



NEW SOLIDARITY International Press Service

P.O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

Single copy \$10 Yearly Subscription Rate \$350

Volume III Issue 12

March 23, 1976

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IPS DAILY REPORTS FROM MARCH 16 THROUGH MARCH 20.

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**INTERNATIONAL MARKETS
NEWSLETTER**

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Monetary System Dead: Atlanticists Move to Fascism

— March 20 (IPS) — The dollar monetary system choked to death in its own wastes last week — at precisely the point when the Atlanticist financiers could fairly boast that they had succeeded in driving through their program of last resort. Now that the European economy has been pushed into bankruptcy — with European currencies devalued and living standards slashed by some 25 to 30 per cent — the steps that the Atlanticists insisted could save the dollar, the U.S. currency and its \$800 billion debt-overhang are decisively worse off than before.

Three months of intense Wall Street-directed financial warfare against Western Europe have left the Atlanticists with an open revolt against the rule of the dollar in France and Switzerland, near-revolt in West Germany, and the onset of a continent-wide mass strike. The intense currency speculation since January has destroyed the dollar system. The impact of the March 31 payments crisis will dissolve it into public bankruptcy.

Since the New York banks deliberately destroyed the value of the Italian lira at the beginning of this year, the foreign exchange markets — through which \$800 billion of goods in international trade must pass each year — have been in near continuous upheaval. At each point that another European currency took its turn in the barrel, a general run against the bankrupt U.S. dollar began. When France capitulated March 14 to pressure to devalue and announced that the French franc would be floated, virtually all available short-term funds in the European credit system, and a deciding portion of available dollars, were locked into the cycle of currency speculation. At this point all other activity in the capitalist monetary system ground to a halt. Except for the creation of a new international monetary system, this speculative strangulation of the world credit system will immediately send **productive activity** into general collapse.

Markets in Crisis

The present volume of currency speculation resembles an nth point in a "doubling system" at roulette after many consecutive losses. The requirements for currency commitments, essentially short-term loans or loan commitments on the interbank market, increases geometrically with each new commitment of funds to currency speculation. The increase of commitment of funds is motivated by sheer necessity on the part of multinational corporations, who must adjust their books in this fashion or get burned, and more significantly by the international banks, whose main source of profits this quarter will be the thin remains of their international operations.

The saturation point in the market was reached when the French floated; on Tuesday the French franc (international

not domestic) overnight interest rate touched 2,000 per cent per annum. This had nothing to do with the volume of speculation, but represented a reflex-reaction to the fact that the volume of positions against the franc demanded such a large amount of "short covering" that all available Euro-franc funds were immediately claimed to the point of driving the interest rate through the ceiling. (In a discussion with a French diplomat today, Kuhn-Loeb's chief of international operations Yves Istel said, "So the French franc overnight rate is 600 per cent. That's only 1.5 per cent a day. What's so bad about that? Talking about the international situation is like playing the horses.")

The same is true for the dollar sector, where Federal Reserve Chairman Arthur Burns has been forced to sell about \$1.1 billion in securities on behalf of foreign governments, which he compensated for by selling about \$400 million in securities from the Fed's own account, and injecting about \$700 million into the banking system in the U.S. through jugglery with the Fed's account at the Treasury and related devices. What has happened is that the entirety of the Fed's operations is designed to prevent the dollar from collapsing on the international markets, while domestic operations represent mere compensation. This has never occurred before: the tail is wagging the dog. Meanwhile interest rates on the U.S. side are swinging within a 1 per cent margin, wiping out the possibility of short-term money market activity in scale. The Eurobond market in the dollar sector, which had been running at a record pace during the first two months of this year, has suddenly flattened. The reason for this is the almost total commitment of available funds to speculative games. These funds, it must be noted, are only lent between banks, i.e., have nothing whatsoever to do with even the **apparent** profitability of the banking system. The fact that funds are churned up, i.e., apparent liquidity is created (in turns of short-term liabilities of the international banks), momentarily hides the illiquidity aspect — which is increasing at a geometric rate. On top of this, the **claims on liquidity** required by the banking system in the face of non-repayment of short-term debt due from the Third World at the end of the month increase by a geometric pace. But none of this money is lent outside the banking system, and the banking system still appears to create liquidity. As Il Fiorino pointed out today (in the case of the Italian banking system) that even though the banks were seemingly full of funds, the claims on these funds paralyzed the system and prevented productive lending from going on.

What we have, in short, is a second-order geometric function of increase of such claims. The currency markets for the moment have lulled, principally because of the Germans'

resistance. It seems clear that if the lull had not occurred the dollar would have been immediately slaughtered.

Thus, two weeks before the March 31 payments bottleneck, all liquidity is locked into the self-feeding speculation on currency markets. This time there can be no bailout; any attempt by Arthur Burns to print money to re-finance the debt-mass will merely increase the speculative demand for liquidity! At the quarterly payments deadline, the collateral for this debt, bills of exchange tied to goods in trade, will contract suddenly. At this point the debt-mass on top of actual trade will become insupportable.

Enforcing the Collapse

Far from waiting until March 31, the Atlanticists have enforced the collapse of European trade through austerity measures in Britain, Italy, and France. The combined foreign debt of these countries exceeds \$60 billion. In the past two weeks, their Atlanticist creditors have imposed the 25 to 30 per cent living standard cuts they demanded:

Italy's currency has been devalued by 25 per cent. The Moro government has increased the price of gasoline by 20 per cent and other essential products by 10 to 20 per cent, on top of the immediate 25 per cent rise in import prices due to devaluation of the lira. Premier Moro has imposed import controls on meat, petroleum, wood and other essentials.

But Italy's de facto bankruptcy is more effective at shutting off imports than controls. The Bank of Italy has no currency reserves. Earlier in the week it sold its own currency in order to obtain dollars. The government has announced measures to remove \$2 billion from the credit system, but bank lending had closed down before the measure was announced, because the Bank of Italy refuses to redeem its securities held by the banks.

After his capitulation to a devaluation of the French franc, French finance minister Fourcade yesterday announced an austerity program deliberately designed to cause a social explosion. Forcade imposed import controls by freezing the profit margins of importers of foreign goods, a measure directed principally against France's co-victims, Britain and Italy. But the Atlanticist finance minister also abolished price controls on basic industrial products which had been in place for a decade, and kept price controls at the retail level. This measure threatens to bankrupt the entire French retail industry, and is intended to throw into the gutter the future shock troops for a fascist movement. While French francs in the international market bore an interest rate of 600 to 2,000 per cent, the Finance Ministry refused to grant additional credit to domestic industries, throwing the domestic economy into an Italian-like spiral.

The picture is identical throughout Europe. British workers, now under half-disguised military rule, have taken an across-the-board cut in living standards of 25 per cent this month through price increases in food, utilities, transportation, and import goods. Belgian Prime Minister Leo Tindemans, the author of a plan for a "two-tier Europe,"

gracefully relegated his own country to the lower tier with the announcement of an austerity program to defend the Belgian franc against massive speculative attack. Sweden, Denmark, and Norway, according to New York City banking circles, are the next victims; after a week of attack against the Norwegian kroner, the Oslo government announced that it had one month's currency reserves left.

Resistance is Strong

In every European sector, the Atlanticists face a rebellion among their subjects in reaction to these measures. A turning point came on March 18, when the large West German commercial banks advised their clients to begin dumping dollars, and the run against European currencies turned into a rout of the dollar. The New York banks insist that the West Germans will act as the enforcers and financiers for austerity throughout Europe, and on this basis the dollar empire will outlast the month. On the scene, however, the West Germans decided that the dollar empire could not be held together by any means, and proceeded to liquidate their dollar holdings as rapidly as possible.

For the past six months, West German industrialists have watched the New York financiers destroy their foreign markets, first in the Third World and the Soviet Union, which can no longer obtain import financing, and now in the rest of Europe. "I know precisely what the Americans want," said a high executive at Krupp Steel last week. "The Americans have to understand that there are limits of toleration and they had better not step over them."

Meanwhile, the Swiss central bank announced that it would no longer support the dollar, but would instead let it collapse as far as necessary — an astonishing decision from the Swiss, once the strongest defenders of the U.S. currency. Swiss bankers and West German industrialists agree that the monetary situation is out of control. At least a half-dozen leading firms have expressed agreement in principal with the International Development Bank proposal of the ICLC.

The Dollar is Through

With hundreds of millions of dollars a day fleeing the dollar into Germany, the West German monetary authorities will probably upvalue the German mark on the currency markets during the next few days. But mere revaluation of the mark, comments the leading West German banking newspaper, the Frankfurter Allgemeine Zeitung, "will do nothing at all to stop the currency crisis." If West Germany further agrees to inflate its currency to pay the debts of its European partners, as the Atlanticists demand, there is a thin chance that the corpse of the dollar monetary system can avoid burial for another few weeks. If the West Germans continue their resistance — which both the banks and the U.S. State Department have noted with great trepidation — the shell of the dollar system will collapse within days.

But the Atlanticists' long battle to save the dollar has been lost irrevocably. They have nothing left but fascism and war.



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DOMESTIC MARKETS NEWSLETTER

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Slight Production Increase Produces Inventory Glut

NEW YORK, March 21 (IPS) — New York banks reduced their commercial and industrial loans by \$368 million for the week ending March 17, bringing the total decline since January 1 to \$3.1 billion. At the same time, Federal Reserve Board reports issued this week indicate that industrial production increased slightly in February, though it still remains about 10 per cent below 1973-74 levels. With the New York banks cutting off credits to industry at a faster rate than 1975, when production collapsed precipitously, the February increase was solely financed by unprecedented rates of looting of workers' wages and savings, and speed-up. This Schachtian looting process determined the nature of the production increase — everything went into inventories since final sales are precluded from rising by the looting process itself.

The latest drop in industrial loans occurred during the week which corporations pay their taxes. Loans normally rise by at least \$200 million during this period as corporations borrow to meet their tax payments. The large decline indicates that New York banks are shutting off credit to U.S. industrialists as they are doing to Third World puppet regimes and W. European industrialists, thereby forcing "belt tightening" austerity.

Numerous bankers and money market dealers, when confronted this week with their continued cut-off of industrial credits, replied that whatever production occurred in the U.S. would have to be financed from corporations' "internal funds." In other words, industrialists would be forced to squeeze funds to pay debt service and meet capital requirements through speed-up and cost cutting, since no loans would be forthcoming — a policy of forced disinvestment. These statements were echoed by Chase Manhattan, in a blunt report titled "Labor Costs Are Critical" in its latest "Business in Brief," which says that U.S. industrialists must hold the line on wages and extract even more "productivity."

Similar sentiments were expressed in a Wall Street Journal editorial of March 2 which explicitly called for elimination of all income transfer payments to "non-productive" individuals and the elimination of impediments in contracts to "increased productivity." This then is the capitalist bargaining position for the upcoming contract

negotiations — a bargaining position demanded by the Wall Street bankers. Giving the corporations no bargaining leeway, by closing off capital flows, Wall Street is setting the stage for a final mass strike confrontation with labor in the U.S.

With the banks refusing to even roll-over the short-term debt with new loans, corporations are also continuing to sell bonds at unprecedented rates to tap workers' savings to repay their bank loans. Almost \$3 billion will be floated in March alone, the highest monthly total since last July, bringing the total for 1976 to nearly \$8 billion.

The Production Rise

Any production increase generated by this primitive accumulation self-cannibalization process is unrealizable. It is not surprising, therefore, that in February production of materials, which accounts for almost 40 per cent of total production, increased much faster than final products. These materials are now sitting in manufacturing inventories. The latest report of the National Association of Purchasing Agents revealed that corporations are attempting to increase their stocks of industrial markets as a percentage of sales.

Most of the increase in final products itself was accounted for by a 7 per cent rise in auto assemblies on the basis of inventory accumulation and consumer debt expansion. This rise in auto production, in turn, provided a boost to rubber, steel, glass, chemicals, etc. A much smaller reported rise in non-durable consumer goods production was likely a statistical fraud. The Federal Reserve Board, after similarly initially reporting non-durable production rises in both December and January, later greatly revised downward the increase. To the extent there was any actual increase, it went into inventories, since non-durable final sales remain at about the same depressed level of last year.

To the extent any manufacturer did increase production, he probably did so on the basis of interpretations of the government's seasonally adjusted data. Such data, as we have previously demonstrated, are totally fraudulent. As a result, manufacturers will shortly find themselves holding seemingly "unsaleable" inventories in anticipation of a "Spring" upturn which can never come.



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SPECIAL REPORTS

Analysis of the Faction Fight in China

The leadership of the Chinese Communist Party has entered the seventh week of a renewed faction fight, whose central underlying issue has escaped the view of the professional "China watchers:" the collapse of Mao Tse-Tung's foreign policy. Since 1971, Mao has been able to sustain his fanatic anti-Sovietism solely on the basis of China's alternative alliance with the U.S. and NATO and its role within that alliance of leading the Third World against the Soviet Union.

Last year, the basis for that alliance fell apart. The Rockefeller-controlled U.S.-NATO apparatus lost the political and economic control over the world it had enjoyed since 1945. It has not been able to follow through on promises made to Mao about joint anti-Soviet action. China has also lost the support and good will of Third World nations because of its virulent anti-Sovietism and the lack of Chinese industrial-economic growth initiatives toward the underdeveloped world.

The critical factional issues of educational and economic policy, widely reported in the press, are significant only in the context of the overall collapse of Mao's "Chinese way" internationally.

The discrediting of Mao's foreign policy has given his numerous opponents considerable factional ammunition with which to undercut his influence within China. Mao's current campaign is an attempt to politically salvage his faction, and through it maintain his anti-Sovietism as hegemonic policy beyond his own death. In this fight the Maoists' only weapons are ones of crude psychological warfare. They are now moving to exacerbate differences within the Chinese population and are stepping-up the brainwashing propaganda assault on the general population.

The Maoists

The Maoist campaign is led by individuals who date their rise to power from the 1966-68 Cultural Revolution. The key factioneers are Politburo members Chiang Ching, (Mao's wife), Chang Chun-chiao, Wang Hung-wen and Yao Wen-yuan. This grouping has neither a sizeable social base outside Shanghai (the home of Chang, Wang and Yao), nor a substantial power base within the CCP itself. The faction and its party followers owes its political existence to the personal protection of Mao.

The Maoists' charges against the faction led by Teng Hsiao-ping openly reveal that the primary issue in the fight is a naked power grab by the Maoists. In Chinese press accounts partially blacked out by the Western press, the Tengists are accused of blocking the advancement of young Maoists whose sole qualification is their ability to verbally assault "revisionists" — i.e. the economic bureaucrats. A long front page article in Peking's People's Daily on February 29 accused Teng of denouncing young leading

cadres as "those who have moved upward in helicopters" and of insisting that cadres only be appointed "step by step" based on experience. The Tengists are accused of reinstating old, once-purged cadres instead of promoting Maoist youths to responsible posts.

While attempting to infiltrate the CCP, the Maoists are trying to create a loyal social base by exploiting divisions within China's general population stemming from the nation's poverty. Maoist economic and educational policy has led the least advantaged against the slightly more advantaged layers by championing the lowering of all educational and living standards down to the lowest common denominator. This policy has succeeded in eliminating educational preparation and intellectual achievement as criteria for university admittance, and have substituted for them the criterion of Maoist slogan-mongering, with predictable catastrophic effects on the quality of intellectual-theoretical work nationally. The purpose of the policy has been to create an ersatz "intelligentsia" of incompetent graduates beholden to the Maoists.

The Maoists have pushed for the retraction of wage increases and bonuses from the majority of workers as a ploy to gain the support of lower-paid contract and temporary workers. They have attacked the Tengists for "putting profits in command" and supporting "material incentives" for increased worker productivity.

Teng et al are further attacked for maintaining so-called bourgeois rights in the countryside. This line refers to the right of the peasants to maintain tiny private vegetable plots and to sell their produce at market. In this regard, the Maoists continually champion the "poor and lower middle peasants" in their claims against the slightly better off "rich peasants." These divisions are due to the incomplete social and economic transformation of the countryside which Mao has energetically obstructed since the 1960's.

The Maoists are pushing no policy except the maintenance of China as a peasant society. Only by maintaining China's backwardness do they see a possibility of manipulating the population to their factional advantage — this is their sole policy objective.

The Tengists

Teng-Hsiao-ping, Mao's chief target, has inherited the loose faction led by the late Prime Minister Chou En-lai. Chou's base was the key layers of economic administrators who have run the economy since the early 1950's. Teng has also taken over the remains of the Party bureaucracy he headed before his 1967 purge. Teng's base has been in de facto coalition with Chou's faction since the early 1960's.

The Teng-Chouist faction is most clearly distinguished by its abhorrence of Maoism. The factional differences have arisen not out of principle, but are due to the hideous negative

consequences of Maoist policy for the economy. Chou held the economy together after both the Great Leap Forward disaster of 1958-60 and the Cultural Revolution. He later moved to consolidate factional support for his policies after the dumping and murder of former Defense Minister Lin Piao in 1971. Chou succeeded in forcing Mao to agree to the rehabilitation of Teng Hsiao-ping in 1973, and to almost every other purgee of the post-1965 period. At the Fifth National People's Congress in January 1975, he succeeded in gaining institutional approval for his 25-year long-range plan to modernize China's economy, and his 10-year perspective for intensive economic growth. At the same Congress, Chou managed to exclude China's four top Maoists from all positions on the NPC Permanent Standing Committee.

Helpless to prevent acceptance of Chou's program, Mao was so incensed at the Congress proceedings that he boycotted the entire session. Immediately thereafter, Mao launched the "anti-bourgeois rights" campaign, and the campaign against the novel "Water Margin" in September, to state his case against Chou.

Following Chou's death January 8, 1976 the Maoists drastically stepped up the attack. A scheduled late January 5-day Central Committee meeting to select a new prime minister and launch the new five year plan was broken up by the Maoists. The session ended after only 2 days. The selection of Hua Kuo-feng, not firmly in either faction, as acting premier, was the first indication that the anticipated successor to Chou, Teng Hsiao-ping, was himself under heavy attack.

In any other country but China Chou's policies would appear as unexceptional, although generally competent, programs for economic development. In contrast to Mao's attempts to destroy China's population through his deschooling and austerity policies, the Chou-Teng program is a beam of light streaming into the darkness. It has the support of the vast majority of the Party, the majority of the army which recognizes the military necessity of technological development, and most of the population which overwhelmingly recognizes that China's best interest lies in increasing national wealth. The principal supporters of Maoism are those opportunists who want to rise to power on Mao's coattails.

Others support Maoism — in appearance only — under the threat of a pervasive Gestapo apparatus run by Mao and reinforced by "blockwatchers" and other policing and spying operations run in behalf of Maoism.

A third tendency, unable to organize openly consists of cadre within the CCP and the army who favor reconciliation with the Soviet Union and China's reintegration into the Soviet camp. This group includes many members of the Teng faction. Once Mao dies and that roadblock to the total elimination of Maoism is removed, this faction by the nature of the Teng-Chou program and of the developing international situation will rapidly gain hegemony.

Various anti-Soviet commentators have fearfully noted the existence of this tendency while the Soviet press has commented on it favorably. China's discrediting in the eyes of the Third World over the last year, and the rapid increase of Soviet influence there, will impel such a shift of expediency on any non-Maoist regime.

Political Gutlessness

The actual strength of the anti-Maoists is overwhelming. This raises the question of why they have not long since

eradicated Mao and Maoism from China's political life. The answer is in fact the monstrous political gutlessness of all Mao's antagonists since the late 1930's. Chou En-Lai, who disagreed with Mao in economic policy continually for 25 years, could accurately be called Maoism's creator. Notwithstanding bitter policy disagreements, Chou was loyal to Mao, bailing him out of his disastrous messes, and deflecting the efforts of others to unseat him at crucial moments. Chou, Teng, the deposed former head of state, Lui Shao-chi, and countless other leaders allowed Mao to create and widen the original split with the Soviets — and worse, create the unbearable cult of Maoism.

Without attacking "Mao Tse-tung Thought" itself directly as a fraud, all of Mao's opponents are forced on the defensive and cannot wage an actual political fight against it or Mao. They are forced, as they are accused by the Maoists to impotently "wave the red flag against the red flag." The anti-Maoists now face the real threat that an open attack on Maoism would ignite an uncontrolled popular explosion which might destroy the regime.

This threat has allowed the Maoists to proceed this far in trying to purge Teng again. Since Chou's funeral, neither Teng, Li Hsien-nien, chief economic planner, or Yeh Chien-ying, Defense Minister, has been seen in public. Li and Yeh were very close colleagues of Chou En-lai. Similarly the Education Minister, Chou Jung-hsin, who had come under attack in December, may already have been purged, while Yeh is rumored to have been replaced as Defense Minister by Chen Hsi-lien, Peking Commander.

However, the accusations against Teng by the Maoists reveal that he is waging a behind-the-scenes fight, though this remains unreported in the Western press. Teng is accused of having told his rehabilitated followers not to be afraid of attacks on them because they had already survived being purged once. This indicates that he is organizing for a long struggle. He and his cohorts are also accused, in the Feb. 29 issue of the People's Daily, of working behind-the-scenes, making speeches and appealing to the intellectuals for support.

However, the accusations against Teng by the Maoists reveal that he is waging a behind-the-scenes fight, though this remains unreported in the Western press. Teng is accused of having told his rehabilitated followers not to be afraid of attacks on them because they had already survived being purged once. This indicates that he is organizing for a long struggle. He and his cohorts are also accused, in the Feb. 29 the People's Daily, of working behind-the-scenes, making speeches and appealing to the intellectuals for support. Teng is accused of having circulated a "Reporting Outline" to try to consolidate his faction within the universities and among scientists. He has repeatedly been attacked during the last seven weeks for being entrenched and well-supported throughout the party.

Teng has attempted to use the banality of Maoism to his advantage. He is accused of walking out in the middle of operas produced under the direction of Mao's wife in total boredom, and of having said that tickets to them probably could not be given away. Moreover, he is charged with having been opposed to Mao's demand for incessant phrasemongering by asking: "How can we talk about class struggle every day?"

Teng has also fought charges of "revisionism" by arguing, "How can bourgeois rights be restricted and eliminated

without a material base" of greatly expanded production. The attacks on him have harped on his faction's argument that Mao's educational policies have "hobbled modernization" and caused science and technology to be "stagnant, confused and paralyzed."

Internal Line-Up

The Teng faction's strength is most evident among the ranks of the provincial leaderships. A grid of provincial broadcasts up through March 1 reveals that only one province, Chekiang, and one city besides Peking, Shanghai, backs Mao to the hilt. The Maoists have forced strong attacks on the Teng faction in four or five other provinces in Manchuria, East and South China, but even these attacks hold back from total support for Peking. The campaign has been toned down drastically, parodied, or ignored in the remaining provinces, including strategic areas along the Soviet and Indian borders. In several of the pro-Maoist provinces, including Chekiang, Maoist wall posters have appeared denouncing first party secretaries, indicating that even in these provinces Teng has high-level support.

The Army has been entirely excluded from the campaign suggesting minimal Maoist control of the military as well. While factional alliances of Chen Hsi-lien, the probable new Defense Minister, are not known for certain, he has long been a proponent of modernizing the Army and probably opposes Mao. The Army had been a key base of support for Mao during the Cultural Revolution.

Teng, Li and other anti-Maoist leaders still apparently

retain their party, government and army posts, even after six weeks of an insulting, vituperative campaign in the Maoist-controlled Peking press. Whether or not these individuals can continue to hold their posts in the short run, the inability of Mao and the Maoists to win a quick decision against them has reduced their credibility to near zero. As yet inconclusive reports that the Maoists have reversed an earlier position and are now saying that there is still time for Teng to repent suggest that Maoists may have backed off. This may signal an attempt at a face-saving deal involving a nominal "self-criticism" by Teng in return for an attenuation of the campaign.

The demise of the China-U.S.-NATO alliance fashioned by Secretary of State Henry Kissinger, and the collapse of the "American Century" make useless Mao's traditional ace-in-the-hole anti-Sovietism as a factional weapon. No Chinese leader can fail to recognize that Mao's foreign policy has been a total disaster. At this moment China's strongest international ally is Chile. Anti-Sovietism has flopped throughout the Third World. What has unnerved Western anti-Soviet commentators, academics and diplomats is that regardless of day-to-day events in China from now on, Mao's reliability as an anti-Soviet ally is irrevocably destroyed. Mao is capable of bringing only instability and economic dislocation to China. His opponents, even if they make no present indications of favoring a reconciliation with the Soviets will be pushed in that direction the moment Mao is out of the picture.

Leading Members of China's Factions

The following box identifies the major posts and factional alignments of China's leaders. The Communist Party hierarchy at the national level includes a 250-man Central Committee, which meets rarely, and a 21-member Politburo, which actually runs the country. The politburo is headed by a Chairman, 5 vice-chairmen and a Standing Committee (chairman, vice-chairman and 3 others).

In the government hierarchy, the post of premier is the top, followed by 12 vice-premiers.

