OF INTELLIGENCE AGENCIES." MARI BRAS ALSO DENOUNCED PUERTO RICAN GOVERNOR HERNANDEZ COLON'S ACCUSATION THAT THE PCP "PLACED BOMBS" AS "IRRESPONSIBLE," ACCORDING TO THE OCT. 29 CLARIDAD, THE PSP DAILY.

MARI BRAS' STATEMENT REFLECTS A MAJOR POLICY CHANGE ON THE PART OF THE PSP, SINCE THIS IS THE FIRST TIME THAT THE PSP LEADER HAS LINKED THE SO-CALLED "LEFT-WING BOMBINGS" TO THE CIA AND OTHER INTELLIGENCE AGENCIES. THE CHANGE WILL SERVE TO PROTECT THE PSP FROM FRAME-UPS ON THE TERRORIST ISSUE.

THE PSP HEAD ALSO DENIED ANY KNOWLEDGE OR TIES WITH THE FALN A TERRORIST ORGANIZATION THAT CLAIMED RESPONSIBILITY FOR DETONATIONS IN NEW YORK, WASHINGTON AND CHICAGO THIS PAST MONDAY.

ON OCT. 26, 12 HOURS BEFORE THE FALN BOMBINGS, GOVERNOR HERNANDEZ COLON HAD ACCUSED THE PSP OF "PLACING BOMBS" AND "COMMITTING ACT OF SABOTAGE" TO "DISRUPT THE INSTITUTIONAL ORDER." COLON'S STATEMENT, AN ATTEMPT TO SET-UP THE ISLAND'S PSP FOR FRAME-UPS AND HARASSMENT, WAS HIGHLIGHTED ON OCT. 28 BY THE ULTRA-RIGHT RING DAILY EL DIA, WHICH RAN A FRONT PAGE HEADLINE "GOVERNOR BLAMES PSP FOR

EARLY IPS/10.31/5

FALN BOMBINGS."

CLARIDAD EDITOR RAMON ARBONA, A WELL-KNOWN CIA AGENT, WAS ACTIVATED TO APPLAUD THE BOMBINGS, THUS LENDING CREDIBILITY TO THE GOVERNOR'S ACCUSATIONS, UNTIL MARI BRAS MADE HIS COUNTERCHARGE.

ORGANIZING AND INTELLIGENCE

BROOKINGS ANALYST: NYC DEFAULT ON DAY OF WESTERN ECO SUMMIT

WASHINGTON, D.C., OCT. 31 (IPS) -- A TOP ECONOMIC ANALYST AT THE BROOKINGS INSTITUTION SAID YESTERDAY HE EXPECTS THAT NEW YORK CITY WILL DEFAULT ON THE DAY PRESIDENT FORD IS SCHEDULED TO ARRIVE IN PARIS, FOR A WESTERN ECONOMIC SUMMIT MEETING WITH THE HEADS OF STATE OF THE MAJOR CAPITALIST COUNTRIES. LAWRENCE KRAUSS, OF BROOKINGS' ECONOMIC STUDIES PROGRAM, A LEADING ECONOMIC "THINK-TANK", MADE THE PREDICTION IN AN INTERVIEW WITH IPS.

ROCKEFELLER CREDITS SELF WITH AVERTING NYC BANKRUPTCY  
FOR 15 YEARS; RECIEVES DOCTORATE IN HUMANE LETTERS

NEW YORK, OCT. 31 (IPS) -- IN AN IMPROMPTU QUESTION AND ANSWER SESSION WITH REPORTERS AT NEW YORK CITY'S TEMPLE EMMANUEL LAST NIGHT, VICE PRESIDENT NELSON ROCKEFELLER DENIED ANY RESPONSIBILITY FOR THE CITY'S FISCAL PROBLEMS AND ASSERTED THAT IN FACT IT WAS BECAUSE OF HIS ASSISTANCE TO THE CITY FOR 15 YEARS AS GOVERNOR THAT NEW YORK HAS AVOIDED THE CRISIS UNTIL NOW. ROCKEFELLER, WHO WAS AT THE TEMPLE TO RECIEVE AN HONORARY DOCTORATE OF HUMANE LETTERS FROM HEBREW UNION COLLEGE-JEWISH INSTITUTE, ALSO DENIED ANY RESPONSIBILITY FOR THE BANKRUPTCY EARLIER THIS YEAR OF THE URBAN DEVELOPMENT CORPORATION, WHICH HE CREATED IN 1968.

ROCKEFELLER MINIMIZED ANY DIFFERENCES BETWEEN HIS PROPOSALS TO BAIL OUT NEW YORK CITY AND PRESIDENT FORD'S OCT. 29 PLEDGE TO VETO ANY CONGRESSIONAL BILL TO AID THE CITY AND ITS BANK CREDITORS. ROCKEFELLER AGREED THAT NEW YORK CITY "HAD TO PUT ITS HOUSE IN ORDER," AND DENIED AS "ABSOLUTELY UNTRUE" RUMORS THAT FORD WAS PRESSURING HIM TO RESIGN BECAUSE OF HIS CAMPAIGN IN SUPPORT OF BAIL-OUT THE CITY.

RESPONDING TO AN IPS QUESTION CONCERNING THE THREAT THAT SEVERAL MAJOR NEW YORK BANKS WILL COLLAPSE IN THE EVENT OF DEFAULT, ROCKEFELLER ACKNOWLEDGED THAT "SOFT LOANS" IN REAL ESTATE, NEW YORK CITY PAPER AND THE THIRD WORLD HAD PUT NEW YORK BANKS IN A DANGEROUS SITUATION, BUT SAID THAT HIS MOTIVE FOR URGING THE BAIL OUT OF NEW YORK WAS "HIS GREAT LOVE FOR THE CITY."

IPS ALSO ASKED ROCKEFELLER IF HE FELT AT ALL COMPROMISED BY THE FIFTEEN YEAR CARTEL ARRANGEMENT BETWEEN HIS FAMILY'S STANDARD OIL INTERESTS AND THE NAZI I.G. FARBEN COMPANY, WHICH DID NOT END UNTIL LATE IN WORLD WAR II. ROCKEFELLER SHREIKED: "MY FAMILY ONLY OWNS TWO PER CENT OF STANDARD OIL," BEFORE MEMBERS OF HIS ENTOURAGE INTERVENED TO RULE THE QUESTION OUT OF ORDER.

END OF EARLY IPS FOR OCTOBER 31, 1975.