The real power, however, resides in the Party itself. Within the ruling Politburo, there is little democracy as Mao, through terror and manipulation, has often prevailed despite representing a minority. The reader is therefore cautioned that the actual strength of factions cannot be concluded from examinations of who holds what position alone. (see article):

MAO FACTION

Mao Tse-tung — Chairman of the Central Committee, CCP
Chang Chun-chiao — Standing Committee of the Politburo;
Political Commissar of the Armed Forces
Wang Hung-wen — First Party Vice-Chairman
Yao Wen-yuan — Politburo member
Chiang Ching — Mao's wife; Politburo member

TENG FACTION

Li Hsien-nien — Politburo member; Third Vice-Premier of the Government; Chief economic expert for the government
Teng Hsiao-ping — Second Party Vice-Chairman; First Vice-Premier of the Government; Chief of Staff of the Armed Forces
Yeh Chien-ying — Party Vice-Chairman; Defense Minister (unless replaced in January); extremely old and probably plays little role
Liu Po-cheng — Standing Committee of the Politburo; paralyzed by stroke and may no longer be active
Chu Teh — Standing Committee of the Politburo; extremely old (87) and may play diminished role

ALLEGIANCE NOT CERTAIN

Hua Kuo-feng — Acting Premier; Politburo member; Minister for Public Security; appears to be going along with Mao, but previously known to favor Chou's economic program
Chen Hsi-lien — Politburo member; Commander of the Peking Garrison; probably Defense Minister as of January; has always opposed Mao's use of the Army as a political tool, favors modernization of Army

SPECIAL REPORT

The Question of Democracy

by **Lyndon H. LaRouche**

USLP Presidential Candidate

Incredible as it may still appear to be to some, only police-state measures and forces could prevent the U.S. Labor Party ticket from winning or at worst nearly winning a plurality of the electoral college vote in the November elections. The impending developments in the world and national economy will trigger the hundreds of factory and neighborhood Labor Party caucuses around the nation into a major political force, exposing my pathetic Republican and Democratic Party opponents as what most working people would rightly describe as Mickey Mouse politicians.

Excluding police-state measures or massive frauds to prevent honest campaigning and elections, from spring through summer the Labor Party support will spread through the nation like proverbial grass fire, extending the 30-plus per cent support we now have in some regions into majorities in a large number of key voting districts.

Most of those who vote Labor Party in November will be persons who have been firmly anti-socialist all or most of their adult lives, persons who will demand from me a clear statement of where I stand on the issue of democracy.

I could reply simply and honestly that the Labor Party can confidently put its democratic record against the anti-Constitutional tendencies in the Supreme Court and the U.S. Department of Justice, or the police-state performance of the Virginia and North Carolina state Democratic Party machines, or the vote-fraud machines of Boston's Mayor White and other such notables. The voters will accept such plain truths concerning so much of the Republican and Democratic Parties' internal dirty laundry, but they will also — rightly — still demand to see the inside of my head on this question.

A 1977 Labor Party White House

First, let us leave no doubt concerning the nature of the government I will quite probably head up after the 1977 presidential inauguration. It will not be a socialist government, but a capitalist government, enjoying the support of not only a majority of working people but also a probable majority of industrialist forces. For a key minority of the voters, I will be in the White House because I am one of the world's important socialist figures; for a majority of voters I will be in the White House despite the fact that I am a socialist.

I will be elected — if that probable event occurs — by a large number of people who reluctantly support me as the only candidate competent to put the nation and world

economy back together again under conditions of the worst depression since the early 17th century.

Workers and others will vote for Wayne Evans and me not only because they demand that the International Development Bank, the Emergency Employment Act, and related Labor Party legislation be put into effect; for the critical few years immediately before us, they wish the nation — and their urgent interests — to be served by the same kind of thinking and commitment which went into developing the IDB and EEA.

Industrialists and others will come around to accepting a socialist in the White House because they see that as the only credible hope for getting back to full production levels — and also because they are willing to meet Labor Party demands on employment, wages, working conditions and social services as part of the price of getting out of the current depression collapse.

For such serious work, the nation will not cheerfully tolerate a vacillating, limited personality such as President Ford, a cast-off from the late late show circuit, a Rockefeller, or the procession of Mickey Mouse eccentrics predominantly contending for the Democratic nomination.

In brief, my entry into the White House will end the role of the USA as an imperialist nation, but will vastly strengthen the nation as a capitalist industrial power.

Because this is already the spring of 1976, and because the U.S. Labor Party is merely mass-based but not to this point a mass-organized machine, a very large proportion of the support for a Labor Party White House in the Congress, state legislatures, and municipalities will take the form of fractions of Democratic Party machines. Some former Democratic Party figures will directly enter the Labor Party, others will act as political independents collaborating with the Labor Party; others will continue as Democratic Party units acting independently of the official national party ticket.

After a Labor Party victory in the elections, certain sections of the Republican Party and a larger portion of the Democratic Party will adapt to the role of "loyal opposition" to the White House. Meanwhile, the Labor Party machine will of course grow rapidly, keeping incumbent officials honest, and preparing for subsequent electoral campaigns.

That, given a fair semblance of a democratic process in the USA during the rest of 1976, will be the basis on which the nation functions to climb out of the current depression beginning 1977.

"What Will He Be Up To?"

It will be assumed that my residence in the White House will somehow lead the nation in the direction of a later socialist transformation. That is a reasonable assumption, unless one means to imply that I shall somehow "sneak" socialism into being behind the backs of the electorate. Have no such fear; it is a scientific impossibility to "sneak" socialism into being — if there were any doubts of that, absolutely everybody would be zealously watching everything the White House does.

Let this be clear, however. The election of a Labor Party ticket to the White House in November 1976 means that the issue of moving toward a socialist transformation will be the leading electoral campaign issue of the 1978 congressional and 1980 general elections.

What is indisputable is that a successful four-year Labor Party presidency will win a very large plurality, probably a majority, to a socialist outlook. Therefore, provided that we understand that a socialist USA is not the practical question of the 1976 elections, we can competently discuss the question of what a Labor government in the USA will probably lead to by 1979 or 1981. If a socialist USA emerges — say during 1981 — as a popular reaction to a 1977-1980 Labor Party government, will the USA then be a democracy of the type that most U.S. citizens today desire?

The very short answer is "Yes, absolutely." However, as we admitted above, the voter wants something better than a quick one- or two-word answer. For such reasons, the voter will understand my obligation to take up this question in a relatively profound way.

Two Ideas of Freedom

There are in fact two quite different main definitions of what ought to be meant by individual political freedom. The strict meaning of individual freedom, which is unfortunately too little known, is the concept for which I stand. The more commonplace notion of individual freedom, more or less similar to the views of John Locke, is fundamentally unsound from a scientific standpoint, but nonetheless corresponds in form to the only workable type of doctrine of political freedom which can be agreed upon in a capitalist society.

To make the problem a trifle more complicated, the strict conception of human freedom — to which I adhere — and the Locke-like conception embedded in the U.S. Constitution (and violated by the Burger Court) work out in practice to much the same result in capitalist society. So, for capitalist society, I support in practice the forms of individual political freedom which the strict Constitutionalist would describe as Lockean.

To understand how a socialist democracy in the USA would function, it is most useful to analyze the reasons why I, a socialist, must support ostensibly Lockean policies of individual political freedom for capitalist society.

The most effective approach to making the strictly scientific conception of individual freedom clear to the average U.S. voter is to locate that notion in respect to the religious conception of the human soul. Most people, excepting such unfortunates as logical positivists, know that they have a soul. Excepting certain pet-lovers who are unduly influenced by their enthusiasms, most people also know that this experience of themselves they designate as their soul absolutely distinguishes them from the lower animals.

The issue is not merely one of having or not having a soul. The idea of the soul and the idea of a moral responsibility for the consequences of acts of free will are two aspects of the same idea.

Whether or not one is religious — I used to be a devoutly evangelical member of the Society of Friends, but as not now religious — provided one is not an atheist, which I, like Karl Marx, am not, the religious conceptions of the interconnection between the human soul and free will are based on existing notions which are absolutely valid as strictly scientific conceptions. I explain, restating a point which I have developed at length in longer published writings.

As an animal species, that is, as a species whose range of behavior could be explained strictly by a biologically determined form of behavior as for lower animals, man has the ecological population-potential our ancestors of a million years ago possessed — about the same as that of intellectually gifted baboons or chimpanzees. Yet, man has developed his technology and culture — that is, qualitatively changed his range of behavior — to the point that our species is now approaching 4 billion persons, and has a currently known potential (given fusion power) for several tens of billions of individuals.

This accomplishment — whose future potential is effectively limitless — absolutely distinguishes man from all lower forms of animal life. The source of that distinction is man's special quality of **free will, the power of the individual to make scientific discoveries and otherwise create new ideas for effective use by his or her society**. It is that creative aspect of the human mind, the power to create and to assimilate and use new scientific discoveries and so forth, which is the hard kernel of man's free will and the empirical experience of one's self which best accounts for both the religious experience and the certainty of the existence of one's soul.

All efficient modern moral principles are historically directly connected to such ideas of the soul and free will. It is the soul of the other person which prevents us from raising him for meat or otherwise treating him or her as one would freely treat an ordinary lower form of animal life. This moral principle is no fetish. A single creative individual, by producing scientific discoveries or even lesser innovations, directly contributes to the power of survival and development of the entire human species. Every soul is thus potentially precious, and in the most practical terms, to every other human being. Even the individual who apparently creates no new ideas, but who apparently merely develops his or her mental powers to the point of being able to assimilate for practice new conceptions created by others, has the same kind of universal importance.

That intersection and agreement between religious beliefs and scientific judgement identifies the essential basis for the strict conception of human freedom.

The question follows: how does one then advance the cause of individual freedom? Obviously, a stone-age individual from perhaps some remote New Guinea highlands village could not contribute immediately to the advancement of humanity from within modern culture. The quality of freedom in the individual is something which must be developed in each individual. This demands some forms of teaching, of course. But teaching will not succeed unless the individual has a certain level of material culture in the home and so forth, unless the family and the individual have a cer-

tain quantity and quality of leisure. Today, it demands a society advanced beyond child labor; a society which devotes the first 20-odd years of the new individual's life-span to childhood and educational development cannot tolerate average life spans in the order of merely 40 or 50 years.

As scientific and other technological advances in the mode of production increases the amount of energy at man's per capita command for production and consumption, the material conditions of individual life, the quantity and quality of leisure, must be improved. Without such improvements, the development of individuals will not progress to the point of making further general advances in knowledge and practice possible.

In that respect, the quality of human freedom is its own end. Free will, as the expression of creative mental powers, effects scientific discoveries and fruitful technological innovations, which make possible improvements in the material-cultural conditions of individual life generally. Those material-culture improvements lift the creative potentials of the individuals to a higher basis for further advances in scientific knowledge and technology, thus increasing the power and extent of human freedom.

This cause of freedom is no fetish, no luxury. Without technological advance rooted in such advancing power of the creative will, the human species would die in ecological disaster. Each technology defines certain aspects of nature, as man has altered nature, as resources. The resources so defined are always relatively finite in extent. Therefore, the longer society persists in a stagnating technology, the more it exhausts the relatively finite resources as defined by that fixed technology. Without scientific and technological advances in the mode of production — and definition of resources — man would soon cease to exist. Freedom is no luxury, but the very practical essence of human existence.

It is not necessary to argue the fact that this necessary aspect of human freedom is generally overlooked. That is especially the case among our contemporary "zero-growth" fanatics, who are determined to doom the human race to extinction by emphasizing backward, labor-intensive production, and who, not so incidentally, support programs which mean the genocidal murder of literally more than a billion human beings through hunger and disease during the coming five to ten years. To these miserable "zero-growth" fanatics, other human beings — and they themselves — are no different in a moral sense than lower animals. It is not accidental therefore that such miserable creatures should be increasingly concerned to find a current animal-like satisfaction from life in drug addict's fantasies and new, more exotic forms of sodomic sexual practices.

Freedom of Expression

What is usually emphasized in connection with freedom is the matter of the relative political liberty to express a dissenting opinion, and to act, within limits, on the basis of a divergent perception of self-interested practice. Into such a broad definition of freedom all sorts of queer fish as well as creative innovations can be deposited. However, that is the best sort of descriptive definition of freedom that capitalist society can adopt. How does that conception differ from and yet coincide with the conception of freedom I have just summarized?

Society as a whole has two vital interests in protecting certain aspects of freedom of individual expression. Immediately, society must be concerned to discover which policies,

in large and in detail, coincide with the current and emerging general interest of society. At the same time, society must foster those material, cultural, and political conditions in which the new scientific discoveries and other innovations necessary for tomorrow can emerge.

In the conception of socialist society, the effective realization of such requirements can be approached in a straightforward way. In capitalist society, the problem is more complex. This complexity originates in one way because of the intrinsic conflict of perceived immediate self-interests among classes, sections of classes, and among regions within nations. This aspect of the difficulty is aggravated by a general condition which is strictly termed **heteronomy**, or in words of approximation, the implicitly anarchic conflicts of perceived immediate self-interest among the individuals and small and larger groupings within society.

To give one useful example, the political labor movement has been more or less indispensable to successful capitalist economic development. Although enlightened capitalists tend to learn from experience that improved material and cultural conditions of life in the general population are indispensable to the technological potentials of the productive labor force, that enlightened perception could not have been generally imposed upon capitalist society's practice without sometimes bloodily heroic struggles for the advancement of working conditions, wages, and living conditions of the working class.

Also in matters of capitalist economic development as such, since there is no rational procedure for deciding what new technologies will be employed and so forth, the capitalist economy depends upon relatively or marginally anarchic procedures — akin to a market principle of "survival of the fittest" — for determining the marginal changes in overall composition of production in general, patterns of consumption, and so forth. This anarchy in the "competitive" evolution of production intersects, in a somewhat interdependent way, the requirement of corresponding degrees of political freedom within the general population.

Looking at this and related questions from my socialist standpoint, the practical aspect of the society's need for political freedom can be better understood by defining the problem of freedom on three levels.

Any fixed technology of general production can be implicitly represented by what mathematicians properly describe as a single, higher-order manifold, or in the language of the average person, a certain fixed multi-dimensional geometry. Such a system is implicitly susceptible of a predeterminable overall policy, or perhaps a remarkably enlightened dictatorship. On this first level of analysis, the cogent argument for political freedom is the observation that suitable qualities of enlightened despots simply do not exist, and that therefore society requires a process of collective deliberation, a form of political freedom of expression, through which an approximately correct solution to the question of the right policies can be evolved politically.

The instant we pass beyond the notion of a society of fixed productive technology, the real problem of freedom appears in its own right. Society's progress — and even, ultimately, its very survival — depends upon an enriched process of intellectual ferment, through which new scientific discoveries and other forms of creative innovations and experiments can be developed. This involves two discernible phases, as follows.

The first phase, like the present global situation, is expressed by immediate necessity. Without an IDB-type political-economic innovation, the human race would simply not survive in a civilized form beyond somewhere between a possible 1977 general war and ecological collapse during the early 1980s. We should not get much beyond the 1980s without the specific revolution in technology satisfied by controlled thermonuclear reactions technology. These typify, admittedly to an extreme degree, the otherwise constantly recurring confrontation of modern society with some set of immediate problems demanding specific kinds of innovations.

The second phase emphasizes the development of the next generation to a quality in which it will be broadly qualified to develop creative solutions to whatever kinds of problems it, in turn, must solve.

Taking these two latter phases together, that is, the second and third levels of our glance at the problem in socialist terms, we are showing that it is not sufficient to allow sufficient political freedom merely to solve the immediate kinds of problems posed by existing practices; we must also provide further political freedom and so forth in anticipation of the needs of the next generation.

From this standpoint, we must agree that the ordinary notion of the subject of political freedom — individual difference of opinion — includes something which is potentially pathological. In matters of current policy and related practices, there exists an implicitly well defined correct short-term policy, **besides which all contrary opinion is essentially pathological.**

It is as we pose the question, “where does society go next?” that the vital issues of political freedom are posed in the same terms of reference as ideas concerning the free-will-endowed soul.

However — a very large “however” in practice — even with respect to current policy there exists sufficient lack of scientific precision such that two kinds of political freedom on that subject are required. First, obviously, the power of society to detect errors of policy for prompt adjustments. In a connected way, but for more lasting purpose, where errors in current policy arise it is essential to criticize such errors from the standpoint of ascertaining what kinds of methodological error may have caused such a flaw in judgement — thus increasing the quality of judgement employed for future policy deliberations.

The Role of Principles

In the recent and current popularized discussions of democratic principles, we hear much repetition of the nonsense-word “pluralism.” Such current babbling is essentially a direct result of such conniving by the mice at the RAND Corporation and similar pestholes of the Atlanticist establishment. For over a decade, RAND and similar agencies designing “covert operations” have emphasized a stated policy of indoctrinating the general population in late 17th and early 18th century philosophical outlooks. This atavistic enterprise has been justified in such mice-circles by the recommendation that if the U.S. and other populations can be driven back in the general direction of caveman-like ideology, the Atlanticist rulers can more easily control the population by various kinds of political manipulations.

The gist of the matter is this. The mice have gone back to nibbling at the writings of Locke, Hobbes, and Rousseau, with a quality of scholarship fit to shame an especially sloppy

college freshman. Out of that miserable bit of alleged political-philosophical research work, they have produced this current babbling around the theme-word of “pluralism.”

Happily, the 17th and 18th century English and French philosophers had nothing in common with RAND’s miserable stew of “pluralism.” From the accession of Tudor Henry VII to the throne of England, and out of the Italian Renaissance, the dominant idea permeating the emergence of modern capitalism was the **Idea of Progress**. To all the leading philosophical and other intellectual influential persons of the period from the Renaissance through the early 20th century, the by-word was technological progress, and the evolution of political institutions and expansion of individual political freedom in the interest of making the realization of technological progress possible.

In our own history as a nation, Franklin, Jefferson, and Hamilton, as well as Samuel Adams and Tom Paine, proceeded from that same underlying common principle — the Idea of Progress — which governed our nation’s economic and political development until World War I and the Great Depression. In our U.S. tradition, the Idea of Progress and what was known from the beginning of this century as our “frontier” principle of cultural and political development persisted to the point of exerting largescale appeal in the “New Frontier” slogan of the John F. Kennedy election campaign.

It is an ugly historical fact that after the assassination of President Kennedy and the accompanying increased hegemony of the Rockefeller-aligned “utopian” faction of Atlanticists, progress and the idea of new frontiers of general national achievement were degraded almost into dirty words by the rise of the rock-drug counterculture, Maoist idiocy, and “zero-growth” cults.

The notable implicit and inextricable basis for the current spread of pluralist ideology is an accompanying rejection and even frequently outright denunciation of the Idea of Progress.

The relevant point to be drawn out of such facts concerning the history of modern democracy is that the motor-force for the emergence and development of political democracy was a shared, if poorly defined, agreement on the principles of the Idea of Progress. This has two main aspects. First, democracy is based on the acceptance of the principle of progress, which means technological progress in production, improvement in the general material-cultural conditions of life, and the enlargement of political freedom to the end of making economic progress politically efficient. Second, democracy has never meant equal treatment for just any idea or practice. Ideas which did not have a credible connection to the principle of progress were properly considered worthless politically as well as in substance. The right to exercise political freedom in ideas and practices was always — properly — more or less explicitly associated with the latitude of freedom of expression necessary to the overall efficient pursuit of progress.

Freedom does not mean that the initial scientific discovery of the existence of dirt must be independently pioneered by each new individual, and such discoveries detailed *de novo* each day. In general, freedom is delimited by the working assumption that certain questions have already been conditionally settled, at least up to the point that someone develops a cogent reason for publicly reexamining such ideas. In general, freedom does not mean putting obvious absurdity upon an equal footing with scientific knowledge.

Just as capitalism's development permanently abolished certain feudal and mercantilist-feudal habits from accepted social practice, and rejected the Domesday Book in favor of the Idea of Progress, so socialism signifies the rejection of certain outlived and discredited features of capitalism. Just as capitalist society does not permit landlords to practice feudal serfdom, so socialist society does not permit the practice of capitalism.

How The Change Occurs

"Do you mean that under socialism I will have no 'freedom' to be a capitalist?"

The direct answer is "Precisely so." However, there is another, implied question involved: "Do you mean I will be forced to give up my pro-capitalist ideas?" To which the answer is "No; you will quite cheerfully give them up in due course."

Great transformations in the form of society occur with accompanying changes in the accepted values and world outlooks of entire classes of the population. This means that no approximation of socialist society could be instituted within the USA without a preceding and accompanying hegemony of socialist world outlooks with a body termed the **political working class**, made up of the working class and other strata who are committed politically to those principles of society which are otherwise most immediately an expression of the general interest of working people in maximizing the long-term rate of expanded reproduction.

"But, what about the Soviet Union?" "What about the 'dictatorship of the proletariat'?"

The Soviet Union, first of all, is no model for socialist society. From the beginning of its existence, the Soviet Republic has been a besieged garrison, repeatedly invaded and otherwise constantly threatened with military incursions, economic blockades, and so forth. These circumstances of its existence, including proportionately massive military burdens on the most advanced sectors of its industry, a struggle to emerge out of backwardness in the wake, first, of World War I and civil war, and then the ravages of World War II, have witnessed successful economic development at the price of major personal sacrifices not always so gladly contributed by all sectors of the population, and so forth. The Soviet Union is what it is, and nothing different. It is neither Paradise on Earth nor otherwise a model to be copied — unless one chooses to also copy all the hideous burdens and averse conditions against which the Soviet nation variously has struggled and continues to struggle.

Otherwise, to round out that point, the Russians are not coming to the USA except as invited guests — unless by some hideous misfortune, the Atlanticists remain in power in this nation and bring us to the point of general war. Any other views on the "Russian question" are simply terrifying fantasies of the sort evil old men concoct for the malignant purpose of frightening gullible children.

The dictatorship of the proletariat is a more serious proposition than the mythical issue of the "Soviet model." Yes, if you insist, I am for the "dictatorship of the proletariat" in the way I mean those words, which is, of course, not the way George Ball deliberately misinterprets them.

The term "dictatorship of the proletariat" was developed by Karl Marx to describe a **transitional form** of workers' economy as the exact parallel to capitalist political democracy.

Capitalist democracy can be usefully compared to a goldfish bowl. Within the bowl, the fish is free to swim as he may

choose. It is as we empty the fish into a bathtub of water that we discover something special about that **freedom**; for a time the fish continues to swim within circles like those to which he had become accustomed within the bowl. We observe that the goldfish, preoccupied with his freedom within the bowl, has lost perception of the "dictatorship of the bowl." It is the same with capitalist democracy. Capitalist law and related practice circumscribes behavior within the limits of those practices which are necessary to capitalist forms of ownership and control of the means of production and distribution. (Hence, I as a socialist President of our democracy shall be presiding officer of a capitalist dictatorship.)

tional form of economy bridging the development from capitalist to world socialist economy, the norm of political freedom of the individual is greater than in capitalist democracy. However, there is also a bowl for that political goldfish bowl as well. In this case, the bowl is the axiomatic framework of nationalized ownership of the basic means of production and distribution, for which the political working class is the, so to speak, property-holder of record as thus comparable to the titled position of the capitalist in capitalist democracy.

Otherwise, a socialist USA of the sort that might be initiated in 1981 — after my excellent preceding performance in the White House — would be what we decided to make it.

Labor Party Democracy

The center of the democratic policy of a Labor Party White House will be the dissolution of the existing intelligence establishment and the creation of a new **public information agency** which functions will be set up and will function in the Labor Committees' intelligence department functions now. This new institution will be set up and will function in the following manner.

I will introduce legislation authorizing the creation of the position of **Director of Political Intelligence** as a regular Cabinet post.

Under the immediate executive responsibility of the Director of Political Intelligence, we shall constitute a full spectrum of political, economic, scientific, and technological intelligence covering global developments — a vastly expanded agency modeled on the basic principles tested for practice by the Labor Committees' intelligence department.

This operation shall be integrated with the Cabinet as a whole. The supervising body for intelligence policy and operations should be the President, the Vice President, and the Cabinet. At the same time each Cabinet officer shall have a special Deputy who is assigned direct responsibility for attending to the Secretary's intelligence supervisory functions, and who directly coordinates the activities of his or her department with the Department of Intelligence.

The President, Vice President, the Cabinet and their deputies have responsibility for daily and also emergency decisions concerning intelligence matters, and for coordinating the activities of the respective Departments with respect to Cabinet decisions.

The immediate internal governmental function of the Department of Intelligence is to daily brief every ranking executive department official, every member of Congress, and executive and legislative officials of state and local government with both a synopsis of global political, economic, scientific, other technological developments, and a

more detailed updating of information of immediate relevance to their areas of responsibility and expressed special concern.

Under this procedural policy we shall end the present nonsensical arrangement under which members of Congress and other responsible officials are pressed to act on proposed legislation and so forth with either false or incompetent information from the Executive or, more broadly the present case, with no sources of competent information regularly available to them.

The primary Executive function of the Department of Intelligence is to provide the President and Cabinet members with the basic current and background information essential to executive decisions on breaking developments, and on other policy matters properly based on intensive research.

The further function of the Department of Intelligence is as a public information agency, functioning as a news service should function, making all essential newsworthy developments directly available to public news media and to individuals through state and local public information offices.

Incidentally, to ensure a competent basis for public confidence in the quality of reporting by the Department of Intelligence, I shall propose that selected members of both branches of the Congress shall have the power of audit and public reporting concerning the quality of the work of the Department.

The sources of information used shall include the following. Regular channels of the Executive Department, federal, state, and local executive and legislative agencies, and the federal, state, and local courts' transactions. In addition, information from public news media shall be cross-referenced and, as warranted, independently verified. Outside the territory of the USA itself, the Department shall function in cooperation with the State Department. Public information officers, selected from professional journalists, scientists, technologists, and other suitable backgrounds, shall be appointed as U.S. public information representatives, functioning **openly** as public information representatives in those countries in parallel to public news media. Public information officers designated for central office and field assignments within the USA shall function in the manner of journalists.

The direct relevance of such an agency to the advancement of political democracy is emphasized by the general commitment with which the Department of Intelligence — like the Labor Committees' own modest intelligence department of today — is to be charged. The continuous public duty of the agency is to take the general public out of the presently prevalent midnight and twilight concerning the vital information on which national policy is to be competently based.

This responsibility demands the kind of open government the policies and functions of the Department outline. It is not merely the supplying of such public information as factual information which accomplishes the desired result. First, as far as the information itself is concerned, the daily mass of knowledge must be digested in such a form of synoptic organization of the briefing that every citizen, as he or she becomes familiar with the procedure, develops daily or at least weekly competent overview of all the basic policy questions. Such a well designed briefing is, of course, supported by detailed reporting suitably indexed, so that the citizen may efficiently evaluate the judgements of the briefing in

any desired area for himself, by reference to the indexed larger bulk of supporting information.

The responsibilities of the Department go beyond such routine duties. The essential further duty of the Department — with the aid of other Executive Departments and suitable professionals — is to formulate the problems of policy decision and policy implementation in such a way that the average citizen quickly becomes competently informed of the kinds of national policy decisions he ought to contribute to formulating.

The object is to end the arrangement under which most citizens lack the means to do more than contemplate and perhaps protest against proposed national policies from — so to speak — the underside. The task of a democratic government is to foster in the general electorate the competence to **formulate** policy.

Never again, to the extent that I have the power to effect a change, shall the people of the United States and the world be trapped in a mess of misinformation and ignorance on vital issues such as that to which they are still being subjected through the lies and ignorance of both government agencies and major news media. Never again must the situation develop in which the human species is threatened with imminent catastrophes, but in which the average citizen and even federal elected officials of the USA are essentially ignorant of the nature of the danger as well as the alternatives available to avoid such menace.

Objectives of My Policy

This public information policy is aimed to serve the public interest on three principal levels.

First, the application of the experience of the Labor Committees to national intelligence practice ensures a degree of competence in the Executive and Legislature which is not only lacking but impossible to attain under the current and prior administrations.

Second, the outlined public information functions provide the practical basis for that quality of informed electorate which is inseparable from effective political democracy.

Third, and of the most profound importance, such a policy is essential to the objective of providing each citizen a competent basis for objectively conceptualizing his own personal importance to the rest of his species. Only a person who has a competent overview of the world as a whole, the current and impending problems facing humanity, can objectively locate the general importance of his or her creative innovations, his or her applied skills as professional or productive worker, his or her effort of self-development, and the importance of those efforts he or she makes in behalf of the enriched intellectual and moral development of the emerging new generations.

If you insist on identifying such matters in the religion-tinted terms of **soul** and **free will**, so be it. The proper fundamental object of the general self-government which a people adopts for itself is, if you prefer such terms, that enrichment of the **free-willed soul** which purpose is its own proper end. It is to the extent that a people is able to afford its individuals a proper sense of intellectual and moral self-development as individuals of recognized and self recognized importance to their species generally, that we realize to the fullest extent possible those moral qualities of the people from which indispensable scientific and technological progress ensue as a natural consequence.

The included object of such democracy, the included object of my White House tenure, is to reverse the hideous moral decay which has increasingly afflicted our society especially during the approximate past decade. Large sections of our youth live only for the gratifications and fantasy-oriented titillations of the immediate sensual moment — the horrible moral decay which has become the concomitant of the self-styled “**now** generation.” They reflect in this wretched moral condition the fact that they have to that extent lost a sense of moral purpose for their existence — indeed, according to the amorality prevailing among such afflicted persons, when they in turn are carried out of this life, who should mourn their passing, to what end of importance to the rest of the society has their pathetically existentialist, sensual self-seeking life been “all about?” This moral decay is the inevitable consequence of rearing youth in a society which has a declining sense of purpose, no frontiers of achievement to master on behalf of future generations, no commitment to

the Idea of Progress — and no sense, consequently, of that kind of fruitful struggle for self-development of creative and productive powers which makes an individual life important and worth living.

Democracy cannot persist in a society which has no shared commitment to the underlying goal of progress. Without commitment to progress, there can be no practical sense of the importance of those creative potentialities properly symptomized by fundamental scientific progress in particular. Without a sense of the importance of such creative powers of the individual, there can be no practical sense of the **soul** or creative **free will**. Without a sense of that which the religious person identifies as the soul and creative free will, there is no respect for the personality of the other individual, no basis for an efficient morality — and without such an efficient morality, society must degenerate into such a jungle that civilization itself could not long survive.

SPECIAL REPORT

Congressional Hearings Confirm: Fusion Possible in the 1980's

March 19 (IPS) — The highest ranking administrators of the U.S. government's fusion research program told congressional hearings of the Joint Committee on Atomic Energy March 11 and 17 that, with a major research effort, fusion reactors can begin to power the economy in the 1980s. Until last week's hearings, the official line was that controlled thermonuclear fusion could not be developed before 1995 at the earliest.

The Congressional testimony and the stunning Soviet advances in the Tokamak and electron beam approaches to fusion reported March 10 in the Soviet Party paper, Pravda (see New Solidarity March 16, 19, and this issue), have created conditions where only open Rockefeller agents or the most illiterate scientists can now dare to advocate publicly an energy policy other than an immediate crash program for fusion. Thermonuclear fusion will provide a clean, cheap, and relatively unlimited source of energy.

The March 17 testimony of Dr. Robert Hirsch, Acting Assistant Administrator of the government's Energy Research and Development Administration (ERDA) and until January, head of the Division of Controlled Thermonuclear Reactions, indicates that a pro-crash-program faction is now active within ERDA, an agency largely controlled by Rockefeller oil interests. Hirsch told the Joint Committee that last year's achievement of energy break-even conditions in the Massachusetts Institute of Technology Alcator Tokamak, "plus a number of other (achievements) that did not always make the 'front pages,' have given fusion physicists and engineers worldwide conference that the problem of fusion power is yielding to their efforts."

Fusion research breakthroughs as well as "recent budgetary decisions" at ERDA to cut vital funding for CTR — controlled thermonuclear reactions, — prompted Hirsch in January to withdraw from day-to-day work in order to draft a new plan for fusion development. The major conclusion Hirsch reached (before he was kicked upstairs to administer ERDA's ludicrous programs in geothermal and solar energy) was that with "maximum effective effort" it would be possible to build "an operating demonstration plant in the late 1980s."

Laser Fusion Breakthrough

Hirsch's testimony on the prospects for magnetic confinement breakthrough followed even more pointed testimony March 11 by top leaders in laser fusion research, a program administered by ERDA's Division of Military Applications. A leading physicist at Lawrence Livermore Laboratory, John

L. Emmett, reported to the joint committee that significant advances in laser and target design and experiments had greatly reduced the laser efficiency required for economical operation of a laser fusion power plant — precisely the Soviet approach which led to the recently reported breakthrough.

Improvements in laser materials and amplifiers and the development of techniques to correct the instabilities in laser-irradiated targets, Emmett said, will permit very high fusion energy yields when redesigned targets are driven with the now feasible short-wave length, 100-trillion-watt lasers. "If aggressively pursued," Emmett said, these developments "could accelerate the National Laser Fusion Program by four to six years" — as early as 1981. In conclusion, Emmett warned the committee that "this entire area of Research and Development is underfunded, and as a result we are unable to aggressively pursue the laser development necessary for civilian power production." After hearing such indisputable evidence, the committee restored the Ford Administration's fusion research budget cuts March 17.

Fusion Pressure

Pressures are now building in the scientific community to crack the fusion funding situation wide open and provide the actually required funding for a crash fusion program. During Hirsch's testimony, he was asked by Rep. Roncalio (D-Wyo) whether a March 16 New Solidarity article describing Soviet fusion breakthroughs and the U.S. research lag was substantially correct. Hirsch admitted that it was.

This week, Senators Tunney (D-Calif) and Metcalf (D-Mont) mailed a letter of inquiry on fusion, based on background material provided by the U.S. Labor Party, to 38 leading scientists. The letter requests a "frank assessment of the expected progress of fusion technology," since "the development of the fusion process is moving more rapidly and successfully than was previously predicted." Tunney's opponent, Labor Party senatorial candidate Nick Benton, has made fusion a top campaign issue.

A top laser fusion scientist at Livermore who received the Tunney-Metcalf letter commented — "this comes at a very opportune time. A group of high-level scientists has just prepared a detailed program for laser fusion development in conjunction with the Electric Power Research Institute. This is just what we need." The Institute, a major, utilities-funded think-tank in California which has close ties to aerospace companies, most likely represents those capitalist interests now eyeing fusion as the issue by which they can coalesce opposition to stop the destruction of the economy.

Recent advances in three "off-beat" approaches to fusion research show how close the world would be to breakthroughs in applied science leading not only to controlled fusion and a world fusion-based economy, but also towards solutions of theoretical problems which have plagued physics for the last 50 years — would be, if the criminal sabotage of fusion research in the U.S. were ended.

All three approaches — plasma focus, imploding liner, and electron beam — have in common the production of plasma states which exhibit extraordinary concentration of energy into well ordered structures. The Soviet Union has devoted relatively large quantities of money and scientific manpower to work in these three lines of development, as well as a whole range of other approaches, in their broadly based

fusion research program.

In contrast, the devices which have commanded the lion's share of fusion research funding in the U.S., primarily the Princeton Tokamak and secondarily other "magnetic bottle" devices, while important first steps, bear roughly the same relationship to the development of functioning fusion reactors as the dirigible does to the jet plane. They lack the type of **internally** determined relationship between the charged matter-in-motion (current) and electromagnetic field configurations (described below) that can be theoretically understood and purposively controlled to increase the operational efficiency of fusion devices.

Plasma, the so-called "fourth state of matter," is appropriate to fusion not simply because it produces fast-moving nuclei for fusion **directly**, i.e., through thermal (heat) energy, but because the high temperature and energy conditions produce (through ionization) semi-stable microscopic structures which act to facilitate the nuclear fusion reaction. Plasma provides not simply "hot" confined ions, but the conditions for the "metabolism" of fusion — the transformation of gross energy inputs into electromagnetic and then nuclear-produced forms.

More generally, plasma, as the characteristic state of matter in the universe, provides the medium for beginning the theoretical unification of the particle-field duality which has fragmented physics into air-tight separate compartments for large-scale processes on the one hand and microscopic processes on the other.

No single line of development of fusion, or even a number of them, will lead us to a full-scale fusion-based economy unless they stimulate and in turn are nourished by continually expanding theoretical and experimental work on the frontiers of physics. The speed with which all approaches are fully developed, and theoretical breakthroughs made the basis for even more advanced designs, now depends on closing the U.S.-Soviet "fusion gap" by throwing the full weight of U.S. science and technology into joint work pushing forward the breakthroughs achieved thus far by the Soviets.

Messy Plasmas

The plasma focus and imploding liner, or LINUS, high-density pulsed approaches to harnessing the energy of controlled nuclear fusion reactions are currently not funded at all by the U.S. Energy Research and Development Administration, reflecting the notion held by ERDA and most fusion researchers that plasma physics is not a frontier region of fundamental scientific research in the way that particle physics is. That is, the study of controlled thermonuclear reactions supposedly involves the elaboration and application of existing mathematical physics knowledge, for the most part classical electromagnetic theory of the 19th century, while particle physics research is believed to result in the discovery of "new laws" every time a new particle pops out of a bigger accelerator. From this upside-down perspective the plasma focus and imploding liner, or LINUS, approaches are simply too turbulent, too non-linear, **too messy** — they just don't fit smoothly into this tidy theoretical framework.

Despite this bias on the part of the U.S., the Soviet Union has made high-density pulsed fusion the major focus of its exploratory fusion research program, and the LINUS approach is currently being developed as the primary candidate for an "all-fusion" power reactor system, as opposed to the "fusion-fission" hybrid plan for the T-20 Tokamak. In

the U.S., a handful of dedicated scientists who have been able to scrape together a few thousand dollars of research grants from various government and corporate agencies other than ERDA have recently achieved major scientific successes in these two lines of attack on the fusion problem. In their cigar-box-sized experiments, these scientists have demonstrated "pragmatically" the efficacy of the Soviet program. But more importantly, these researchers have started to penetrate the "messy" frontiers of theoretical physics.

The Plasma Focus

The plasma focus was among the first laboratory systems to produce copious amounts of nuclear fusion. But since the reaction products were emitted not randomly, as would be the case if the system approximated some sort of thermodynamic equilibrium, but directionally, the plasma focus was judged incapable of achieving "thermonuclear" fusion conditions, and therefore, of achieving net energy production — producing more energy than it used. The intense electromagnetic fields produced in the plasma focus, were thought to be merely accelerating a beam of nuclei, which reacted with the relatively cold background plasma and so produced a merely "pathological" nuclear fusion.

As is shown in **Figure 1**, the plasma focus in one of its simpler forms consists of two cylindrical electrodes, the cathode and anode. A charged capacitor bank is suddenly switched into the circuit, and within a few millionths of a second or less a gigantic electrical pulse of energy is "dumped" into the electrodes. A plasma forms between the electrodes, through which an electrical current passes. As the current rises, "sheets" of current form between the electrodes. A magnetic field is also generated by the current which flows within the electrode. This current is directed towards the "open end" of the device. The current which flows **between** the electrodes, and out of which the current sheets which carry plasma with them are formed, interacts with the magnetic field produced by the internal electrode current.

During the passage of the "sheets" of current across the magnetic field, the magnetic field lines oscillate like strummed guitar strings. These oscillations become so large that the magnetic field lines "wrap up" and form loops. In this way plasma filaments, parallel to the current "sheets" and carried by them, form out of a stacked series of these looped magnetic field lines. These plasma filaments form "force-free" self-sustaining plasma-field structures.

The essential characteristic of these structures is that "free energy" energy available to confine and accelerate nuclei — is contained in the magnetic looped field structure. When these filaments collide as they "fall" off the open end of the electrodes, this magnetic field energy is transferred to the plasma particles, while a plasma pinch is formed. Professors Bostick and Nardi of the Stevens Institute of Technology have shown that the fusion reactions in the plasma focus are not "pathological" beam-cold target reactions, but rather emanate from the intense plasma pinch.

As the Stevens group and Soviet researchers have noted, the plasma focus has experimentally demonstrated its ability to achieve fusion breakeven (energy output equal to input) in a modest \$10 million experiment. Such a fusion system would be "messy" as a power reactor, although a team from the University of Wisconsin has developed a conceptual power plant design based on the plasma focus.

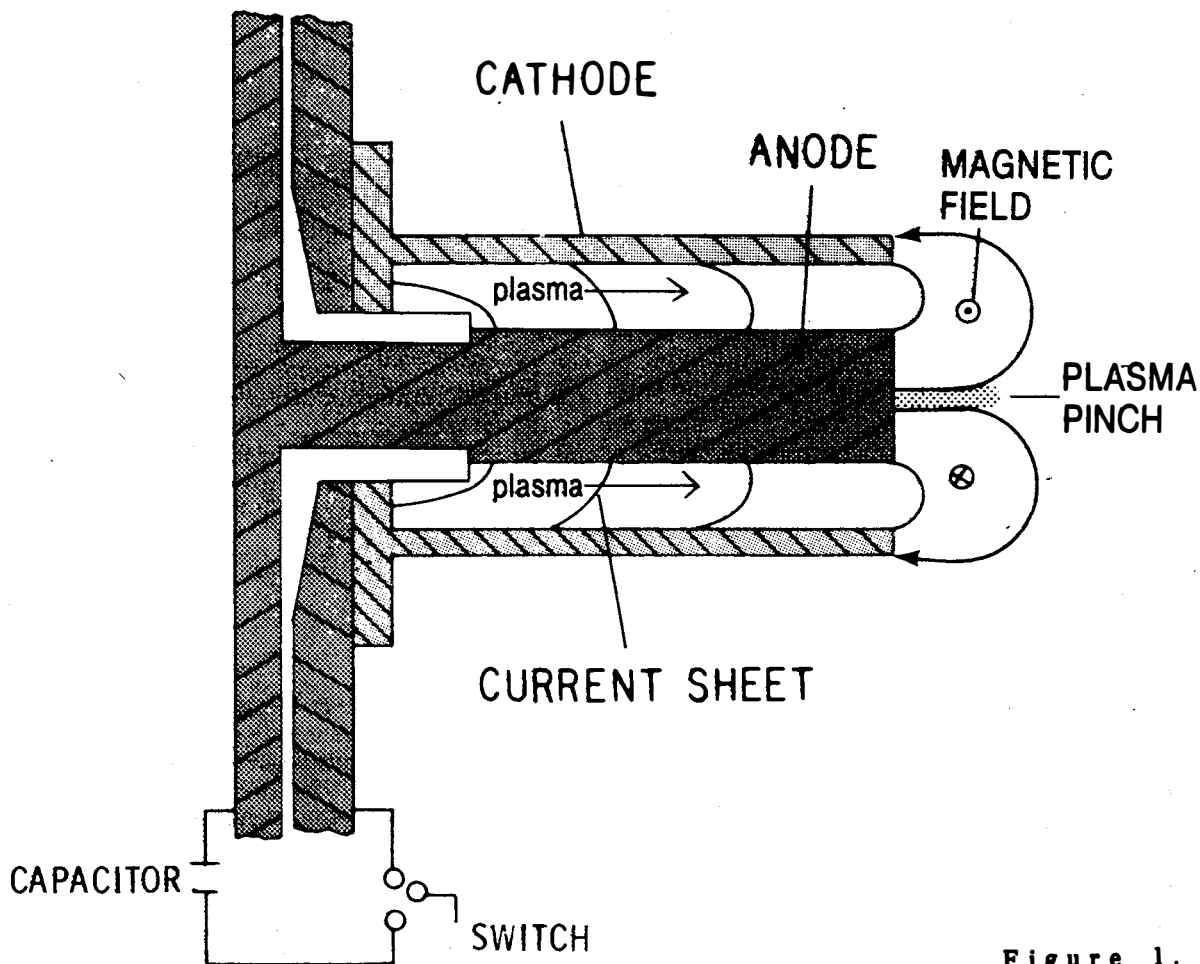


Figure 1.

But the most important question raised by the plasma focus is how and why these plasma filaments, or plasmoids, which are in no sense in thermodynamic equilibrium, are formed. These filaments have now been observed in virtually all other types of magnetic confinement systems.

Researchers at the NASA Langley Research Center have recently demonstrated that the pinch formed by two opposing plasma focusses forms a stable structure which confines itself far longer than does a simple plasma focus — more than five millionths of a second as opposed to less than one millionth. It should be noted that this small experiment, seen in Figure 2, has reached so-called "Lawson products" (density x confinement time) comparable to \$40 million, football-field-sized Tokamak experiments.

The Soviets' leading laser-fusion researcher, Dr. Basov, is planning to focus his large laser on a plasma focus, and Polish fusion researchers at Swierk near Warsaw have already reported significant enhancement of the fusion reaction rate resulting from such a setup. Meanwhile ERDA has fired and blacklisted J.W. Mather, the American originator of the plasma focus, in order to eliminate such "extraneous" research from its program.

LINUS

The recent experimental success of a half dozen researchers working on the LINUS approach at the Naval Research Laboratory in Washington, D.C. will be counted among the

technological miracles of the 20th century. Not that this breakthrough represents in itself some significant scientific advance; it is rather just a very important "technological step" of the sort that must become run-of-the-mill if the full potentials of fusion power are to be realized. But what makes this advance so extraordinary was the conditions of minimum funding and maximum administrative pressure under which it was made.

As early as 1963 the linear theta pinch, a simple open-ended cylinder, experimentally reached fusion temperatures in what appears to be a "stable" plasma-field configuration. But losses of plasma out the cylinder's open ends meant that, using a conventionally induced magnetic field, the system would have to be made several miles long to reach the confinement times required for net fusion energy production. By increasing the strength of the induced magnetic field, the density of the reacting plasma could be significantly increased, requiring briefer confinement times and therefore shorter systems. Conventionally induced magnetic fields, however, are limited to a measure of 200,000 Gauss by the strength of the structural materials supporting the stationary current-carrying, magnetic-field-inducing conductors, making the system necessarily at least two miles long. (To give an indication of the scale involved; the highest fields in magnetic confinement experiments are 100,000 Gauss.)

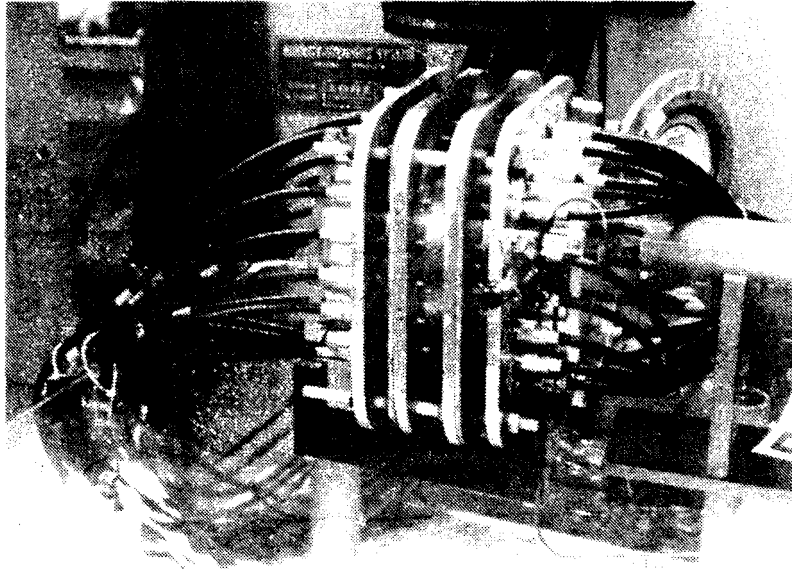


Figure 2.

Much stronger magnetic fields can be produced if the conductor is "dynamic," i.e., designed to collapse in its own field. For example, if an intense electrical current is induced in the surface of a hollow aluminum cylinder, circling the cylinder, the resulting solenoidal magnetic field along the axis of the cylinder will collapse on itself; the magnetic field is in turn trapped and collapsed by the collapsing cylinder (the liner). The resulting magnetic fields reach millions of Gauss. With such a field the linear theta pinch could be shortened to less than 100 yards, and other, more complex, geometries that "stopper" the cylinder's ends could bring this down to only a few yards.

One major technological problem with this method of producing magnetic fields is that a solid conducting cylinder crimps and wrinkles during its collapse, leading to the break-up of the cylinder during the final stages of compression. Ideally, if the cylinder could be "stabilized" during the compression, it could then be reexpanded by decreasing the induced current. In this way a pulsed, reproducible megaGauss magnetic field could be readily achieved and used to compress and heat dense plasmas to fusion con-

ditions.

The Soviet Union's LINUS research program is as large as the U.S. Tokamak research effort, while in the U.S. only the small group of scientists at the Naval Research Lab are investigating the LINUS system. Continued funding by the Navy, even at its already miniscule level, was made conditional on achieving the technologically difficult task of producing a reversible liner compression. The Soviet researchers appear to be unconcerned about making this important technological step immediately, and are instead currently carrying out "one shot" experiments to demonstrate that breakeven can be reached.

In late December-early January the Navy researchers completed experiments which indicate that they have achieved reversible compression of a liner, by making the cylindrical liner out of liquid metal. Crimping of the cylinder is prevented by rotating the liquid cylinder during compression.

(In Part II of this article: Plasma Focus meets LINUS, and the Electron Beam.)

SPECIAL REPORT

Soviets Announce Fusion Breakthrough

March 20 (IPS) — On March 10, Soviet Academicians E. Velikhov and B. Kadomtsev announced the results of a successful experiment in the T-10 Tokamak at the I.V. Kurchatov Institute of Atomic Energy. The following is the full translation of an article in the March 10 Pravda, the official Soviet Party Paper, entitled "Steps Toward Thermonuclear Energy" announcing that breakthrough:

In the summer of 1954 in Obninsk, the first atomic electric-power station in the world started up. It signalled that man had found a qualitatively new source of energy for peaceful economic activity — the nuclear energy of uranium. Nevertheless, the colossal practical significance of this new achievement of Soviet science and technology was not immediately picked up. The capacity of the first power station was quite modest, just 5,000 kilowatts, and the need to develop atomic energy was not obvious to everyone at that time. But years passed, and atomic power stations "joined" the energy system of the country. The power of just one block of the Leningrad Atomic Electric-power Station (AES) is one million kilowatts. These stations are reliable and easy to use. In the long term, only atomic energy is capable of sparing humanity from anxiety over the finiteness of fuel resources.

The Communist Party and Soviet state are constantly working to create all the conditions necessary for nuclear physicists in their fruitful scientific investigations and for the practical realization of the results of scientific research. This concern is reflected in the "Basic Directions of National Economic Development of the USSR" (10th Five year plan — trans.) adopted at the 25th Congress of the party, where the necessity is noted of developing theoretical and experimental research in the area of nuclear physics and plasma physics towards creating the scientific and technological basis for thermonuclear energy production. Soviet scientists and engineers are applying their efforts to making a worthy contribution to the solution of these important tasks.

Regular atomic stations, as is known, use the nuclear energy only of the heavy elements uranium and thorium. But there are significantly more reserves of energy in the lighter elements.

If nuclear energy is obtained from heavy elements, the reaction is one of nuclear fission; when it is obtained from the light ones, it is fusion. Reaching this latter goal — obtaining energy through fusion of light nuclei — is what the efforts of physicists working on controlled thermonuclear reactions are directed at. The solution of this problem would permit fuel utilization of lithium, which is transformed in the reactor itself into a heavy isotope of hydrogen, tritium, and regular water, which contains another heavy hydrogen isotope — deuterium.

Research on this has been in progress in our country for about 25 years. After a long stage of looking for optimal solutions, and struggle with many difficulties, the most promising lines of research have been "scouted out," and here the

main efforts are concentrated. One of these is creating a thermonuclear reaction in the form of a steady burn, which was developed in recent years by the late Academician L.A. Artsimovich at the I.V. Kurchatov Institute of Atomic Energy. Experimental installations of this sort were christened 'tokamaks.' ... The successes achieved with the "tokamaks" attracted the attention of foreign scientists. Now installations of this type have been built and are being used for research in many countries and represent the most likely prospect for thermonuclear reactors.

Let us explain what is involved here. In order for thermonuclear reaction to take place with sufficient intensity and for the energy produced to compensate for that expended in heating the plasma, its temperature must be raised to 70 million degrees (for the lightest "inflammable" mixtures of deuterium and tritium heavy isotopes of hydrogen). Furthermore, the so-called characteristic heat-loss time of the plasma must be high enough on the order of several seconds for a steady 'burn.' Thus, heating in the 'tokamak' is relatively simple (the record temperature of 15 million degrees was achieved in French and American 'tokamaks', the way to increase the confinement time of the plasma energy and, consequently, to create a reactor is also known. As theory predicts and experiments shows, it is sufficient to increase the scale of the installation.

In order to test his conclusion, which is basic for further progress, and take the next step towards a reactor, the largest thermonuclear installation, the T-10, was built at the IAE (now a similar type of installation has been built at the lab in Princeton, USA): Designed by specialists at the D.V. Efremov Scientific Research Institute of Electrophysical Apparatus (NIIEFA) and built in factories in Leningrad and Kharkov, it was rapidly put to work, and a collective of physicists under the direction of doctor of mathematical physics V.S. Strelkov achieved several interesting results on it.

First of all, the basic conclusion of previous research was confirmed: increasing the scale actually increased the confinement time of the plasma energy five-fold compared to the previous installation, the T-4. Now it is about 0.1 seconds, which was predicted theoretically for research condition using half the power of the installation. A stable and sufficiently pure plasma was obtained and a stable thermonuclear reaction took place in it, with a number of neutrons per impulse 100 times greater than in the T-4. The temperature was still not very high, about 7 million degrees for ions, but it will be raised with the shift to the next calculated stage.

In this way, the experiments on the T-10 have confirmed the previous established principles and theoretical conceptions for this type of installation and are also useful in projecting the next steps. What are these steps?

Methods must be found to heat the plasma further, and experiments are already being carried out for this on smaller scale installations. In the future, these methods will be transferred to the T-10, with an appropriate modification of the T-

10 --trans. But beyond this, the level of understanding now achieved of the processes which go on in the 'tokamaks' plasma makes it possible to move to the next step, the creation of a so-called demonstration thermonuclear reactor. In this it will be possible to achieve a full-scale thermonuclear reaction in deuterium-tritium plasma, wherein the quantity of energy released in the course of the reaction will be approximately equal to that put into the plasma. The draft project for such a reactor has already been worked out at NIIEFA.

The demonstration reactor makes it possible not only to study all physical processes in the reacting deuterium-tritium plasma, but also to confront the engineering and technological difficulties, so as to study and then overcome them. It is a question of radiation damages of the materials, their interaction with the high-temperature plasma, the reproduction of tritium etc. Tests can also be done on systems of output and conversion of the energy of the thermonuclear reactions. More succinctly, this part of the research is close to the goals and tasks of the first atomic electric-power station.

Following the demonstration reactor, an experimental thermonuclear electric-power station or energy-yielding reactor could be planned. Of course, it is necessary to choose the optimal variant. In this connection the following should be considered: the energy of thermonuclear reactions is produced as a flux of high-energy neutrons. The question arises: can't this quality be utilized in a more sensible way than to simply turn the energy of the neutrons into heat? For example like this: surround the plasma with a layer of uranium, in which neutrons will produce nuclear fission and thus increase the energy output. Natural uranium could be used for this, or even lower-grade uranium than the isotope 235. A so-called hybrid is obtained, i.e. a mixed thermonuclear-atomic reactor, in which the energy is supplied by uranium, while the thermonuclear part serves only as a neutron source.

It turns out that in the hybrid variant, the demands on the

parameters of the plasma fall so much that even already-achieved parameters come right up to the necessary level. Furthermore, hybrid reactor electric-power stations become economically gainful with much lower power. Also, already existing technology of atomic reactors can be used in this. We add that in the hybrid reactor plutonium can be produced -- the fuel for ordinary reactors. Working together with ordinary atomic electric-power stations, hybrid stations will find their place in the economic optimization of atomic energy and serve as a good transitional stage to pure thermonuclear energy.

We have briefly reviewed here just the 'tokamak' line. But other lines have a firm place in research on controlled thermonuclear fusion, especially those using lasers and relativistic electron beams to ignite a reaction in small pellets. These lines can lead to entirely new technical advances for the conversion of thermonuclear energy.

The simplest method of initiating a small thermonuclear explosion is the rapid (100s of millionths of a second) of the surface layer of a small pellet, to a temperature of a million degrees, by stopping a powerful burst of accelerated electrons. The colossal pressure which arises accelerates the matter of the outer layer, which in turn compresses and heats the thermonuclear fuel.

In the days before the congress, a collective of scientists at the IAE under the leadership of Doctor of Mathematical Physicists L.I. Rudakov achieved a significant success in this pursuit. As a result of the thermonuclear reaction which took place in the deuterium fuel, over a million neutrons were obtained. This opens good prospects for development of an impulse thermonuclear reactor, similar to an internal combustion engine, in which energy is produced in the form of periodical short bursts.

Thus thermonuclear energy -- like atomic energy -- is a new quality in energy production of the future. To master it means to take an important step on the path of scientific and technological progress. Soviet scientists are actively bringing this future closer.

SPECIAL REPORT

Lebanon Near Revolution; Syria, Israel, NATO Paralyzed

March 20 (IPS) — A revolutionary process in Lebanon, led by the Lebanese Communist party and the pro-Iraqi Arab Baath Socialist Party, has transformed the political battle in that country into the focus of a regional mass strike that has begun to threaten both the NATO-controlled Syrian regime and Israel itself — and NATO is virtually powerless to stop it. Barring a suicidal U.S.-ordered intervention into Lebanon by Israeli or NATO forces, the Lebanese events will help to establish the conditions under which the CIA-manipulated Arab-Israeli conflict can be brought to a rapid conclusion, through a settlement based on regional economic development.

As a result of a heavy-handed Syrian military intervention into Lebanon in recent weeks, a major transformation of the Lebanese left and the Palestinian movement has occurred. The Palestine Liberation Organization (PLO), headed by Yasser Arafat, has come out openly against Syria, and is firming up its alliance with the pro-Iraqi Popular Front (PFLP). Kamal Jumblatt, leader of the complex coalition of leftist and pseudo-leftist parties called the Lebanese Progressive Front, has been forced to drop his social-democratic stance and adopt a revolutionary posture, a signal of the power of the Communist Party and the Baath over his base. So strong is the pressure on Jumblatt that he refused an invitation to visit Damascus from the Syrian president, Hafez Assad, this week. Even Syrian puppets Abdel Aziz Adab and Ahmed Khatib, leaders of the two rebel army forces made up of deserters from the disintegrated Lebanese army, have been denounced by Syria, and their forces have already fought limited skirmishes with Syrian troops stationed in Lebanon.

Qualified sources report that the paramilitary Syrian-controlled Saiqa commando group, the Palestinian branch officially part of Syrian Military Intelligence, is split over the Syrian police role in Lebanon. The Saiqa split indicates that the Syrian army is becoming unreliable as Assad is forced into open support of the Lebanese rightists to stabilize the country. The Syrian regime has stretched itself to the limit in trying to disorganize and crush the Lebanese left and Assad has mobilized the full extent of Syrian diplomatic and military pressure into preventing revolution in Lebanon. Over the past four days, Assad has met round-the-clock in Damascus with leading Lebanese politicians, searching vainly for a formula to re-establish bourgeois order in the neighboring country.

In Lebanon itself, there is not the shred of any functioning central or regional authority with anti-Syrian feeling running extremely high throughout the country. The army is shattered, with most of its rank-and-file troops having deserted to the renegade Lebanese Arab Army under Khatib, which has entered into a loose alliance with the left and Jumblatt. This was symbolized yesterday when unidentified guerrillas near Beirut airport fired two grenades into a plane that was about to take off carrying Prime Minister Rashid Karami, former Prime Minister Saab Salam, and two officials of the ex-

tremist Christian Falangist party to Damascus for a meeting with Assad. The passengers escaped unhurt, and an angry Syrian Foreign Minister Khaddam, whose manipulative "mediation" visits to Beirut have fueled the civil war in Syrian interests, warned that Syria "will cut off the hand" of those responsible — a clear warning to the left.

Even the New York Times, which for 11 months has reported the Lebanese civil war as a "Christian vs. Moslem" RAND scenario, yesterday finally admitted the truth. Syrian President Assad, reported the Times, "fears that a leftist-dominated Lebanon would seek autonomy through support from his Iraqi Baathist rivals," and Syria is "bound to throw all its weight into the balance to suppress the threat of an ultramilitant Hanoi in Beirut."

Echoes in Jordan, Israel

The developments in Lebanon have already had an immediate effect throughout the region. On the Israeli-occupied West Bank of Jordan, Israeli Defense Minister Shimon Peres ordered thousands of Israeli paratroops and military police into emergency action on the West Bank March 18 to quell an outbreak of nationalist riots and strikes that have paralyzed the West Bank for weeks. Cadre of the Palestine Liberation Organization (PLO) in alliance with the Jordanian and Israeli Communist parties, are leading the West Bank revolt, the most serious rebellion in the area since it was occupied in 1967.

The joint participation of the Communists and the PLO creates an immediate potential for a regionally coordinated development push that, along with Lebanon, could easily topple both Assad and the Israeli warhawks. Last month, representatives of the PLO and the Israeli Communist Party met in Moscow. On March 30, Tewfik Zayyad, the Israeli Communist mayor of Nazareth, has called for a nationwide general strike which some Israeli newspapers have begun to compare with the 1936 mass strike which almost ousted the British from Palestine.

The PLO, long an instrument of U.S. policy through the influence of certain Arab regimes such as Saudi Arabia, is itself undergoing a revolutionary transformation, largely the result of its membership in Lebanon being radicalized by the Lebanese revolution and the role of Iraq in backing the Lebanese left. As a first step, informed sources report, the PLO is considering whether to expel Saiqa, the Syrian regime's "Palestinian" outfit.

A March 14 editorial in Falastin ath-Thawra, newspaper of the PLO, warned:

"The revolution will dismiss from its ranks all the opportunists who hope to change their stands and their programs in the hope of realizing cheap gains. If imperialism is betting on those whom it calls 'Palestinian moderates' it is bound to lose." The reference to "opportunists" is a reference to Saiqa, according to Palestinian sources. By expelling Saiqa, and thereby officially condemning Syria, the PLO would provide the trigger for Assad's radical and pro-

Iraqi opposition in Damascus to move against the Damascus regime.

Throughout Israel, Syria, Jordan, and Lebanon, a revolutionary front is developing, backed by Iraq and the USSR, that can force a complete reorganization of middle east politics. The London Economist, a bankers' weekly, reports that for the first time Israeli Arabs and Arabs on the West Bank, via the Communist parties, are collaborating, and appealing to the PLO.

NATO Paralysis

To halt this process, the Atlanticists must somehow act to block the left in Lebanon, the catalyst in the region and the chief focus of the region's mass strike. However, NATO and its allies have few, if any, workable options.

The chief possibility — a NATO-ordered Syrian invasion of Lebanon by huge Syrian forces — is highly dangerous. Any attempt by Assad to annex Lebanon to Syria would almost immediately backfire into Syria itself. Already there are reports that Saiqa is on the verge of a major factional split, a cleavage that must travel back into the headquarters of Syrian Military Intelligence.

Should Assad attempt to increase the deployment of police forces into Lebanon, he will instead risk inviting an expansion of the Lebanese conflict to the heart of Syria. Last

month, in a warning aimed at Syria, Iraqi President Bakr stated explicitly that under no circumstances will Iraq permit the destruction of the Lebanese progressive forces.

An Israeli invasion of Lebanon, or even a renewed Arab-Israeli war, is also unlikely. Sane NATO strategists realize that the Soviet Union would immediately respond to such an adventure, with the risk of nuclear war within days. Furthermore, the delicate balancing act now being handled by Egyptian President Sadat since his pro-Western turn would be fatally upset, and according to one former RAND analyst, would probably cause the collapse of the Sadat regime.

Direct intervention by the U.S. Sixth Fleet is almost unthinkable. The most likely policing result is a continued effort by Syria to delay any decisive result, combined with low-intensity policing of strategic points in Lebanon. Limited concessions — such as the forced resignation of President Frangieh, an extreme rightist, and his replacement by a liberal like Raymond Edde — could be added to the package in an attempt to win the mass base of the left away from its newly consolidated alliance with the left-wing cadre parties, the CPL and the Baath.

Should this patchwork effort come apart in the next week or so, NATO will be forced to make across-the-board concessions to the left, conceding Lebanon to the revolutionaries and hoping to contain it.

SPECIAL REPORT

Translation of L'Europeo Article on Lockheed Scandals

March 40 (IPS) — The following is a complete translation of an article on the Lockheed scandals appearing in the March 19 issue of the Italian weekly, L'Europeo by Corrado Incerti entitled "Behind the Scandals, There is a Friend of Agnelli — David Rockefeller."

The scandal of the multinational kickbacks which reached politicians and figures of power in every corner of the western world are a multiple-warhead missile of an occult and violent "war of the banks," which for some time has been violently shaking the United States and the countries linked to it.

These strategic missiles depart from one headquarters, the banking empire of the Rockefellers. They are run by general staffs linked to the headquarters and to its operating center, Wall Street (the various Senate and House committees), which in turn are using agents within the countries being hit. Their objective is the victory of the world's banking establishment, which has been subjected to heavy accusations by part of the U.S. Congress. They intend to create in the affected countries (and at home) political situations favorable to such a victory.

This truth is slowly coming out in America. We shall try to explain it on the basis of leaks which are here and there appearing in specialized U.S. journals and documents which are just now arriving from beyond the Atlantic. This truth is clamorously confirmed by two declarations on Lockheed (by Robert Haack and Roderick Hills) which we are publishing in this issue of Europeo.

Besides, this was already anticipated by Giovanni Agnelli, notoriously close to the Rockefeller financial power. Last Feb. 3, on the eve of the Lockheed scandal, just back from a trip to the United States, Agnelli told Corriere della Sera: "We can't expect much aid, because of the present situation of the United States where the banks are under fire from young and energetic Congressmen. What is perhaps lacking in Italy, too often, is an in-depth knowledge of the American scene."

Let us therefore deepen our knowledge. Starting from a premise. Considering as sacrosanct the fact that public opinion is informed on the scandals, it is not an accident that in Italy it was Europeo who published the documents of the Church report on Lockheed. All the more reason, then, for public opinion to know why and how the scandals are all exploding at once, who is manipulating them, and what are their objectives. It is not right to deceive (the public) with moralizing fireworks and then leave it in the dark on the strategy behind these fires. As in the Watergate case, if it was right to let the guilty fall (Nixon), it was also correct to know who had created and manipulated the scandal to make them fall.

The Lockheed Maneuver

The multinational scandals have one common element

which is striking. All of the protagonist companies, who have confessed they paid kickbacks, are loaded with debts due to the Wall Street banks controlled by Rockefeller. It is through these debts that the banking establishment has become (or is becoming) the owner of these multinationals.

To be precise, let us recall that also in Italy the proposal to reduce the enormous debts of industries towards the banks by substituting these debts with shares in the banks themselves, has already been advanced. It's no accident that the proposal came from circles around Agnelli.

Returning to America, we then note that the multinationals of the scandal were at the mercy of the banks. The Lockheed case is outstanding.

In 1970-71 the California corporation was on the brink of bankruptcy. That is proved, among other things, by the internal documents of the Church report. To save it, the banks intervened: with the federal guarantee of the Emergency Loan Board (Arthur Burns and the present Treasury Secretary William Simon, two giants of the banking establishment), New York credit institutions granted \$250 million in loans to Lockheed. However, these institutions put a man behind the company. As he himself confirms...in the statement which we publish here separately the man is Robert Haack, who is resigning for just this reason from the presidency of the New York Stock Market. With Haack began the assault on the corporations.

In March of last year, Lockheed was once again on the brink of bankruptcy. The total debts on the books added up to \$595 million, or more than 400 billion lira. Once again, the banking establishment intervened and (this is the news which is coming through just now) a consortium of twenty-four banks refinanced the debts of the corporation. Lockheed once again had to pay back \$195 million, which were not covered by guarantees. Burns and Simon, acting for the Federal Government, provided the guarantees. Not only that; the plan provided for the transformation, over a ten year period, of the debts into preferred stocks, with voting rights. That is, total control of the corporation by the banks.

And who heads up the 24 banks of the "Rescue Operation?" The main controlling bank is Bankers Trust of New York. This is a shadow-bank of the Rockefeller family, who have interlocking interests in IBM (two directors and a pension fund in common) and in Mobil Oil (one director, two pension funds in common).

The official representatives of the consortium of 24 banks is Lazard Freres under Felix Rohatyn, two of the giants of the Wall Street banking establishment. Lazard Freres of New York is the bank which ruined Sindona (linked to Chicago financial circles). Felix Rohatyn, who was the director of ITT at the time of the Chilean episode, is the man who invented the Municipal Assistance Corporation, the complex system by which the banking establishment is taking over the municipality of New York by sinking it up to

its neck in debts. Also present in the consortium are the Rothschilds, another long arm of the Rockefellers.

The Lockheed Scandal

It was with the bombshell of March 1975 that the kickback scandal took off. Let us follow the phases.

After March, the opposition against the bankers' control inside the corporations was subdued but still manifested itself. Lockheed President Daniel Haughton and his vice president Karl Kotchian attempted to mediate. The former told Business Week (May 26) that the entry of the banks helped to "clear the air" but meanwhile he attempted to keep the traditional apparatus of the corporation on its feet.

Once again the banking establishment intervened. The objective was to overturn the old management of the company. The strategy was to use the same method with other multinationals. The means was to spread the psychosis of scandal.

In that period, the Senate Church subcommittee (on multinational corporations — ed.) began (not accidentally) to be interested in Lockheed. The man who intervened most heavily, and who at present has gone back on the attack insisting that the guilty be named, is William Proxmire, chairman of the Banking Committee in the Senate, the man who directly controls the Lockheed debts for Congress. Proxmire is married to Elsie Rockefeller, the cousin of Nelson and David, of the family which controls First National City Bank, one of the most powerful institutions in the world. In the spring of 1975, Proxmire threatened to intervene to suspend the guarantees (and credits) to Lockheed. For him, the situation of the company was unsustainable.

Haughton and Kotchian felt the blow, but attempted a tug-of-war for a short time. Even in August, in fact, both were playing down the rumors which were already referring to pay-envelopes given by the corporation to politicians and men of power in half of the world. In September, the two were however forced to crumble. Without warning, the administrative board of the company blurted everything to the Church subcommittee. They blurted and they presented documents. The story of the exchanged envelopes arose in this situation.

That's how the Lockheed scandal exploded. Public opinion found out about it, not by chance, through the columns of the Wall Street Journal. Jerry Landauer, the Journal's Washington correspondent, recounted on Dec. the "strange" story of the kickbacks. This was a leak: the Church (Committee) report was to come out Feb. 4.

After that date, the conclusion of the episode already appeared obvious. The internal revolution at Lockheed had been completed. On last Feb. 13, Haughton and Kotchian resigned, a few days later three other managers of the old guard, Clutter, Folden and Osborn, were forced to resign. The corporation centralized all its operations abroad and officially promised, several times, that it would completely change its system. The period of corruption was over.

The man speaking for the company was Robert Haack, the new president (for less than a month), precisely the man whom the banks had pushed forward, in the previous years, to control Lockheed. With the nomination of Haack, who kept that armchair for one year, the time necessary to impose bankers' men in the key positions, the revolution inside Lockheed was a completed reality. With the scandal, the banks won their most difficult battle. It could be sworn that the transformation of the company's debts into preferred

stocks would not encounter any more obstacles.

The Church Strategy

In the entire affair the subcommittee for multinationals presided over by Frank Church played a key role. It is a part of the bigger Committee on Foreign Relations of the U.S. Senate. When Agnelli spoke of "energetic Congressmen who are firing on the banks," he referred to other Congressmen and other committees which are investigating the role of the banks in the country's economy and, definitively, in the economy of the Western world. He could not have been referring to Church and his boys, who objectively appear to favor the financial establishment.

On the contrary, in the U.S. Frank Church is considered a response to the investigations of other committees. Naturally, all of this keeps high and dry the personal honesty and the courage of Church. But courage was also needed to denounce the Watergate scandal and bring it to public opinion, and still, that scandal did not come about by chance. A brief rundown of the background of some members of the Church Committee helps clarify the point.

Frank Church, who will declare as a Democratic candidate for the White House, worked for the military secret services during the Second World War. "Who is Who in the CIA" published in East Germany in 1968, points him out as an agent. But the most interesting element is something else. From 1963 until 1973 Church was a high-level member of the Wall Street Council of Foreign Relations, which is a sort of Department of State of the banking establishments, whose director is none other than David Rockefeller. In fact, William Safire revealed on Jan. 26 in a New York Times editorial, significantly titled "All in the Family," that Church's Senate Committee on the Intelligence Agencies relies upon the law firm "Cravath, Swaine and Moore" for its legal consultations. The chief of this firm is the ex-Secretary of Defense Roswell Gilpatrick who is the official counselor of the Rockefellers. Therefore, Church, Safire wrote, operates "in the family."

Another member of the Church Committee is Jacob Javits, the Senator of New York. The American newspapers have written repeatedly that Javit's wife defends the oil interests of Rockefeller and those of the Shah of Iran. What is more significant is another piece of information: Javits is a New York banker and has long been on the Administration Board of the Greenwich Bank, one of the large banks that rotate around the Rockefeller financial interests.

A third member of the Senate committee is Charles Percy, the Illinois senator. Percy, a "self-made" millionaire, is married into the Rockefeller family. His daughter married John D. Rockefeller IV. Percy has an extraordinary background: when he was 48 years old he was already president of the Bell and Howard.

A fourth Committee member is Hugh Scott, the Senator from Pennsylvania. Scott was closely tied to one of the large Rockefeller bankers, Mellon, one of the owners of Gulf Oil, which today is administrated by a consortium of Rockefeller banks led by John McCloy, High Commissioner after the war in Germany and an ex-president of both the Chase Manhattan Bank (the most important bank of the Rockefeller empire) and of the World Bank.

Gulf Oil, and here also it is not coincidental, is one of the multinationals that has furnished documents on the illegal kickbacks abroad. McCloy himself, in a recent interview to the New York Times, spoke about the scandals. He said that

the political men implicated must be gotten rid of and that the leaders of the implicated enterprises must be replaced. In practice, he revealed the double strategy of the muck-rakers — both the political and the economic.

The Strategy of the Scandals

Lockheed and Gulf Oil are not the only corporations that are controlled by Rockefeller which have first corrupted and then exposed the scandals — “muckraking” as they say in America. There are others and that cannot be a coincidence. Exxon has in its own Board of Directors two directors of Chase Manhattan and one from First National. Northrop has a large part of its capital at the Chase. Boeing is in fact controlled by Chase which has 5.7 per cent of its stocks in privileged stocks.

These interrelationships show who has managed the scandals. Certainly behind the exposés there is the American “cultural revolution,” the fever of honesty, the civil conscience of many men, but there is also, and it is necessary to note, this inextricable interlock of holdings. There are also aims of a global scale. What are these aims?

We have talked about “the war of the banks.” In sum, this is the situation. Domestically, the banks have lent too much money to the multinationals; their strategy, therefore, is buying them and replacing the old owners. To go back to the credits. On the international level the New York banks have lent too much money to the Nations. In fact, a good part of this money is considered uncollectable; therefore the strategy (of the banks- ed.) is to force these countries to (adhere to- ed.) policies of violent austerity which make possible the repayment of the debts (without which there is the risk of the collapse of the entire dollar-based international financial system). Those politicians and those parties which through the scandals in some way become involved in such strategies would (also) be replaced.

It can not be an accident that the scandals are hitting

precisely those countries that are more indebted to the American banks: Italy (a few days ago Agnelli said at Milan that “our debts have soared to the astronomic amount of “16,000 billion” and that we are now “at the breaking point”); Indonesia (who has no reserves left); Turkey, Iran and Japan are now the most hard hit countries but imminent revelations will also pull into the fray Nigeria, Spain, Greece and South Africa, which are in the same conditions. The (West) Germany case may seem an exception, but it is no exception if one reflects on the fact that the revelations will hit Franz Josef Strauss, Schmidt’s rival who is closely linked to Rockefeller.

A few simple facts. First National (Citibank) granted Japan credits for \$4.5 billion — equal to 173 per cent of its own capital. Chase granted Japan and Italy credits for \$2.5 billion — equal to 171 per cent of the capital. If both banks do not recover (the loans), they go bankrupt. Already the American comptroller (of the currency- ed.) has included them in his “black list,” the news of which appeared Jan. 11 in the Washington Post.

This is therefore the behind-the-scenes background to the scandals. The same background hides behind the offensive against the lira and the threatened shortage of oil products. In order to stop repeated debt-moratorium requests (by the Manila Conference of the Third World -ed.) the creditor banks are on the offensive. The economic and political future of anyone who does not play along is at stake.

But how could one “go along?” A few days ago Gianni Agnelli reminded us of it at the Milan Stock Exchange: our standard of living is too much higher than our resources, it is now necessary to reduce consumption drastically, besides “we should arrive at a greater internationalization of our financial system.” This is the old theme of “less freedom, more technocracy.” The rescue of the American banks (will also come from) the hides of the Italians.

The Lockheed Scandals:

Wall St.'s International Blackmail Operation

by **Bob Cohen and Ron Kastner**

March 13 (IPS) — Information uncovered by IPS that a consortium of 24 Rockefeller and Rothschild banks took complete control of the Lockheed Aircraft Corporation one year ago has shed new light on the so-called Lockheed scandals and exposed them as an international blackmail operation being directed against the pro-development enemies of those Wall Street debt collectors. It has also been learned that Felix Rohatyn of Big MAC notoriety directed the March 1975 takeover of Lockheed in his capacity as chief fascist trouble-shooter for the Rothschild's Lazard Frères investment bank in New York, and is now intimately involved in the current phony international scandal-mongering.

Wall Street is now using contrived exposés of alleged Lockheed pay-offs to libel and frame-up Italian, Japanese and Third World (notably Colombian and Turkish) anti-austerity industrial and political figures, in order to facilitate the worldwide extension of Rohatyn's fascist Big MAC enterprise. On a smaller scale, this would be known as extortion. Conducted on the current scale for the extraction of billions in dollar-denominated debt service payment at the expense of human life, it is conspiracy falling within the terms of Nuremberg's "Crimes Against Humanity."

Directly involved in this conspiracy are several key government organs in the executive and legislative branches. These include the subcommittee on Multinational Corporations of the U.S. Senate under Senator Frank Church (D-Idaho); the Senate Intelligence Committee, also chaired by Church; the Senate Banking Committee chaired by Senator William Proxmire (D-Wisc.); the General Accounting Office (GAO), the U.S. government's official debt-collection agency headed by Elmer Staats; the Emergency Loan Board under Arthur Burns, Chairman of the Federal Reserve, and William Simon, U.S. Treasury Secretary; and the Central Intelligence Agency.

Felix the Fixer

According to the March 17, 1975 issue of Business Week, Rohatyn and the 24 banks he represents took full control of Lockheed through a \$650 million bailout loan, \$250 million of which was government guaranteed. Subsequent to that publication, all mention of Rohatyn's management of the affair has been blacked out. According to Business Week, Rohatyn secured full control of the corporation for the Rockefeller-Rothschild consortium through the connivance of Treasury Secretary William Simon and Federal Reserve Chairman Arthur Burns, who headed up the Federal Emergency Loan Board. With their aid, Rohatyn demanded and received both an extension of the 1970 federal loan guarantee scheduled to run out last December and a "restructuring" of the corporation's debt, whereby the banks were given the

option of converting debt payment directly into corporation stock of equal value, thus giving the banks a controlling interest. Rohatyn subsequently installed a new chairman at Lockheed, Robert Haack, former president of the New York Stock Exchange and a director of both the Merrill-Lynch brokerage house and Rothschild's French-American Banking Corporation.

Following the script authored by Rohatyn and Lazard Frères, it is the Church Committee on Multinational Corporations which has been the source of most of the Lockheed "bribe-taking" scandals. Beginning with leaks by "ex-"military intelligence officer Ernst Hauser, Rohatyn put the conspiracy into operation by sending Lockheed Vice Chairman Carl Kotchian to the Church hearings with fabricated memos and contrived testimony carefully fingering the Wall Street bankers' pro-debt moratorium opposition in Italy and Japan. Not coincidentally, the Kotchian testimony broke just days before the Wall Street extortionists launched economic warfare against Italy in early February. The Rockefeller-Rothschild cabal organized a run on the Italian lira, a cut-off of oil shipments to that nation by the Seven Sisters oil cartel, placed U.S. military forces in Europe on yellow alert and waved the threat of scandal in this effort to secure commitment on Big-MAC-style fascist austerity from the Italian government parties.

According to Business Week, Kotchian and former Lockheed Chairman Donald J. Haughton arranged all the revelations before the Church Committee entirely without the knowledge of other members of the board of directors until after the story hit the newspapers. Both men then resigned, authoring a public letter calling for "a new standard of international business conduct" prominently featured in all major press.

The Church Committee

The selection of the Church Committee as a soap-box for the Big Lie scandals was not arbitrary. Church himself was a military intelligence officer during World War II, and appears to have been connected to IBM's "private CIA" prior to the formation of the official government agency by Truman and is still listed in the East German government publication of "Who's Who in the CIA." From 1963-73 he was an active member of the New York Council on Foreign Relations chaired by David Rockefeller. Notably Church's Senate Intelligence Committee, supposedly investigating the CIA, was staffed by the IBM law firm, Cravath, Swaine, and Moore, whose chief partner is none other than Roswell Gilpatric, the former Undersecretary of Defense who is Nelson Rockefeller's personal lawyer! Cravath, Swaine and Moore also represent General Dynamics and Rockefeller-CIA media magnate William Paley's CBS!

Other members of the Church Subcommittee on Multinational Corporations include Senator Charles Percy of Illinois, who at the age of 28 was president of the Bell and Howell corporation and whose other links to the Rockefeller family include his daughter's marriage. Both New York Senator Jacob Javits, elected with heavy Rockefeller financing each term, and Pennsylvania Senator Hugh Scott, the Republican from Gulf Oil also sit on the Senate Foreign Relations Committee, the parent body of the Multinational Subcommittee.

At all levels of the proliferating investigations and revelations regarding Lockheed and other corporate bribery tales is found the determining hand of the Wall Street debt collectors. Last week Elmer Staats of the General Accounting Office demanded access to Lockheed's books, stating that he intended to go after "more politicians." Staats was a former research director for the Wall Street allied Marshall Fiedl and Company; from 1954-58 he was head of operations for the National Security Council.

Also involved in spreading Lockheed and other corporate investigations is the Senate Banking Committee under William Proxmire. It was Proxmire who first went after Lockheed in 1969 when it became scandalously clear the corporation would have trouble paying its debts to the New York banks.

At present, numerous other corporations are readily coming forth with admissions of bribery and other wrongdoing, each controlled by the Rockefeller-Rothschild alliance of banks. The latest confessor-corporation, ITT, has Felix Rohatyn as a member of the Board, a position which he has held since before that company's complicity in the CIA overthrow of Chile's Salvador Allende government in 1973. Otherwise, we find such Rockefeller corporations as Northrup, Exxon, McDonnell Douglas, G.D. Searle and Boeing all "admitting" to bribing or otherwise corrupting potential anti-Wall Street figures in Italy, Japan, and elsewhere, each target country carefully selected for their opposition to Wall Street's fascist policies.

SPECIAL REPORT

“There Will Be a Social Revolution in This Country”

March 20 (IPS) — Speaking at a press conference here March 18, Sen. Hubert Humphrey (D-Minn), Wall Street's leading Congressional henchman, warned that unless his fascist Full Employment and Balanced Growth Act of 1976 (the erstwhile Humphrey — Hawkins bill) passes this session of Congress, “there will be a social revolution in this country.”

Humphrey's words were intended to help stampede Congress behind his proposed slave labor legislation which enjoys no support among the rank and file of the American working class. They reflect the real terror that the Wall Street bankers feel over their upcoming confrontation with the working class. Without Humphrey-Hawkins and other fascist legislation in place they will be unable to contain an uncontrollable mass strike upsurge that is shaping up over contract negotiations.

Congress, however, is unaware of the depth of the crisis that they now stand right, smack in the middle of. Despite the week's events on the international monetary markets, Capitol Hill has attempted to carry on business as usual. They are acting oblivious to the fact that the world monetary system no longer exists. Trade and continued economic activity can at any moment become impossible. Discussion, however of the urgent need to replace the present mess with a new production-based system, is almost non-existent.

Similarly, though some members of Congress have attempted to stand up against the recent attacks on it by the FBI and the CIA around the leak of the Pike Committee report, the majority will support legislation — unless pressured to do otherwise — that will establish a police state in the U.S. Most of Congress has already been suckered into supporting a Wall Street directed call for a conventional arms build-up, stupidly insisting that such an arms production could never lead to a real war — or at least not a nuclear war.

Constituency pressure, is however beginning to force some Congressmen to break this controlled environment and begin to act in a way at least partially commensurate to the depths of the current crisis.

On March 17, the effects of the mass working class response to the collapse of production, state and municipal services was felt on the floor of the Congress itself. Re. Herman Badillo (D-NY) told the House that New York City has “cut every service except one, debt service. And despite all this, the city is in worse shape than before. Disease and deterioration are growing . . .” Badillo called for passage of his legislation that would allow New York and other municipalities to declare bankruptcy.

As Badillo was bringing the real world into the Congress, Dellums indicated that he was prepared to sit down with the U.S. Labor Party and work out national debt moratorium legislation. The offices of Reps. Richmond (D-NY), Rangel (D-NY), Abzug (D-NY) and Chisholm (D-NY) all indicated they were in consultations with Badillo on the debt moratorium issue.

This overt crack in the controlled environment in Congress combined with the anti-austerity mandate of the Illinois electorate offered in the March 16 primary acted as an early warning signal to Wall Street that a more extensive break-away is imminent. In the Illinois primary, Rockefeller protege Governor Dan Walker, who ran a campaign support of this proposed zero-growth budget was defeated by Micheal Hewlett, the candidate of the machine of Chicago Mayor Richard Daley, who polled a whopping 63 per cent. Additional evidence of the large anti-austerity mandate was supplied by the fact that one-fifth of those who voted in the gubernatorial race ignored the clowns running in the presidential primary.

Meanwhile Congress has begun to wake up about the need for a crash fusion energy development program — after 2 years of prodding by the U.S. Labor Party Tunney (D-Cal) and Metcalfe (D-Mont) issued in their name a Fusion Energy Foundation — authored 25 point questionnaire to leading U.S. scientists. Later in the week, the Joint Committee on Atomic Energy (JCAE) voted to restore cuts proposed by President Ford in the fusion research and development budget. The vote came after Dr. Robert Hirsch, assistant director of ERDA, was asked by JCAE member Rep. Roncalio (D-Wyo) if a recent New Solidarity, the newspaper of the U.S. Labor Party, article describing Soviet breakthroughs were substantially correct. Hirsch testified that they were correct.

Beneath this Congressional activity was continued unravelling of state and municipal Democratic and Republican machines. Following breaks in the ranks of the New York, Connecticut, Washington, and California Democratic machines toward the Labor Party, four governmental agencies in Chicago reported their willingness to meet with U.S. Labor Party representatives to discuss debt moratorium. Appointments were set one day after the Illinois primary. Indicating the depth of Labor Party penetration into the Daley machine, a Daley-backed state legislator who lost in the primary is considering running on the Labor Party slate. In Washington State, meetings were set with two statewide organizations of the Republican Party to discuss debt moratorium legislation.

Humphrey-Hawkins

This motion has gone directly from the factory and the wards into the Congress. To contain this motion, especially in light of the upcoming showdown with the working class, a combined containment package including the last week introduction of the revised version of the same old Humphrey-Hawkins legislation, calls conventional arms build-up and foot-in-the-door police state measures were tossed into the most vulnerable layers of the Congress. Well-dressed with liberal sounding phrases and appropriate targetted “enemies”, the fascist package will accomplish the exact opposite of its intended tactical purpose — it will expose the guts of the Democratic Party urban machines to a Labor Party take-over. Congressmen who support the legislation will rapidly be isolated from their constituencies.

Humphrey's focused hysteria around imminent “social

revolution" before an array of businessmen in Washington DC highlighted a parade of Atlanticist agents testifying or making public statements on behalf of the bill, including New York labor skate Victor Gotbaum, fascist manpower planner Eli Ginzberg, social welfare hatchetman Jules Sugarman and Federal Reserve Chairman Arthur Burns. All were of one voice — all demanded national slave labor police. Speaking to an audience which included Vice President Nelson A. Rockefeller, Humphrey bellowed that the current "unemployment compensation and social security systems "are incapable of stemming the drift towards "social revolution." "My first job is to defend the banks and I agree with Arthur (Burns)," the Senator from Wall Street said, "if the banks in the U.S. went kaput, that would end our system."

Following Humphrey's cues, the following day Burns appeared to testify at Humphrey's Joint Economic Committee Hearings with 1000 copies of a speech he made last September demanding that the government force people on unemployment and welfare into \$50-a-week public service jobs. Humphrey greeted Burn's suggestion by telling those present, "I like Arthur, but he doesn't give speeches anymore, he just gives the best of "Vintage Arthur Burns."

Outdoing everyone else, manpower expert Eli Ginzberg, author of the 1946 full employment act, insisted that elderly and crippled persons could also be "profitably" employed under the Humphrey-Hawkins bill.

Fanning the hysteria to the House side, both Conyers (D-Mich) and Ottinger (D-NY) raised the spectre of "social revolution." In a comprehensive blueprint released this week the two "liberals" told the Budget Committee that "in order to drive home the devastating impact of unemployment and to mobilize public opinion behind full employment policy, the

Congressional budget should provide for an annual audit of the social and psychological state of the American people."

War by 1977

As an adjunct to the slave labor push, the Atlanticists escalated their call for conventional arms build-up and European militarization into the Halls of Congress. On March 15 liberal think-tanker Adrian Fischer of the Arms Control Association said in an interview that the liberal wing of the Democratic Party is about to launch an assault on Secretary of State Henry Kissinger to unseat him from his post before the November elections. Fischer indicated that the central issue of attack would be Kissinger's "lowering of the nuclear threshold" by allowing a free flow of nuclear materials out of Western Europe.

This phoney centerpiece issue of nuclear non-proliferation emerged later in the week as part of a larger scenario to swing broad liberal support behind a massive conventional arms build-up. On March 17, Rep. Ottinger issued a statement supporting a conventional arms build-up in order to reach parity with the Soviet Union, while denouncing the already discredited first-use doctrine once spouted by former Secretary of Defense James Schlesinger. The stupid liberals around Ottinger have been in consultation with Schlesinger, who they proudly claim has been won over to their side. Schlesinger and others such as Under Secretary of State Joseph Sicco and New York Times columnist and CIA conduit Drew Middleton have now been invited to address the liberal "Peace through Law" congressional outfit to coral them into a support for large conventional arms build-up and European militarization. In exchange, they have offered dropping an already dead Schlesinger limited nuclear warfare doctrine.

SPECIAL REPORT

Interview With

Congressman Richard Ottinger (D-NY)

On The Dangers Of Nuclear War

Rep. Richard Ottinger (D-NY) has been the leading Congressional opponent of the military doctrine espoused by former Defense Secretary James Schlesinger, the doctrine of limited nuclear war. He has introduced legislation into Congress that would force the U.S. to adhere to a military policy of no first use of nuclear weapons. Ottinger has also severely and continually criticized defense spending for conventional forces.

Testifying before the House International Relations subcommittee on International Security and Scientific Affairs March 16, Rep. Ottinger completely reversed his opposition to conventional arms buildup. Ottinger told the committee that a conventional force buildup in Europe would serve that purpose. "The ideal weapons deployment would be to inform the Russians that we have decided that tactical nuclear weapons use would be mutually suicidal and that we therefore intend to build up our conventional forces and those of our allies to the point at which they can meet the Russian threat: This represents a major policy departure for me."

Rep. Ottinger was interviewed in Washington yesterday about his recent statements by a freelance journalist. IPS has obtained rights to the interview and reprints it below:

Question: Congressman, why have you reversed your position on conventional force buildup?

Rep. Ottinger: Europeans are subject to the threats of a far superior Russian armaments conventional threat. We could never get the Europeans to agree to our withdrawing conventional forces. We can get conventional parity with the Russians. It is the view of such experts as Ikle (Fred Ikle head of Arms Control and Disarmament Agency — ed) that the Russians are really concerned about the dangers of nuclear proliferation and are really interested in reducing nuclear terror incidents. But it is the attitude of many here, the attitude of the International Relations Committee, men like (Rep) Jack Bingham (D-NY), that an international arrangement for the reduction of nuclear weapons is too big a thing to arrange. This attitude prevents us from reducing nuclear weapons. So we have a trade off; we can increase our troop strength if we and the Russians reduced nuclear strength.

Question: Wouldn't the Russians see a conventional force buildup as a threat, a move against them?

Ottinger: Well, it wouldn't be done in a vacuum. We would tell the Russians what we are thinking is really how to reduce the likelihood of nuclear war. Show them we are really interested in reducing nuclear weapons.

Question: Who helped persuade you to change your ideas on this question?

Ottinger: Well, James Wade of the Defense Department. The central revelation he told me was with respect to Soviet superiority of conventional weapons. (Former Defense Secretary) James Schlesinger was here speaking to members of Congress through Peace and Law (a group of dovish Congressmen). Come to think of it he was the one who really turned me around. I have spent a lot of time with Schlesinger. He was the one I was after heavily last year for brandishing weapons all over. Schlesinger said that he thinks we should get the bulk of our nuclear weapons out of Europe. I have had the Appropriations Committee do a classified study looking at the protection of nuclear sites, and if people knew how badly protected they are they would know the dangers. Schlesinger has become anxious of the dangers.

Question: Do you believe that Schlesinger has actually changed his thinking. Doesn't his doctrine of limited nuclear war include a first reliance on conventional forces?

Ottinger: Yes, Schlesinger is coming to believe we should substitute conventional forces for nuclear weapons reliance. He's worried that we have no option. Can you really have a limited nuclear war? You don't know what the Russians will do. I think that Schlesinger has some doubts on whether you can have such a war.

Question: What do other Congressmen think about the strategy of building up conventional forces to reduce nuclear danger?

Ottinger: The Members of Congress Through Peace and Law have had and will have a series of discussions on all aspects of this. It meets weekly, this is where Schlesinger spoke. Rep. Seiberling (D-Ohio) is the chairman of it and he has done some thinking on it. Bingham would also support an increase in conventional forces.

Question: What does Defense Secretary Rumsfeld think about conventional buildup to reduce nuclear dangers?

Ottinger: I have talked to him. I know him from his days here. I briefed him on the study the Appropriations Committee did and told him of the dangers. He sent a note saying he is concerned and pursuing this question. There are limitations on what he can do publicly. I know that Rumsfeld is crashing around this question. I think he would agree that conventional buildup reduces the nuclear dangers. I can't quote him because it is a sensitive issue, but I think he agrees. He is supplying every fool thing the Pentagon is pushing. Some he believes in, some he doesn't, but he is looking over his shoulder at Ronald Reagan, who wants a military state.

Question: What could cause a war between the U.S. and the Soviets now?

Ottinger: At the moment, there are no impending dangers. What makes me terribly nervous is having nuclear weapons in unstable hands like India. They (the Indians) might use nuclear weapons against Pakistan or in their own country if there was a revolution in India.

Question: The possibility that European governments may be bolting from the U.S. orbit has been in the news recently and was a focus of Secretary of State Kissinger's speech last week in Boston. Is there the danger that this situation could cause a war?

Ottinger: Confrontation is not in the offing. Italy and France could go communist and this could present problems.

Question: The possibility that Italy, if the communists went into the government, could become another Chile has been mentioned.

Ottinger: Yep, it could. If you add nuclear capability to these countries it increases the dangers. Europe is critical. The European subcommittee of the International Relations Committee is focusing on these questions, but the problem is that Congress has not been able to really study this because there is one man State Department. Only Kissinger makes decisions.

Congressman Ottinger reiterated his warnings of the

danger and the destruction that a nuclear war would bring. He declared it his aim to bring out the point at the hearings in the International Relations subcommittee that the U.S. is not protected against unauthorized use of nuclear weapons.

Ottinger: Rep. Zablocki (D-Wisc) and I want to bring out three points — First, in our country the president has delegated authority. Admiral Miller admitted this yesterday, to the Norad Commander, that under certain circumstances he could fire nuclear weapons without a President's order. We understand the delegated authority is broader than just to the Norad Commander.

Second, that we are not protected against unauthorized use (of nuclear weapons). The mechanics are not set up. Combinations of people, Miller admitted, could decide themselves that a situation requires use of nuclear weapons and do it themselves.

Third, that there have been four alerts in which the Joint Chiefs of Staff had requested the use of nuclear weapons for a particular situation. One was the Quemoy-Matsu crisis and another was the 1962 Laotian crisis. The case I am making is that the command and control is not adequate. This is a tremendous danger. Every president including and since Eisenhower had delegated authority. We're going to get this out. Yesterday, a case was cited where the Early Warning System went off because there was a cloud over Greenland.

SPECIAL REPORT

Leading Think-Tanker Calls for Nat'l Autarky To Solve European Crisis

WASHINGTON, D.C. March 20 (IPS) —Two days ago, IPS interviewed David Caleo, the director of the Washington Center for Foreign Policy Research at Johns Hopkins' School of International Affairs, on the economic crisis. Caleo, who has just returned from Italy, runs the program of the Bologna Institute in Italy and is widely regarded as "expert" in European affairs. His Bologna Institute is also known to collaborate with the CIA-controlled Rome Institute for International Affairs, on whose board of directors sit Italian Communist Party (PCI) leaders Sergio Segre and Giorgio Amendola.

An attendee of numerous conferences at the Rockefeller Foundation's Bellagio, Italy headquarters at the Villa Serbelloni, Caleo would not indicate who he had met with while in Italy.

The following are excerpts from the interview:

IPS Interview with David Caleo

IPS: The worse economic crisis in history is now occurring. Look at Italy for example. There is no way that Italy can pay its tremendous debts. The Third World countries are in the same or worst shape. What do you propose as a solution?

Caleo: Some people say that countries still have the capacity to patch themselves up. I don't maintain this. My view is that countries who try to simply patch things up ultimately make the situation worse. I'm not saying that the system can't be patched up but if there is a collapse there has to be a return to economic nationalism.

IPS: Would you explain what you mean by economic nationalism?

Caleo: Because of the present economic situation, govern-

ments have lost control of a system that over-emphasizes interdependence. And that's rough. What we need is a sort of retraction to national autarky.

IPS: Do you mean fascism?

Caleo: In extreme cases, autarky does bring to mind fascist government. The process of retraction is exactly what happened in the 1930's. National autarky developed then — even in England — and things got better because economies were brought into discipline. Germany was only an aberrant case... But this need not mean fascism, especially if greater state control was carried out by broad-based coalitions.

IPS: Sounds like you're talking about Italy. Do you support the Italian Communist Party joining the government?

Caleo: Yes, we need more broad-based coalitions. That's the reason I support the PCI joining the government.

IPS: What about a debt moratorium for Italy? Do you support it?

Caleo: It's not that easy — it's difficult to cancel indebtedness.

IPS: But it is Italy's only possible solution.

Caleo: I don't agree. I think the state enterprises have violated their basic principles of accounting by picking up indebtedness and operating without good management.

IPS: Without debt moratorium, Italy will need to impose a fascist police state. Look at the austerity proposals; they're only the beginning. Trade is beginning to collapse.

Caleo: I admit that more state-control means severe financial discipline for these countries but it's not necessarily true that a drastic decline in world trade results in a drop in the standard of living. Anyway, you are jumping from economics to politics...you're jumping to all sorts of conclusions....



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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)

LATE EVENING NEWS WRAP-UP
TUESDAY, 16 MARCH 1976

I. PRIORITIES

LONDON TIMES CARRIES NATO PLANTED STORY ON SOVIET WAR THREAT

March 16 (IPS)--The North Atlantic Treaty Organization (NATO) yesterday planted a phony war scare story "Surprise Attack Could Make Nuclear Weapons Useless" on the front page of the London Times.

The Times states that its story is based on "a report, prepared by a senior officer of NATO's armed forces and now circulating within the alliance." According to the Times, the report "reaches the startling conclusion that the Warsaw Pact is capable of delivering a successful surprise attack on Western Europe using only conventional forces."

The NATO red-scare report stresses the "danger from within": "The Soviet Armies' advance would be assisted by Fifth Column operations organized by some 16,000 Soviet agents now known to be active in the (German) Federal Republic." The report, the Times says, decries "the significant growth of communist influence in Western Europe," warns of the imminent "arrival of regimes with dominating communist tendencies in certain European countries" and demands that "Western Europe assume responsibility for its own security, no longer depending entirely on the American nuclear umbrella."

The Times claims that "defense officials in Washington are expressing concern at the conclusions of the NATO study."

JOINT CHIEFS OF STAFF HEAD: NATO CAN TURN BACK WARSAW PACT ATTACK

March 16 (IPS)--Gen. George Brown, chairman of the Joint Chiefs of Staff, said yesterday in Pensacola, Fla., that NATO "can turn back a Warsaw Pact attack without resorting to the early use of nuclear weapons," today's Baltimore Sun reports.

FORMER MI-5 AGENTS WARNS WEST TO REARM

March 16 (IPS)--Commenting on the conclusions of an alleged NATO document leaked yesterday to the London Times, former British Intelligence agent Lord Chalfont warns that "the West must

(MORE)

act to defend itself while it still has the chance." In an Op-Ed, yesterday, Chalfont gives a detailed analysis of the report, discounting the idea of tactical nuclear war in favor of a conventional arms buildup.

PENTAGON CLAIMS NATO REPORT UNOFFICIAL

March 16 (IPS)--the Pentagon today denied the official character of a NATO report published in today's London Times, which calls on Western Europe to assume responsibility for its defense against what the report characterizes as overwhelming Warsaw Pact forces and Fifth comuns in West Germany. The London Times described the report as an official NATO document written by "a senior officer of NATO's armed services." The Pentagon's public affairs spokesman scoffed at the reference to the author of the report as "a senior officer of NATO" and said that "the report is not an official NATO report and therefore does not call for comment."

SWEDISH MILITARY ON LARGEST ALERT SINCE WORLD WAR II

March 16 (IPS)--Swedish Commander-in-Chief, Stig Synnergren early this morning called an unannounced "Total Defense" alert mobilization around the industrial port city, Gothenburg, Sweden.

According to Swedish Radio reports, Synnergren said that the reason for the maneuver was "because of the increased tension in Europe now." More than 16,000 forces are directly involved in the largest mobilization since World War II, including units of police, the Swedish "Homeguard", Customs Police, navy and air force. Synnergren, who in the past has warned of threat of possible Soviet attack in Northern Europe, stated that the scenario of the current maneuver includes the collapse of "Geneva talks, with the forces in Europe already going over the borders, even the Swedish borders."

SWEDISH MANEUVERS UNPRECEDENTED

WASHINGTON, D.C., March 16 (IPS)--this morning's sudden announcement of a major Swedish military mobilization caught Swedish Embassy officials here totally by surprise. One spokesman said this afternoon that such broad-based maneuvers were "totally unprecedented."

KISSINGER SAYS CONFRONTATION IS NEAR

March 16 (IPS)--Secretary of State Kissinger, testifying before the docile Senate Foreign Relations committee today, informed Congress that the U.S. should expect to be at a point of confrontation with the Third World or elsewhere in the very near future. Kissinger warned that the U.S. must "demonstrate its purposefulness," and cannot sustain itself in a future conflict or confrontation if the messy debates like those surrounding the Vietnam debacle occur.

Kissinger called on the Senate to appoint a small number of Senators to deal with the conflict situations, who would function as a "crisis management" subcommittee.

(MORE)

REP. RICHARD OTTINGER CALLS FOR MASSIVE CONVENTIONAL ARMS BUILDUP

March 16 (IPS)--Rep. Richard Ottinger (D-NY), testifying before the House International Relations subcommittee of International Security and Scientific Affairs, called for massive conventional weapons buildup for U.S. forces in Europe to reduce the likelihood of nuclear confrontation. Ottinger, who has traditionally opposed increasing defense spending justified his sudden support for conventional weapons saying that if NATO had adequate conventional weaponry it would be less likely that they would have to rely on nuclear weapons.

When questioned by Committee chairman Rep. Clement Zablocki (D-Wis) on whether he would support the increased defense spending necessary to reduce U.S. dependence on nuclear weapons, Ottinger declared, "I'd be willing to spend whatever it takes."

NO GAULLIST POLICIES CAN BE IMPLEMENTED UNDER GISCARD

March 16 (IPS)--Former Minister of Industrial Development Jean Charbonnel today warned that there is no possibility of Gaullist policies being implemented by the government of French President Giscard D'Estaing. His statement, printed in today's Le Monde, rehashes the history of the Gaullist UDR party's participation in Giscard's coalition, and asks whether "the Gaullists rallied to the new majority but wanting to remain faithful to themselves still have chance of safeguarding in any way the principles to which they say they are still attached?" Answering with a definitive no, Charbonnel claims that it "is highly improbable that Giscard D'Estaing would renege his lifelong convictions to convert himself to Gaullism."

What is demanded at the present time is a policy of "cooperation with the social partners" on the left and right, Charbonnel writes, based on "an active and realistic policy which takes into account: the multinational firms, the inflationist disorganization of the international monetary system, the tribulations of Europe on the energy and raw materials markets."

In conclusion, Charbonnel issues the rallying cry "that for Gaullists who refuse death under any shape or form, the choice is thus clear. If they want the heritage for which they are the trustees to live, they must take up a new path, totally different from that in which their "companions" are presently trapped. It is their problem for today and tomorrow."

FRENCH GOVERNMENT SPLIT CALLED "IRREPARABLE" BY FRENCH EDITORIALIST

March 16 (IPS)--Leading editorialist for the French daily Le Figaro, Pierre Thibon today characterized the split in President Giscard D'Estaing's government majority between members of the Gaullist party, the UDR, and Giscard's own Independent Republicans, as "irreparable." Describing the process of the split in the coalition as the equivalent of leaving the sinking ship", Thibon argues that the relatively poor showing of the government majority in the recently concluded local cantonal elections is due to the failure of Giscard to stabilize his "center-left to center-right" coalition.

(MORE)

BRITISH PRIME MINISTER TENDERS RESIGNATION

March 16 (IPS)--British Prime Minister Harold Wilson today resigned as leader of the majority Labour Party and therefore, as Prime Minister, pending the naming of his successor by his party. The Parliamentary Labour Party will meet March 25 to choose Wilson's replacement.

The British Broadcasting Corporation (BBC) tonight discounted the possibility of general elections following Wilson's resignation. Britain's form of parliamentary democracy does not require a national vote to form a new government.

BRITISH FASCIST, POWELL CALLS FOR ARMY REORGANIZATION

March 16 (IPS)--British Conservative Enoch Powell, a professed fascist, told a conference of the Oil Club in Scotland this weekend that Britain needs to re-think the concept behind its army organization. According to yesterday's London Times, Powell told his audience: "What Britain needs is the insular counterpart of a conscript army, namely, a cadre army which is also a people's army."

BRITISH THINK TANK CALLS FOR PARAMILITARY POLICE FORCE

March 16 (IPS)--The counterinsurgent think-tank, the Institute for the Study of Conflict has published a book calling for the creation of a paramilitary force in Britain. This new force, more highly trained than police, but without the political stigma of the military, would allegedly be used against terrorists. The review of the study in the Daily Telegraph, however, specifically documents the ineffectiveness of the London police in recent political demonstrations.

LONDON BANKERS IN FOG OVER WILSON RESIGNATION

NEW YORK, March 16 (IPS)--Several leading representatives of top London banking houses here indicated their total mystification over the reason behind British Prime Minister Wilson's resignation -- even after extended trans-Atlantic calls to their parent companies in London. Refusing to swallow official reports of Wilson's "poor health", one representative concluded that "something entirely different from normal internal politics" was at work. He could not however, say what this process might be. Another, who less than a week before had disclaimed the importance of the Labour Party left-wing revolt against the Wilson government's austerity White Paper, today expressed fear of what would happen if left wing Ministers Michael Foot or Tony Benn succeeded Wilson.

U.S. BANKERS SAY RIGHT WINGER JENKINS OR COALITION TO REPLACE WILSON

NEW YORK, March 16 (IPS)--Officials at leading U.S. banks and think-tanks contacted here almost unanimously named Trilateral Commission member Roy Jenkins as Prime Minister Wilson's successor, or as the main figure in a government coalition.

(MORE)

Jenkins, as current Home Secretary has direct responsibility for coordinating the so-called anti-terrorist police operations, as well as domestic police surveillance, in the current government.

BRD BANKER AGREES DEBT MORATORIUM IS NECESSARY

WIESBADEN, West Germany, March 16 (IPS)--The chief economist of the bank fuer Gemeinwirtschaft (a financial institution tied to Social Democratic Party-controlled trade unions) agreed today that a debt moratorium was "the only solution to the present dollar crisis which is choking Europe, U.S. and the Third World to death." He deplored the agent-infested government of West Germany for its opposition to the new world economic order.

"In the next few weeks we need a general debt moratorium," the banker declared adding: "they (the debtors) cannot pay." He suggested that a "general conference of finance minister and central bank governors," is needed to put together a new monetary order. He regretted that West German "government can't do much," because they think "the security of Germany depends on the U.S. Army."

JAPAN GRANTS PARTIAL DEBT MORATORIUM TO PAKISTAN

March 16 (IPS)--Japan has granted a nine-year moratorium to Pakistan on 29 million dollars in payments due this year on government to government debt, arising from yen-denominated loans made during the 1960's and subsequently rescheduled. The present agreement stipulates that Pakistan will not begin payments until 1985, and then the payments will be spread over 20 years at 2.5 per cent interest. The agreement was reported in the March 13 Japanese daily, Mainichi.

NORTH KOREA ASKS JAPAN FOR PARTIAL DEBT MORATORIUM

March 16 (IPS)--North Korea has asked Japan for a two-year deferment on payment of 200 million in back debt, according to the March 13 (South) Korea Herald. North Korea is particularly interested in moratoria on debts arising from imports of machinery and plants. No specific terms were released.

BANCA D'ITALIA OFFICIAL SAYS SIMON'S PROMISED LOAN IS A HOAX

WIESBADEN, West Germany, March 16 (IPS)--An authoritative spokesman for the Banca D'Italia said today that none of the money that U.S. Treasury Secretary William Simon promised to Italy last week in return for the implementation of domestic austerity, is expected to come through. The 1.3 billion dollar loan package, 500 million of which were incredibly supposed to have come from the bankrupt Bank of England, was a pure and simple hoax, the official said.

ITALIAN WEEKLY SAYS DEBT MORATORIUM ANSWER TO AUSTERITY DEMANDS

March 16 (IPS)--the Italian weekly Tempo Illustrato today poses a debt moratorium as the means of preventing the economic destruction

(MORE)

that would follow Italian acceptance of austerity conditions imposed on various proposed bail-out loans. "Our creditors", writes Tempo, "will face requests of suspension and postponement (of the debt) and they could do nothing else but approve them. ...they will not give any money if we delay the necessary measures. ...within some weeks Italy must cut imports drastically; and this means autarchy and as a consequence... it would destroy one third of the productive activity and a large part of employment."

PSI PAPER CALLS FOR REJECTION OF AUSTERITY CONDITIONS ON LOANS

March 16 (IPS)--Avanti, organ of the Italian Socialist Party, today published two articles stating that "the crisis of the European (currency) snake is the consequence of the compromises of Kingston and Rambouillet." Both articles stressed that the European Economic Community's austerity conditions for loan guarantees to Italy must be rejected and deplored the dollar's hegemonic position within the international monetary system.

ITALIAN WEEKLY REPORTS AGNELLI ARRAIGNED IN COUP INVESTIGATION

March 16 (IPS)--The Italian weekly, Tempo Illustrato, reported yesterday that FIAT president Gianni Agnelli, FIAT managing director Umberto Agnelli, FIAT general director Nicolo Gioia, and FIAT president advisor Vittorio Chiusano have all been arraigned preliminary to an investigation of charges that they financed the nearly successful fascist coup d'etat attempt of 1964.

Tempo also published the first in a series of articles documenting how Gianni Agnelli and the FIAT president before him built up an entire shadow government with sections of Italy's secret service, the air force and General Staff, and the FIAT-controlled war industry with the help of generous American financing.

Tempo also links up the Italian Communist Party directly in the affair charging that the PCI's military "expert", Pocchioli, has been more preoccupied with investigating the Lockheed scandal rather than the real story which this scandal intends to cover.

"DISGUISED" SYRIAN FORCES INVADE LEBANON; SYRIAN PROTECTORATE OVER COUNTRY PREDICTED

March 16 (IPS)--Two thousand Syrian regular army troops "disguised" as Palestine Liberation Army forces entered Lebanon yesterday, according to reliable Lebanese diplomatic sources.

Commenting on this report, a leading U.S. Middle East policy maker suggested today that Lebanon is heading towards becoming a "province of Syria, a mandate, ...perhaps with an autonomous province for the Christians' area."

(MORE)

PRO-SYRIAN COMMANDOS BLOCK DRIVE TO OUST RIGHT-WING LEBANESE HEAD

March 16 (IPS)—Syrian-controlled Saiqa Palestinian guerilla units blocked moves yesterday by rebel Lebanese army units to oust fascist Lebanese President Suleiman Franjieh. According to today's Washington Post, the Sqiqa moves coincided with meetings in Damascus between the Syrian leadership and representatives of the fascist Falange Party and are "a clear signal that Damascus would not ... allow the Lebanese left to dictate its political stance."

According to the Post, the syrians at this point "exercise no control" over a large portion of the mutineering armed forces, "widely reported to be manipulated by the Lebanese left and the Palestinian commandos."

SPENCER TO REPLACE CALLAWAY AS FORD CAMPAIGN COORDINATOR

March 16 (IPS)—Stuart Spencer has been appointed to replace Howard "Bo" Callaway as chief coordinator of President Ford's election campaign, according to yesterday's New York Times. Spencer, a California Republican, is co-director of the Spencer-Roberts Associates, a "scientific" campaign advisory service which has coordinated Republican campaigns ranging from Ronald Reagan's 1966 California gubernatorial campaign to Nelson Rockefeller's 1964 California primary effort.

JIMMY CARTER SHIFTS APPEAL TO CAPTURE "EASTERN LIBS"

CHICAGO, March 16 (IPS)—Attempting to broaden his appeal to the liberal wing of the Democratic Party, presidential hopeful Jimmy Carter softened his criticism of detente and openly attacked Secretary of State Henry Kissinger in what was billed as a major foreign policy address here last night. Speaking to an audience at the Chicago Council on Foreign Relations, Carter endorsed "the objective of detente" but argued that Kissinger, in strategic negotiations with the Soviet Union, was "giving up too much and asking for too little." Carter, however, also said that the "U.S. should help Eastern European countries regain their independence" through trade and cultural relations with the U.S. Carter was "advised" on his speech by well-known Atlanticist agents, including Zbigniew Brzezinski, Richard Cooper, and Richard Gardner of the Trilateral Commission.

END OF IPS ALTE PRIORITIES 03-16-76



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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)
EARLY EVENING NEWS ROUND-UP
WEDNESDAY, MARCH 17, 1976 1700 HOURS EST

I. PRIORITIES

FRENCH SP LEADER DENIES REPORTS HE SUPPORTS EARLY ELECTIONS

March 17 (IPS)—French Socialist Party (SP) leader Francois Mitterrand has denied that he would support moves for early legislative elections which could open the way for SP entry into the coalition government of Giscard d'Estaing. According to the French daily Le Monde, Mitterrand believes that the "SP's electorate has not stabilized yet behind the party," despite a relatively significant increase in Socialist Party votes at the concluding round of local cantonal elections last weekend.

Gaullist leader Alexandre Sanguinetti, backing up Mitterrand's estimation of the highly unstable character of the SP at the present time, claimed that the SP's vote in the cantonal elections was just as "fragile" as that of the small percentage received by the Gaullist Party, the UDR.

MAC'S ROHATYN CALLS FOR "UNUSUAL ACTION" TO SOLVE NEW YORK CRISIS

March 17 (IPS)—New York Municipal Assistance Corporation chairman Felix Rohatyn, newly appointed chief of New York Gov. Hugh Carey's new economic recovery program for New York City, has proposed razing 30-block areas of the city and developing industrial parks as one of a number of "unusual ideas" for solving the city's economic crisis. In an interview in yesterday's New York Times, Rohatyn said that the situation is so desperate that it almost dictates "action for action's sake."

Rohatyn commented, "My inclination is to do what we did last summer and fall: Get a few of the best people, focus on the problems, figure a reasonable solution, even if we can only afford to get 60 or 70 per cent of the facts, and move. And make it right as we go along." Last summer and fall Rohatyn put together the now entirely discredited Big MAC operation to solve the city's financial crisis.

The plan for blacktopping blighted areas of the city would require large-scale tax breaks, labor cooperation and financing, which might prove impossible without Federal aid. The Times commented, "Logically, if the state and city ease taxes on businesses there will have to be corresponding increases in personal taxes to maintain revenues." "Maybe we should have a separate task

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force for the crazy ideas. Get some long-haired college grads and scientists for the far-out stuff," he added.

ADMINISTRATION CANCELS U.S.-SOVIET COMMISSION MEETING
TO SHOW DETENTE IS OVER

March 17 (IPS)—The Ford Administration postponed a meeting of the Soviet-American Joint Commission on Energy Cooperation on extremely short notice last week to show the Soviets that President Ford's dumping of the word "detente" has practical, day-to-day implications.

According to yesterday's Washington Post, the action was taken in protest over Soviet actions in Angola. A White House official said yesterday that the general reassessment of the relationship between the U.S. and the Soviets was started by Secretary of State Henry Kissinger, the Post reported. Another official said that the change in policy meant that "We are not prepared to conduct all aspects of our relations on a business-as-usual basis."

Upcoming meetings of the Joint Commissions on Housing Problems and on Economic and Commercial Relations have also been postponed, although the new policy will not affect arms limitations or other military talks, the Post reported.

LEVI ANNOUNCES WIRETAP GUIDELINES WITH KENNEDY SUPPORT

March 17 (IPS)—The Ford Administration will introduce a bill outlining new guidelines for domestic wiretapping in the near future. The legislation has been drafted in joint consultations between Attorney General Edward Levi and Senators Edward Kennedy (D-Mass) and Gaylord Nelson (D-Wis), according to today's New York Times. While the guidelines are billed as providing stricter control over federal wiretapping by calling for a federal court order for every domestic wiretap, several provisions belie the repressive nature of the legislation.

Under the guidelines, a special pool of seven federal judges will be appointed by the Supreme Court Chief Justice from which one will be chosen to rule on each wiretap case; no other federal judge will be allowed to act on a wiretap order. In addition, the previous practice of informing wiretap victims of the taps will be suspended.



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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)

LATE EVENING NEWS WRAP-UP
WEDNESDAY, 17 MARCH 1976

I. PRIORITIES.

CHAOS ON CURRENCY MARKETS: LIRA COLLAPSES; DOLLAR UNDER ATTACK

March 17 (IPS)--The international currency markets were in total chaos today as the Italian lira collapsed to a new historic low. At one point the lira had fallen by an incredible 5 per cent against its opening, before inching upwards in the afternoon. It closed at 877, down from an opening of 844. Traders expressed the belief that the lira could sink to as much as 1200 to the dollar. The pound sterling also came under enormous pressure, with major intervention by the bankrupt Bank of England halting its slide after a marginal decline.

This situation led to a massive selling pressure on the U.S. dollar, as multinationals and international banks moved out of the bankrupt currency en masse into Swiss francs and deutsche-marks. While the U.S. dollar depreciated by more than 1 per cent against the West German and Swiss currencies, the Italian lira declined against the dollar as the Bank of Italy continued selling liras for dollars to meet its 3 million dollars a day in debt service payments to New York banks.

The seriousness of the dollar crisis is underlined by the dollar's depreciation despite a full-scale rescue operation on its behalf by the central banks of West Germany and the United States. The Federal Reserve sold an undisclosed amount of West German marks and the West German counterpart bought 18 million dollars. Traders in New York expressed terror that the entire dollar-based monetary order will blow to hell unless "a political solution" for Europe was found over the next week or two.

WALL STREET BANKER DECLARES: MILITARY-POLITICAL SOLUTION ONLY WAY TO RESCUE DOLLAR EMPIRE

March 17 (IPS)--The chief international spokesman for the New York based investment banking house of Brown Brothers Harriman, declared today in an interview that the seriousness of the dollar crisis demands an "urgent military-political solution in Western Europe."

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Asked whether he had considered the political ramifications of an Atlanticist push to install police-state regimes, the Wall Street banker replied: "Germany is key to the entire thing. As long as they (the Germans--ed.) need us, neither the Gaullists in France nor the industrialists hostile to the United States in Italy can do much....Oh, they will make a lot of noise but they are too much of a mess economically....The trade unions and Communist Parties are anxious to enter the government and will avoid controversy."

Supporting the "Independent European" approach to European defense peddled by such fascists as Britain's Enoch Powell and Francois Mitterrand's French Socialist Party, the Wall Street banker said "I believe that we (the U.S.) should stay out of Europe and let them sort their own problems out. It's their problem not ours."

MORO MAY RESIGN OVER ITALIAN CURRENCY CRISIS, SAYS BBC WORLD SERVICE

March 17 (IPS)--Italian Premier Aldo Moro may be forced to resign over today's collapse of the lira, reports the BBC World Service. According to the BBC's Italian correspondent, the Italian currency dealers are calling today "the blackest day in market history." Measures aimed at closing the Italian/Swiss border to stop sale of lira in Switzerland are now being taken. European Economic Community (EEC) ministers are reportedly conferring with the Italian finance minister over austerity measures to be taken to halt Italy's economic collapse, the BBC reports.

AP DOW JONES REPORTS ITALIAN FOREIGN EXCHANGE MARKETS CLOSED

March 17 (IPS)--Amid sharp fluctuations of the lira-dollar exchange rate which resulted in a 3.8 per cent depreciation for the day, AP Dow Jones released an international dispatch this afternoon reporting the Italian government had shut down the foreign exchange markets and that Italian banks had ceased the sale of foreign currencies. Later in the day, AP Dow Jones released a contradictory dispatch indicating that the foreign exchange trading had not closed. Foreign exchange traders contacted in New York were unable to ascertain whether the Italian market had closed or not.

ARMED POLICE MOBILIZED IN ANTI-TERRORIST SEARCHES IN LONDON

NEW YORK, March 17 (IPS)--At least 1,000 police, "many of them armed," have been deployed in London following the third terrorist bomb explosion in the London subways in the past two days. Officials are said to be alarmed about the possibility of an IRA (Irish Republican Army) "Spring Offensive," and WINS reported today that "every mile of track and every piece of rolling stock" on Britain's 30,000 miles of rail will be checked every morning for possible terrorist bombs.

SWEDISH SOURCES SAY GOTEBURG MOBILIZATION AGAINST EUROPEAN "COUPS"

GOTEBURG, Sweden, March 17 (IPS)--Sources contacted here today report that yesterday's mobilization of 16,000-18,000 Swedish soldiers

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in that city, the largest in post-war history, was a maneuver planned to test "coup preparedness" against political destabilization in either Sweden or any part of Western Europe. A Swedish Defense Department press official admitted that "The Swedish military keeps a close eye on economic and political developments in Europe....The situation in England is especially disturbing."

FRENCH SOCIALIST PARTY ADVOCATES FORMATION OF FREIKORPS

March 17 (IPS)—Speaking at the Western European Union (WEU) meeting in London March 14, French Socialist Party deputy Claude Delorme called for the creation of a Europeanwide "military reserve" system. Delorme called for "a coordinated plan for the organization of mobilization exercises of reservists belonging to all European armies," a "popular dissuasion" capable of "organizing the nation in arms" and trained for guerrilla-like warfare.

According to today's French daily Le Monde, Delorme said the reserves should be organized on a local and decentralized basis, with training and wage costs for a six-month period being paid jointly by the national budget and companies.

WEST GERMAN FOREIGN MINISTER MOOTS ALL PARTY "GRAND COALITION"

March 17 (IPS)—West German Free Democratic Party (FDP) Foreign Minister Hans Dietrich Genscher commented this weekend that the ratification of the recent treaties with Poland by the Upper House of the Bundestag (parliament) has led to "a certain softening of the domestic political fronts" between the Social Democratic-Free Democratic coalition government and the Christian Democratic Union. Speaking at an FDP electoral rally, the Foreign Minister noted that all parties had reached a common foreign policy, suggesting that he now sees the possibility of a formal government coalition with the CDU — a "Grand Coalition" — on the basis of domestic austerity policy.

ITALIAN WEEKLY BLASTS AGNELLI AS BEHIND LOCKHEED SCANDAL

March 17 (IPS)—The latest issue of the Italian magazine L'Europeo, a weekly linked to the Cefis industrial interests, blasts the Rockefeller behind-the-scenes manipulation of the Lockheed scandals as a factional battle to maintain debt payments from the Europeans and Japanese. Named as a key conspirator with the Rockefeller banking interests is Gianni Agnelli, president of the FIAT auto empire.

The Europeo feature entitled "Behind the Scandals, There is A Friend of Agnelli — David Rockefeller," documents the charges: "The scandals of international kickbacks reach politicians and powerful men in every corner of the world like multiheaded missiles....These strategic missiles take off from a single base — the banking empire of the Rockefellers...who use agents in the stricken countries, (like) Giovanni Agnelli, who is very well known as a close friend of the financial power of the Rockefellers...."

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"The target is the victory of the worldwide banking powers....It is necessary then that the public know how and why the scandals explode all at once, who maneuvers them, and what are the targets. ...As it may be correct that the guilty parties fall (Nixon), it is also correct to know who has created and manipulated the scandals which forced him to be dumped.

"The scandals involving the multinationals all have a common element. All the implicated companies...are debt-ridden toward Wall Street banks. These banks are being dominated by the Rockefellers. It is through these debts that the banking powers are taking over these multinationals....

"Lockheed and Gulf Oil are not the only companies controlled by the Rockefellers which first corrupted and then they revealed the scandals....This muckraking as it is called in the United States is not accidental..."

L'Europeo then details the Rockefeller connections to the boards of directors of the multinational companies which bribed European and Japanese governments. "These links then show who manipulated the scandals."

GAULLIST YOUTH GROUP MEETING ATTACKS GISCARD GOVERNMENT

PARIS, March 17 (IPS)--At a conference here today organized by the Gaullist Union of Youth for Progress (UJP) and several Gaullist think-tanks, Gaullist leader Alexandre Sanguinetti attacked the Tindemans Plan for a supranational NATO-controlled Europe. Sanguinetti, a leading organizer of the anti-Atlanticist forces in France, was joined by several UJP spokesman who condemned President Giscard d'Estaing's government accusing Ministers of the Interior and Justice, Poniatowski and Lecanuet, of being "American agents" infiltrating the French government.

Towards the end of the meeting, which was attended by 500 youth and workers, a spokeswoman for the European Labor Party questioned Sanguinetti on his position on debt moratoria. The Gaullist leader was initially reluctant to respond to the question. However, after the crowd responded with shouts of "They're right," Sanguinetti stated that he agreed with the ELP's analysis of the crippling effects of debt and the threat of nuclear war barring institution of a new world economic order.

UDR EXECUTIVE REJECTS TINDEMANS PLAN

March 17 (IPS)--The March 15 executive committee meeting of the French Gaullist Party, the UDR, adopted an absolutely intransigent position in defense of "French national independence" and against the Tindemans Plan for a supranational European government. According to today's French paper, Le Monde, the Gaullist barons were joined at the meeting in their opposition to the Tindemans Plan by French Prime Minister Chirac.

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The UDR's position statement on the European question, drafted by Couve de Murville, repeatedly refers to "serious dangers" in the Atlanticists' "operation" to implement the Tindemans proposal. It lays out preconditions for Gaullist support for a European parliament, a central feature of the Tindemans proposal, stipulating that such elections are fine--as long as the parliament has no power over the member states. Otherwise, the UDR position paper says, the French constitution would have to be amended. Such stipulations are known to be opposed by the government of French President Giscard d'Estaing. The Gaullist statement concludes by saying that "no concessions" will be made to the government on "the question of national independence."

The statement was "leaked" for publication to Le Monde, three days before the government Council of Ministers meets to discuss the official French position on the Tindemans Plan.

LEBANESE LEFTIST FORCES CONDEMN FURTHER SYRIAN OCCUPATION OF LEBANON

March 17 (IPS)--Kamal Jumblatt, the leader of the Lebanese Progressive Front, and the entire left including Nasserists and Communists are jointly voicing opposition to continued Syrian domination of Lebanon, according to today's West German daily, the Sueddeutsche Zeitung.

Jumblatt is quoted in today's Washington Post that "The Syrians should pull out. Their role is finished. The government question is purely Lebanese. The Syrians should leave." Significantly, Jumblatt also refused an invitation this week to Damascus, where negotiations to form a new government were underway. The Post reports that Syria intends to continue its drive to impose a "peace" settlement, "despite opposition from leftists, Lebanese and Palestinian commandos, as it (Syria) maintains firm support for the ultra-right Phalange."

BADILLO CALLS FOR NYC DEFAULT ON HOUSE FLOOR

March 17 (IPS)--Rep. Herman Badillo (D-NY), in a statement inserted in today's Congressional Record, told the House of Representatives that a New York City bankruptcy is "inevitable." "It is time to think the unthinkable," he said, calling the New York City bail-out a "total flop."

In an effort to maintain the city's creditworthiness so that it might sell securities on the open market, the Representative continued, the city drastically cut every city service, with the exception of one--debt service. Despite this effort, Badillo revealed Standard & Poor informed him recently that the city would be closed out of the money markets for at least the next 20 years.

Badillo urged that every Congressman read an article by Howard Samuels, New York businessman and former Democratic gubernatorial candidate, in the current issue of New York magazine which advocates a moratorium on city debt and support of Rep. Badillo's

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bankruptcy legislation now pending in Congress. In his prepared statement, Badillo said the bill is now in conference. The bill, co-sponsored by Reps. Rodino (D-NJ), Edwards (D-Cal), Sieberling (D-Mich), Drinan (D-Mass) and Dodd (D-Conn), legislates a Chapter 16 bankruptcy reorganization for the city.

U.S. SCIENTISTS "ASTOUNDED" BY SOVIET ELECTRON BEAM FUSION RESULTS

NEW YORK, March 17 (IPS)--Leading U.S. electron beam fusion researchers said today that Soviet experimental advances using this method which were reported in the March 10 Pravda are of major significance. "If this report is true, these results are astounding," one scientist said. "In our experiments with pellets we have only achieved symmetrical deposition of the e-beam (electron beam) on the pellet, but because the pellets break up no real compression or heating has ever been generated, and therefore no fusion reactions." (The Soviets reported compression of the fuel hundreds of times and achievement of temperatures of tens of millions of degrees.)

Another researcher said, "This will really create ripples in the U.S. I will write my dear friend Leonid (Dr. L. I. Rudakov, head of the Soviet research team) right away and find out what the fuck is going on."

PRAVDA ANNOUNCES MAJOR FUSION POWER RESEARCH BREAKTHROUGH

March 17 (IPS)--In a March 10 article in the official Soviet party newspaper, Pravda, on Soviet fusion research progress, Soviet Academicians Velikhov and Kademtsev report that Soviet researchers working on the "inertial" confinement method--in which an electron beam is used to compress and heat a small pellet of fusion fuel--have achieved a "substantial success" in the "compression of the fuel hundreds of times and achievement of temperatures on the order of tens of millions of degrees."

The article reported that "as a result of the thermonuclear reaction which took place in the deuterium fuel, more than a million neutrons were obtained." The significance of this, Velikhov and Kademtsev state, is that it "opens prospects for developing an impulse thermonuclear reactor, similar to an internal combustion engine, in which energy is produced in periodic small bursts."

The electron beam pellet compression method used in obtaining the results is an alternative to the Tokamak magnetic confinement method. The Soviet Institute of Atomic Energy research team that performed the work was headed by Dr. L. I. Rudakov.

CONGRESSIONAL COMMITTEE VOTES TO RESTORE FUSION BUDGET CUTS

March 17 (IPS)--The Joint Committee on Atomic Energy (JCAE) voted today to restore cuts proposed by President Ford in the fusion

(more).

research and development budget of the government's Energy Research and Development Administration (ERDA). The vote came after hearings today, during which Dr. Robert Hirsch, assistant director of ERDA, was asked by JCAE member Rep. Roncalio (D-Wyo) if an article in a recent issue of New Solidarity, the newspaper of the U.S. Labor Party, describing Soviet fusion breakthroughs was substantially correct. Hirsch, who until recently headed ERDA's controlled thermonuclear research division, was forced to admit that it was. The New Solidarity article was entered into the Congressional Record.

END OF LATE IPS FOR WEDNESDAY, MARCH 17, 1976

NEWS BULLETIN NO. 42

CONGRESSMEN BADILLO AND DELLUMS ISSUE CALLS FOR DEBT MORATORIUM

March 18 (IPS)—U.S. Representative Herman Badillo (D-NY) and Ron Dellums (D-Calif) have in the past week become the first members of congress to launch an open public fight for debt moratorium as the only solution to the fiscal crisis afflicting cities and states throughout the country.

Badillo raised the issue for the first time on the floor of the House yesterday morning in a speech calling for support of his Municipal Bankruptcy Bill. Badillo called on Congressmen to study material on debt moratorium which he had inserted into the congressional record.

On CBS-TV's "Public Hearing" show in New York March 14, Herman Badillo reiterated his previous call for a three-year moratorium on New York City's debt: "I support a total moratorium on all (city) debt," Badillo said. "The city is a disaster from (the 'bailout') having cut at least 25,000 jobs and putting at least 500 million dollars not toward reducing the deficit - but only to pay debt service. The banks aren't giving any money now and they themselves aren't able to do so!"

Speaking at an open meeting in Berkeley, Calif., March 13, Cong. Dellums said: "I want to say that I fully agree with the U.S. Labor Party's stand on debt moratorium. My friend Ken Meade introduced it into the California Assembly this week. I agree with the idea of debt moratorium philosophically and politically. I will be meeting with three or four economists in Washington, and if I can put it into the proper form, I will introduce the debt moratorium into the House of Representatives."

At the state level, four legislators are considering debt moratorium legislation or bills to memorialize the U.S. Congress to pass the Labor Party's Emergency Employment Act (EEA) which would declare a moratorium on local and state debt, establish minimum standards of living, and extend credits to maintain services and expand industrial production nationally.

* State Assemblyman Ken Meade, a close associate of Rep. Ron Dellums, introduced into the California Legislature March 11 the Emergency Employment Act memorialization legislation and a bill which calls for a 24-month suspension of state debt. At his Sacramento press conference March 9, Meade attacked the "Era of Limits" economic program of California Governor Edmund G. Brown as an "abdication of responsibility" and disaffiliated himself from the Democratic Party. These bills "will pierce the notions of limits to growth," Meade said.

* The Emergency Employment Act nearly passed the Washington State Legislature's Financial Institutions Committee March 12, with unprecedented open backing from major industrialist forces in the Northwest and portions of the state's Democratic and Republican

leadership. Losing by a vote of 5-4, the EEA was kept alive by a committee vote against an attempt to shelve the legislation.

* Connecticut Senator Wilber Smith, a member of the Legislative Black Caucus, introduced debt moratorium legislation into the Connecticut legislature last month. Testifying March 9, Smith told the legislators: "Debt is rising exponentially while services are being cut. It's time we told the taxpayers the truth about the growth in debt. We need an orderly process of bankruptcy instead of confusion and chaos. Some people look at what's going on in Europe right now and say 'So what?' But if Italy, France, and Britain go down the drain, so do we. Some people ask 'Well, what about the banks?' Well, they're already bankrupt. We need a new credit-issuing institution...We are responsible not to the banks, but to the aged, the sick, the unemployed, the workers. You can look at New York and see that Big Mac is no solution at all."

* The EEA memorialization bill has been introduced into the Massachusetts State Legislature.

* City Councilman Albert O'Neil of Boston introduced debt moratorium legislation into council, Feb. 23, and councilman Luis Olmedo of New York City has announced his intention to introduce similar legislation into the New York City Council.

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end of news bulletin no. 42



NEW SOLIDARITY International Press Service

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INTERNATIONAL PRESS SERVICE (IPS)
COMBINED EDITION
THURSDAY, MARCH 18, 1976
2100 HOURS EST

DOLLAR COLLAPSE ACCELERATES; EUROPEAN MARKETS IN CHAOS

NEW YORK, march 18 (IPS) -- The dollar fell to an eight-month low against the deutschemark and Swiss franc, and a six month low against the Japanese yen today. The Bundesbank, the West German Central bank, and the Bank of Japan both intervened heavily to support the dollar which reached the astonishing rate of 39.83 cents per deutschemark and 33.50 cents per yen. The European foreign exchange markets, shattered by yesterday's onslaught against the dollar, left today's rates gyrating erratically and wildly, causing traders to shift their market positions three and four times during the course of the day. The lira which had fallen to an historic low of 890 per dollar yesterday was quoted heavily and erratically but, like most currencies in Europe, saw little trading. One forex trader here commented, lots of people want to sell lira but there are no buyers.

Overall volume on the markets was less than the last several days. Traders indicated that if the volume had been greater, either the dollar and lira decline would have been precipitous as central banks would have been committed to commit more of their dwindling reserves.

The relatively light volume was attributed to an uneasiness about the political situation in Europe, especially Italy and Britain. Volume may be light again tomorrow the traders hoped since the volatile Italian exchanges will be closed for a religious holiday.

MORO GOVERNMENT DECLARES DEATH-SENTENCE FOR ITALIAN ECONOMY

March 18 (IPS) -- Following "emergency" consultations with the Italian Communist Party (PCI) leadership last night, the Moro government of Italy has announced further severe austerity necessary to meet the demands of Italy's U.S. bank creditors according to European press sources. Moro's move came amidst reports that the Bank of Italy had spent 250 million dollars in support operations for the lira yesterday, and an estimated total of 650 million dollars in the last two weeks, leaving the country with almost no reserves left to pay for food and fuel imports. Meanwhile, the one billion dollar Common Market loan bailout for Italy has been held up until at least May.

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Last night, the Moro government raised the central bank lending rate from 8 per cent to 12 per cent, a measure explicitly designed to "curb consumption" by creating a credit shortage. As of March 12, import quotas have been in effect on such key commodities as meat, oil, paper and paper products. Treasury Minister Emilio Colombo is now demanding further regimentation of the banking system under his plan to force Italian banks to lend 30 per cent of their reserves to the bankrupt Bank of Italy. The only effect of this "solution" has been to create a run on Italian bank deposits.

STATE DEPARTMENT: "FREE MARKET FORCES" WILL FORCE WEST GERMANS INTO LINE WITH WALL STREET

WASHINGTON, D.C. March 18 (IPS) -- The chief liaison for European affairs at the U.S. State Department admitted in an interview today that West Germany was being reluctantly forced by Wall Street market manipulations into an upvaluation of the mark. The official indicated that the U.S. intended to keep a low profile in the currency chaos in Europe.

"The Germans don't like upvaluations," said the State Department official commenting on the current monetary chaos in Europe. "But when other currencies devalue due to free market pressures, their currency is automatically revalued."

"Everybody in Europe will just share the pool of international liquidity; some will get it, some won't," he said. He also said that the West Germans will have to extend credit to other West European nations -- a much-needed succor to Europe's U.S. creditors -- "because they (West Germans) like to export."

FRENCH ECONOMIST SAYS: MONETARY CRISIS WORST SINCE WWII

March 18 (IPS) -- Noted financial analyst Paul Fabra wrote in Le Monde today that "the present monetary crisis appears to be one of the worst -- if not the worst -- crisis which Europe has known since the war." Fabra also warned that the consequences of the devaluation of W. European currencies will be "a forceful return of inflation" which "will abort the economic upturn."

GREEK CENTRAL BANK HEAD SCORES U.S. MONETARY POLICY

March 18 (IPS) -- Xenophon Zolotas, governor of the Bank of Greece (the Greek central bank), attacked the United States for causing international monetary chaos during a press conference in Athens this week, according to the Greek press. "Chaos and anarchy dominate the international monetary issues, while the monetary system does not exist anymore,"

(more)

Zolotas charged. "The U.S. covers its deficits with inflationary currency and pays the people with 'plain paper'."

Zolotas said the forced devaluation of the French franc this week will have a disastrous effect on the Greek currency, the drachma.

BANK OF ENGLAND'S I.M.F. LOAN IS GONE

March 18 (IPS) -- The Bank of England has been forced to expend the entire loan it received in December from the International Monetary Fund to support the pound against speculation. The Bank has now spent over 1 billion dollars in supporting the falling exchange rate of the pound sterling over the last week, according to yesterday's London Daily Telegraph.

SOVIETS ATTACK EUROPEAN "CURRENCY WAR" AS U.S. ATTEMPT TO PROP UP DOLLAR

March 18 (IPS)--The Soviet Government daily, Izvestia, yesterday broke precedent and openly attacked the U.S. dollar as the source and sole beneficiary of the current European crisis. The article was also summarized and distributed in several languages today by the Soviet mission to the United Nations in New York.

Izvestia states: "The West European press underlines the interest of the United States in weakening their trade rivals. The monetary disorder in Western Europe plays into the hands of Washington, which is striving, thanks to the Multinational monopolies, to lay on their 'allies' the consequences of the crisis and inflation, and at the same time strengthen the position of the dollar. In this connection, the French press criticizes sharply the 'inertness' of the U.S.A., which with Olympian calmness looks down on the 'monetary commotion' on the west European stock markets."

Izvestia defines the immediate strategy of the U.S. "international monopolies" as the revaluation of the West German Deutschmark and the Swiss franc, and the devaluation of the French franc, the Italian lira, the British pound sterling and the Belgian franc.

PRAVDA CHALLENGES WEST GERMAN PRO-DEVELOPMENT INDUSTRIALISTS TO LAUNCH POLITICAL FIGHT AGAINST ARMS PRODUCERS, PROMOTE EAST-WEST TRADE

March 18 (IPS) -- The Soviet Communist Party daily, Pravda, yesterday identified for the first time pro-development forces within the Confederation of West German Industrialists "not linked to armament production" as those who must lead a factional

(more)

struggle against military interests, and organize within the Social Democracy for East-west trade.

In a commentary, V. Mikhailov writes that the pro-trade program adopted by the 25th Soviet Communist Party Congress last month is the main topic of discussion within West Germany. "against the will of a considerable part of the Social Democracy,

the Bundestag endorsed further allocations for the FRG Navy,"

Mikhailov writes "a clear capitulation to the military."
"...there are no grounds to think that leading political quarters are unable to resist the pressure of the military-industrialist complex... Mikhailov pointed to the Social Democratic Party parliamentary fraction and industrialists not involved in arms production.

The Pravda commentary was also given prominent coverage last night on East German radio, Stimme Der DDR, and was distributed in several languages today by the Soviet U.N. mission in New York.

JOHN HOPKINS EXPERT PROPOSES NATIONAL AUTARCHIES IN EUROPE

BALTIMORE, March 18 (IPS)--David Calleo, a leading European "expert" at Johns Hopkins School of International Relations, said today that it may not be possible "to patch up the international monetary situation in which the various national governments have lost control" of a system that has "overemphasized interdependence." Calleo proposed that the present system be dismantled through a process of "retraction" on the part of governments to "economic autarchy."

While admitting that "extreme autarchy brings to mind fascism," he stated that his proposal "need not necessarily mean fascism, especially if greater state control was carried out by broad-based coalitions" such as the coalition including the Communist Party being considered in Italy. In this context, Calleo referenced the "beneficial results" of a turn toward national autarchies in the thirties of which he said German Nazism was only an aberrant case. Denying that "a drastic drop in world trade means a drop in the standard of living," he nevertheless said his plan would entail "severe financial discipline," but would not require police states.

CBS SPECIAL ADVERTISES ROY JENKINS FOR BRITISH PRIME MINISTER

March 18 (IPS) — a CBS television network special program on "The Second Battle of Britain" last night advertised Roy Jenkins, the right-wing brainwash expert and Home Secretary, as the best candidate to succeed Harold Wilson as prime minister.

The special contrasted a film of Wilson being ignored at a miners' union picnic to a speech by Jenkins in which he shouted down anarchist

(more)

hecklers. The show had been prepared before Wilson's resignation, but was updated at the last minute to include the advertisement for Jenkins.

CBS correspondent Morely Safer concluded the show with the following support for military rule in Britain: "The country is standing on the edge of a precipice looking down. No more muddling through. The life has gone out. All Britain has left now is her law, her justice, and the other great gifts she gave to us."

PCF PRESS AGREES PCI SHOULD ENTER ITALIAN AUSTERITY GOVT

March 18 (IPS) -- Today's french Communist Party press, L'Humanite, cites Italian Communist Party secretary Renzo Trivelli supporting the entry of the PCI into the Italian government. L'Humanite quotes Trivelli to the effect that "the problem is to know whether the Italian Christian Democracy persists in refusing a broad entente of all democratic forces to get Italy out of the crisis."

SOVIETS ATTACK "ENEMIES OF MARXISM" IN COMMUNIST MOVEMENT

March 18 (IPS) -- The Soviet Communist Party's chief ideologist, Mikhail Suslov, attacked "white communist" NATO-agents in the Western Communist movement in the strongest terms used by the Soviets to date in a speech before the Soviet Academy of Sciences yesterday.

Suslov assailed "revisionists, nationalists and opportunists" in the Communist Parties, saying that "the enemies of Marxism wear a 'Marxian guise,' slandering real socialism, and try to wash out the revolutionary essence of Marxist-Leninist teaching and to substitute bourgeois liberalism for Marxism."

Suslov did not name the French and Italian Communist Parties, but targetted the "national communism" associated with them in his speech: "Everything the opportunists present as some kind of 'regional' or 'national' version of Marxism. This has nothing in common with revolutionary theory and harms the cause of the working class."

Today's Washington Post commented that Suslov "all but wrote dissidents out of the movement."

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LEBANESE LEFT UNIFYING TO OUST FRANJIEH AND SYRIAN DOMINATION OF LEBANON

March 18 (IPS)—forces around Lebanese leftist Kamal Jumblatt and elements of the Lebanese Arab Army — formed from dissident Lebanese army units — are allying their forces in response to the continued Syrian occupation of Lebanon and Syrian president Assad's reluctance to press for the Christian Lebanese president, Suleiman Frangieh's resignation.

A spokesman from Jumblatt's Progressive Socialist Party is quoted in today's New York Times as warning, "This is wartime."

At the same time, Palestinian Liberation Organization leader Yassir Arafat and Jumblatt have publically expressed anger at continued Syrian presence in Lebanon. Jumblatt is calling for Syria to stand aside and let combined Muslim and leftwing forces oust Frangieh by force of arms.

Today's Christian Science Monitor indicates that if pro-Syrian forces are not able to prevent further fighting, there will be a renewed outbreak of civil war, the bloodiest yet because the divided Lebanese Army will join into rival militias.

ISRAEL SENDS MORE TROOPS INTO WEST BANK TO CONTROL ARAB DEMONSTRATIONS

March 18 (IPS)—The Israeli government has ordered between one to two thousand armed troops into the occupied West Bank of the Jordan to suppress the worst wave of Arab demonstrations and strikes since Israel occupied the territory in 1967. For the second day in a row, Israeli soldiers have used tear gas to disperse crowds in Jerusalem where three Arabs were killed yesterday in clashes.

Israeli Defense Minister Shimon Peres has warned West Bank mayors that he plans to clamp down even harder on the estimated 600,000 West Bank Arabs and has demanded that the five city councils that have resigned in protest of increasing Israeli police state measures immediately withdraw their resignations. In response, the Mayor of Bethlehem, Elias Freij, stated: "People are fed up with the occupation. The tension is increasing like a hurricane that starts small and becomes devastating," according to today's New York Daily News.

SYRIAN-CONTROLLED PALESTINIAN UNITS IN LEBANON BADLY SPLIT

WASHINGTON, D.C., March 18 (IPS)—Units of the Syrian-controlled As-Saiqa Palestinian guerrilla forces are developing major splits over the Syrian role in imposing NATO's dictated order in Lebanon, an informed Palestinian source reported today. According to the source, Saiqa units are becoming increasingly angry at their assigned role of stopping the leftist political and military offensive in Lebanon, a role which has included defending the American embassy in the past few days.

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Saiqa is closely connected to the Syrian wing of the Arab Ba'ath Party, a major base of support of the NATO-linked Hafez Assad regime in Damascus.

PLO PLANS PURGE OF SAIQA UNITS

WASHINGTON, D.C., March 18 (IPS)—The Palestinian Liberation Organization is planning a confrontation with the Syria-linked Saiqa units within its ranks, as part of a more general left turn planned by the PLO for its upcoming PLO National Assembly, according to a knowledgeable Palestinian source.

The latest issue of Falastin ath-Thawra, the PLO newspaper, hints at the forthcoming purge by stating that "the revolution will dismiss from its ranks all the opportunists who hope to change their stands and their programs in the hope of realizing cheap gains."

TIMES SLAPS KISSINGER, FORD FOR CANCELLING ENERGY, ECONOMIC AFFAIRS MEETINGS WITH SOVIETS

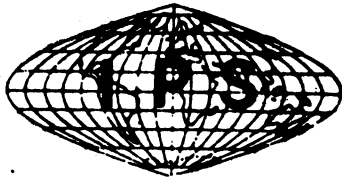
March 18 (IPS)—The New York Times in an editorial today attacked Secretary of State Henry Kissinger and President Gerald Ford for their cancellation last week of scheduled meetings with Soviet leaders on energy and economic affairs. Terming the cancellation "a pretty gesture" which will "only inhibit one element of the detente policy that is entirely desirable from the American (as well as the Russian) point of view," the Times, in an editorial entitled "Detente Politics," specifically singles out Kissinger for criticism: "As a 'rebuke' for Soviet actions in Angola, suspension of the scheduled meetings is so trivial as to be laughable." The editorial goes on to score the Administration for "specifically avoiding any action that might really have impact in Moscow, such as suspending current grain shipments", which would hurt the President's campaign in the farm belt.

FEDERAL EPIDEMIOLOGISTS CONTINUE TO STALL ON FLU VACCINE

March 18 (IPS)—"Federal officials are undecided about ordering the production of 200 million doses of vaccine to protect the nation against a possibly severe epidemic of influenza next fall," according to an article in today's New York Times entitled "U.S. is in Quandry on New Flu Vaccine." At last week's special meeting of the nationwide advisory committee on immunization practices, "some committee members favored a mass immunization program affecting nearly every American." Other members are more cautious about spending the required millions of dollars before "more data" are available.

The new flu strain under discussion is the "swine flu" recently discovered at Fort Dix, New Jersey, which has been related by lab tests to the flu responsible for the 1918 pandemic. The article states that "most Americans, never exposed to the new virus, would have no protection against it." The article appeared on page 71, buried in the Times' financial section.

END IPS FOR MARCH 18, 1976



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NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)
FRIDAY, MARCH 19, 1976
COMBINED EDITION

I. PRIORITIES

WEST GERMAN CHANCELLOR BACKS DEUTSCHEMARK REVALUATION

March 19 (IPS)--West German Chancellor Helmut Schmidt indicated that he supports revaluation of the deutschemark in a speech to a gathering of the Association of Independent Businessmen in Bonn yesterday. Schmidt stated that "social security in West Germany is the major reason for the competitiveness of the economy which has made the West German Mark a candidate for speculations about revaluation."

Speaking of the Italian situation, the chancellor stated that "since a conservative policy has not moved anywhere in 30 years" Italy "must now conclude a historical compromise with the Communists."

Schmidt's first public statement endorsing the revaluation of the deutschemark, a move which is considered suicidal by export-oriented West German industrialists, met with ridicule from the Association president, Herion. Herion told Schmidt that there is no "upswing" in the West German economy, and warned the chancellor "not to be deceived by your own propaganda." The Frankfurter Rundschau commented editorially that for the first time the Association, which is characterized as Helmut Schmidt's "shock troops" for economic propaganda, now supported Schmidt "out of a sense of duty rather than conviction."

BRITISH DEFENSE MINISTER EARMARKS COUNTERINSURGENCY UNITS FOR NORTHERN ITALY

March 19 (IPS)--A British government White paper on Defense issued by Defense Minister Roy Mason earmarks units of the British Army's Special Air Services counterinsurgency troops, along with Royal Air Force and other army units, for NATO service in the heavily-industrialized "red belt" of northeast Italy, according to yesterday's London Times. The Special Air Services are notorious for brutal counterinsurgency operations in Northern Ireland.

Mason also proposes to allocate two commando groups totalling 5,000 marines to the defense of Norway, the Times reports. The Times says that the deployment involves winter training for one of the units. In addition, the Times reports, "Britain may ask Norway for permission to station equipment on Norwegian soil." Norway presently prohibits the stationing of any NATO equipment or personnel in that country.

(More)

DANISH DEFENSE CHIEF FOR STATIONING NATO TROOPS IN DENMARK

March 19 (IPS)--The Chief of the Danish Unity Command, General Vegger, has called for a major shift in Danish defense policy by allowing NATO troops and nuclear weapons to be stationed on Danish soil, according to the Danish newspaper Jyllandsposten. Vegger also proposed that in an upcoming military maneuver on the island of Odense, "that the whole population be involved," similar to a recent emergency maneuver which took place in Sweden. Veggers made his proposals in light of what he claimed is an "alarming increase in the buildup of the forces of the Warsaw Pact."

OTTINGER AND SCHLESINGER COLLABORATE FOR CONVENTIONAL ARMS BUILDUP

Washington, D.C., March 19 (IPS)--Rep. Richard Ottinger (D-NY) in an interview today confided that former Defense Secretary James Schlesinger had played a decisive role in converting him from a liberal "Pentagon watcher" into a primary Congressional advocate of massive conventional arms buildup in the U.S. and Europe. "Schlesinger was here speaking to the Members of Congress for Peace through Law and come to think about it, Schlesinger really was the one who turned me around," Ottinger said. "I have spent a lot of time with Schlesinger. He was the one I was after heavily last year for brandishing nuclear weapons all over."

Now, however, according to Ottinger, Schlesinger "thinks we should get the bulk of our nuclear weapons out of Europe," and has renounced his commitment to "limited nuclear war." "He is coming to believe we should substitute conventional forces for nuclear weapons reliance," the Representative said.

Ottinger dismissed the possibility that the Soviet union might perceive such an arms buildup as a threat to the Warsaw Pact, saying, "We would tell them that what we are thinking is how to reduce the likelihood of nuclear war. Show them we're really interested in reducing nuclear weapons."

The New York Representative also volunteered that a number of other Congressmen and Senators had also been "turned around" by Schlesinger and his associates remaining in the Defense Department, and now support expanded conventional arms. These include Sens. Symington (D-Mo), Cranston (D-Calif), Proxmire (D-Wisc), and Reps. Zablocki (D-Wisc), and Moss (D-Calif), Ottinger said. Ottinger himself declared he is making a strong organizing effort to convince others.

ITALIAN FINANCIAL PAPER CALLS ON THE GOVERNMENT TO RESIGN

March 19 (IPS)--On the opening day of the national congress of the ruling Italian Christian Democratic (DC) Party yesterday, the Milan financial paper Il Fiorino called for the government of Premier Aldo Moro to resign immediately. Linking its call to Moro's just-announced austerity measures--the second set of austerity proposals

(More)

within as many weeks in Italy, Il Fiorino stated: "...the government must resign now that they have identified themselves with the Mussolini policies; and the subsequent resignation of the government would force today's DC congress to make real decisions...there is a most urgent need of new air, of programs and of new men..."

SWISS BANKING SOURCE SAYS ITALIAN CURRENCY RESTRICTIONS VIOLATE CONSTITUTION

WIESBADEN, W. Germany, March 19 (IPS)—A Swiss banking source said today that the recently passed Italian law prohibiting the export of currency effectively suspends constitutionally guaranteed rights by permitting police to arrest and prosecute persons suspected of monetary misbehavior.

The source also predicted that the bank of Italy, which has already defaulted on its obligations to Italy's commercial banks, would raise its prime lending rate to 18 percent.

PCI CALLS FOR AUSTERITY

March 19 (IPS)—At an economic policy forum organized by the Italian Communist party two days ago, PCI secretariat member and leading party ideologue Giorgio Amendola stated that of all Italian political parties, only the PCI is in a position to demand "hard sacrifices from workers" and "democratic rationing of meat," according to the PCI daily L'Unita.

In yesterday's L'Unita, PCI economist Luciano Barca put forward a solution to Italy's economic problems which called for the centralization of all credit lines in the hands of the national treasury, the extension of financial aid to regions only for projects already underway, tax increases, and cutbacks in consumption.

KRUPP EXEC TERMS PCI "FASCIST"

WIESBADEN, W. Germany, March 19 (IPS)—A top executive of West Germany's Krupp steel works said today that Wall Street's "Italian policy is the same as (German Deutsche Bank president and later Hitler's finance minister) Schacht's in 1923, and many others after the war." Speaking of the Italian Communist Party, which is bidding to enter the Italian government, the source added that "Sure the PCI is fascist," describing the PCI program as "more the 1933 policy" of Schacht.

The executive also said that there are limits to the amount of economic pressure that West Germany will tolerate from the U.S. "As they say in dialectics, there comes a point when quantity changes into quality," the executive stated. "If you go beyond a certain point... well...you must stay within certain limits. I know that the Americans think like that...until now it has remained in tolerable limits... They must be aware that there are limits."

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WEST GERMAN INDUSTRIALISTS' PRESS: PCI IS FASCIST

March 19 (IPS)—The latest issue of the northern West German industrialists' press organ, the Deutsche Zeitung, has commented on Atlanticist efforts to consummate the "Historical compromise" participation of the Italian Communist Party in the Italian government, saying "The Italian Communist Party is a surrogate for fascism."

GAULLISTS INVOKE ARTICLE OF FRENCH CONSTITUTION
TO SHUNT ASIDE CHIRAC

March 19 (IPS)—Yesterday's France Soir reports that a political struggle is emerging in France around Article 20 of the French constitution. Under this article, authority to "determine and conduct the policy of the nation" rests with the Prime Minister, currently Gaullist party (UDR) member Jacques Chirac, and not the President of the Republic, Atlanticist Giscard d'Estaing. France Soir correspondent Pierre Sainderichin indicates that anti-Atlanticist Gaullist layers are working through the recently appointed political advisor to Chirac, Pierre Juillet, to make use of this Article to force acceptance of their political line.

At the same time, today's Le Monde reports that Gaullist Deputy Olivier Guichard has called on the Prime Minister to convene a political convention of the parties participating in the present coalition government, as a demonstration that "under the Fifth Republic, cohesiveness was always inspired by the Prime Minister."

In response to these Gaullist moves, Senator Marcillacy, who has links to both the UDR and the Socialist Party, called for the abolition of Article 20, so as to avoid an "institutional crisis in the government" and the establishment of a "full Presidential regime."

CASTRO TELLS WEST:
ANGOLA IS EXAMPLE OF PROLETARIAN INTERNATIONALISM

March 19 (IPS)—In his speech to a meeting of four leftist heads of state in Conkary, Guinea this week, Cuban Premier Fidel Castro declared that "there exists one revolutionary camp, one revolutionary movement, and one proletarian internationalism, and if the imperialists are interested in finding out what proletarian internationalism means, let Angola be a prime example," according to the German Democratic Republic daily Neues Deutschland today.

Speaking to a gathering which also included President Sekou Toure of Guinea-Conkary, President Luis Cabral of Guinea-Bissau, and President Augustinho Neto of Angola, Castro also declared that "If, as a consequence of the intentions of the South African racists to keep part of Angolan territory under occupation, the Cunene Dam (in southern Angola) is turned into a battlefield, the war is extended into Namibia, if Black Africa organizes a multi-African army to deal with apartheid once and for all, South Africa will bear full responsibility."

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**SOVIETS ATTACK PCI THEORETICIAN BY NAME;
OPENLY POLEMICIZE AGAINST "HISTORICAL COMPROMISE"**

March 19 (IPS)--The Soviet Union yesterday released a 56 page attack on a well-known Italian Communist Party (PCI) theoretician, Luciano Gruppi, in a polemic against right opportunism which marks the first time in recent years that the Soviets have attacked a Western European Communist Party official by name. The article, originally printed last November, is a polemic against the PCI's "historical compromise" formula, under which the PCI made a bid earlier this week to enter an Italian coalition government on the basis of a vicious austerity program.

There is a sharp distinction, the article says, between the PCI's "strategy of compromise at any cost, even at the cost of renouncing the Communist Party's own principles," and the "possibility of the parliamentary road" to state power under total workers' control. "To motivate the model of socialism without the dictatorship of the proletariat (as Gruppi does--ed.) is not possible without arriving at a falsification of Marxist-Leninist doctrine, of the history of the Soviet Union and the other socialist states," the Soviets charge. Gruppi's admitted intellectual adherence to the CIA-created "Dubcek experiment" of 1968 in Czechoslovakia is cited in the Soviet article.

The Italian daily Corriere della Sera printed long excerpts of the Soviet pamphlet today.

PCI RESPONDS TO SOVIET ATTACK

March 19 (IPS)--L'Unita, the organ of the Italian Communist Party (PCI), today responded to a 56 page pamphlet attacking PCI theoretician Luciano Gruppi which was issued by the Soviet Union yesterday. L'Unita claimed the pamphlet "wants to annul the national sovereignty (of the PCI) in favor of internationalism measured by one's attitude towards the Soviet Union." L'Unita termed the Soviet polemic "grotesque."

MARCHAIS "NOT CONCERNED" WITH SUSLOV ATTACKS

March 19 (IPS)--Secretary General Georges Marchais of the French Communist Party (PCF) commented to a French radio correspondent today that "he is not concerned with the statements" of Soviet Politburo member Mikhail Suslov, who yesterday implicitly criticized the PCF and the Italian Communist Party in a speech attacking "revisionists, opportunists and nationalists in the communist movement."

Instead Marchais stated that "socialism in the colors of France is an actuality for us....The society which we want to build could not be Russian, Cuban, Chinese; it will be French. I do not feel any more concerned with the other statements of

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Suslov relating to proletarian internationalism."

NEW YORK TIMES FRETS OVER GROWING IRAQ INFLUENCE IN LEBANON

March 19 (IPS)--The Syrian government increasingly fears that "a leftist-dominated Lebanon would seek autonomy from Syria through support from their Iraqi Baathist rivals," the New York Times reports today. According to Times reporter James Markham, "the primary confrontation" in Lebanon now is that between the Fatah guerilla group of Yasser Arafat and Syria, with Syria now "trying to stem the ascendancy of a coalition of leftists and Palestinian groups that in some cases appear to have Iraqi or Libyan backing."

According to one Lebanese journalist cited by Markham, "Syria is bound to throw all its weight into the balance to suppress the threat of an ultramilitant Hanoi in Beirut."

All this, Markham concludes, has led to a reversal of roles, with "the leftists and Palestinians...revolting against the 'Syrian occupation' while the Phalangists (Lebanon's Christian rightists--ed.) go to Damascus for a last plea."

BURNS CALLS FOR SLAVE LABOR AT FULL EMPLOYMENT CONFERENCE

WASHINGTON, March 19 (IPS)--Armed with 1000 copies of a virulent slave labor speech he delivered in Atlanta six months ago, Federal Reserve Chairman Arthur Burns today repeated the contents of that speech, exhorting Sen. Hubert Humphrey's (D-Minn) Full Employment Conference in Washington to undertake a massive public service jobs program. Burns advised that unemployment compensation be disbanded and all unemployed put to work at below minimum wages for 50 dollars a week.

Humphrey offered no objections to Burns' proposals but was overheard in a Capitol Hill elevator observing, "I like Arthur but he doesn't give speeches anymore--he gives us the best of vintage Arthur Burns."

Columbia University manpower specialist Eli Ginsberg, author of the 1946 Full Employment Act, seconded Burns at the hearings, agreeing that unemployment compensation to the jobless should be cut off and they should be put to work. Furthermore, Ginsberg observed, other categories of presently unused potential workers should also be put to use: housewives, students, the elderly.

Presidential economic advisor Alan Greenspan criticized the scheme, observing that limited unemployment benefits for short periods are necessary to recycle the labor force.

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FBI ORDERS RAPE ATTACK AGAINST BOSTON LABOR PARTY MEMBER

BOSTON, March 19 (IPS)--Lisa Gibbons, 15-year-old Labor Party member and daughter of former U.S. Labor Party candidate for Mayor of Boston Bob Gibbons, was attacked by a would-be rapist this morning in Boston. Gibbons, who has been the subject of FBI surveillance for at least a year and a half, was grabbed by an unidentified white male while she was walking on her normal route to school in the Jamaica Plain district of Boston. Miss Gibbons shouted and frightened her attacker off. She was not hurt.

During August of 1974, FBI agents visited Miss Gibbons' grandparents in Concord, New Hampshire and told them that Lisa and her mother were both active in the Labor Party in an attempt to terrorize the grandparents.

It is probable that the targeting of Miss Gibbons this morning occurred through the use of wiretaps, since her brother, who usually walks with her, told a USLP member over the phone the previous night that he was not going to school today, inadvertently informing the police or the FBI that Miss Gibbons would be alone this morning. The incident has been reported to the Boston police.

ANGOLA REFUSES TO BUY DOLLARS

NEW YORK, March 19 (IPS)--A well-known candy manufacturer, which uses its corporate treasury to speculate on the foreign exchange markets, attempted today to purchase 7 million dollars worth of Angolan escudos from an Angolan bank with U.S. dollars. The Angolan bank telexed back to the candy company that they were not buying the now beleaguered dollar.

End of Priority section, Combined IPS, March 19, 1976



NEW SOLIDARITY International Press Service

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New York, New York 10001
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Customer Service (212)564-8529

NEW SOLIDARITY INTERNATIONAL PRESS SERVICE (IPS)
SATURDAY, MARCH 20, 1976

I. Priorities

WEST GERMAN PRESS SAYS UPVALUATION OF MARK IMMINENT

WIESBADEN, W. Germany, March 20 (IPS)--Both the Frankfurter Rundschau and the Sueddeutsche Zeitung--two of West Germany's leading dailies--today predicted that, despite official Federal government denials, upvaluation of the deutschemark is imminent. Both papers published their assessments after their editors met with leading financial experts, the Sueddeutsche Zeitung with Federal Finance Minister Hans Apel and the the Rundschau with Herr Walter, a think-tanker with the Kiel Economic Institute who is close to the government.

Echoing this line, Franz-Heinrich Ulrich, head of the Deutschebank, West Germany's largest private bank, is quoted in today's Die Welt as saying that a "certain realignment" of the Western European currency "snake" is necessary. Ulrich said that such a move would probably come within the next few days and stated that it would necessarily include a slight upvaluation of the deutschemark as a "concession to the snake partners." Ulrich also said that upvaluation would not harm West German exports.

Die Welt said Ulrich was not alone among West German bankers in his views.

WEST GERMAN ECONOMIST PREDICTS MARK REVALUATION

WIESBADEN, W. Germany, March 20 (IPS)--A leading West German economist who is closely connected to the Federal government said yesterday that the West German central bank, the Bundesbank, is willing to upvalue the deutschemark by 4 to 6 per cent very soon. He claimed that there is no resistance to revaluation among West German industrialists, whose export volume would be expected to suffer as a result of the move.

FRANKFURTER ALLGEMEINE ZEITUNG SAYS REVALUATION OF MARK WON'T SOLVE CRISIS

March 20 (IPS)--The economic editor of West Germany's prestigious Frankfurter Allgemeine Zeitung today concluded an analysis

of rumors of the imminent upvaluation of the deutschemark by stating that "It is an illusion to believe that a revaluation of the deutschemark...could bring order to the foreign exchange markets of the world."

FRENCH FINANCE MINISTER DECONTROLS MANUFACTURERS' PRICES

March 20 (IPS)--French Finance Minister Fourcade announced the decontrolling of prices for a large segment of French industry at a meeting of his ministry's Price Committee yesterday, according to today's Le Monde. Producers of metals, semi-finished and finished products—including aluminum, chemicals, equipment goods, furniture and shoes—are all affected by the decision. Fourcade stated that his aim was to eventually have total freedom of industrial pricing.

At the same time, Fourcade has moved to tighten central government control over small businessmen. He announced the freezing of the absolute value of importers' profit margins as of March 12, and said there would be stricter government control over profit margins of shops and service producers.

NEW YORK TIMES DEMANDS MORE AUSTERITY FOR ITALY

March 20 (IPS)--According to the New York Times today, the new austerity measures announced last Wednesday by Premier Aldo Moro's Christian Democratic government in Italy "were described by bankers and other experts today as useful but inadequate" to deal with Italy's economic crisis. "Some government officials," continues the Times, "said that the next steps to deal with the worst economic crisis since World War II will be considered after an assessment of the effect of yesterday's steps."

Since the Christian Democracy is "too weak" to make "the even tougher decisions that the country needs," the Times reports that Ugo La Malfa, president of the Republican Party, "is trying to bring political leaders together, including the Communists, in an effort to win an agreement on a curb on public spending and a freeze on wage and salary increases."

WEST GERMAN LABOR MINISTER CALLS FOR SLASHING HEALTH BENEFITS

STUTT GART, W. Germany, March 20 (IPS)--At a Social Democratic (SPD) election campaign rally held in Stuttgart, West Germany yesterday, SPD Federal Labor Minister Walter Arendt attacked government-financed health benefits and announced that foreign laborers in West Germany could not be guaranteed continuing employment. Speaking in front of 150 factory council representatives from plants throughout the state of Baden-Wuerttemberg, Arendt admitted that there was a crisis in the national health system, and added: "People cannot expect that they will get benefits from the state without giving something out in return."

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On the question of unemployment, Arendt would only commit himself to saying that the number of foreign laborers in the country—now estimated at 2.5 million—would have to decline. "West Germany cannot be responsible for keeping unemployment down in other parts of Europe," he said.

TOP SOVIET MILITARY MEN WARN OF NEW WAR DANGER; AFFIRM SOVIET READINESS

March 20 (IPS)—In a March 17 speech before a military audience, Soviet Defense Minister Andrei Grechko warned that "there still exists a military danger that demands constant concern for the strengthening of our defenses and for an increase in the might of the Soviet armed forces, keeping them in a state of constant readiness."

The following day, Soviet General Yepishev, head of the Political Directorate of the Soviet Armed Forces, reinforced this warning in an article authored for the Soviet Military Journal, Kraznaya Zvezda. Yepishev said that it is the task of every Soviet serviceman "to be deeply conscious of the dangerous course of the reactionary imperialist circles towards preparation for a new world war,...the urgent necessity of further raising the defense capability...and the readiness to decisively repulse any aggression wherever it might come from."

Excerpts from both statements were carried by the Financial Times of London yesterday.

NY TIMES AND WASHINGTON POST PUBLISH ARGENTINA COUP PLAN

March 20 (IPS)—Both the New York Times and the Washington Post today admitted the details of a "well prepared" military plan to overthrow the Argentine government of President Isabel Peron "at any day now."

The Washington Post describes the full details of the plan, under which present Army Commander Jorge Videla would head the new government. The Post stresses that the plan, not intended to produce a bloody, Chile-like "Pinochetazo coup, but that President Isabel Peron, "top union leaders, cabinet ministers and their top aides, known allies of Mrs. Peron in and out of government and all known 'extreme leftists,'" would be immediately arrested, and Peron would be exiled to Spain. All these arrests, said the Washington Post, would be carried out "under the supervision of a special commission that would provide public information on names, whereabouts, and the physical condition of prisoners and the charges brought against them."

While the Post said that the coup "is expected to be generally welcomed," the Times stressed the "fear of the most politically prudent commanders that an overthrow of Mrs. Peron's government would force many Peronists into opposition to a mi-

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litary government and into sympathy with the guerillas." The leading guerilla organization, the Monteneros, advocates a moratorium on Argentina's foreign debt.

ISRAELI AND ARAB LEFT COLLABORATES FOR FIRST TIME

March 20 (IPS)--"For the first time, Israeli and West Bank Arabs are working in concert," reports the latest issue of the British weekly the Economist. The magazine expresses concern that RAKAH, the pro-Soviet Israeli Communist Party, is using the unrest created by recent mass demonstrations on the West Bank to whip up Arab discontent. RAKAH is also collaborating with the West bank (Jordanian) communists and appealing to the PLO, according to the Economist.

ATTACKS ON EGYPT'S BREAK WITH SOVIETS

March 20 (IPS)--The General Secretary of the Egyptian Peace Council, Khalid Moheiddin, has charged in an interview published in Baghdad, Iraq that Egyptian President Anwar Sadat's move to break off the Egyptian-Soviet Friendship Treaty provides an open door for U.S. looting of Egypt, according to today's Neues Deutschland, the German Democratic Republic daily.

Moheiddin emphasized that the penetration of U.S. capital and influence into Egypt poses "the greatest economic and political danger for Egypt" and would result in "the dissolving of the accomplishments of the Egyptian revolution of 1952."

Neues Deutschland also reported that the Indian paper National herald also attacked Egypt for terminating the treaty with the Soviets, saying this move could help only the U.S. and Israel. The National herald pointed specifically to the long history of unselfish Soviet aid to Egypt.

The March 18 issue of Pravda, the Soviet Communist Party daily, cited Achmed Taka, a member of the Egyptian Parliament, who criticized Sadat for cancelling the treaty and noted specifically that "without economic aid from the Soviet Union, there would be no heavy industry in Egypt at all."

SYRIAN PLANS FOR MIDEAST SETTLEMENT IN JEOPARDY

March 20 (IPS)--Syria is risking its whole Middle Eastern strategy for emerging as the pre-eminent leader of the Arab world as it tries to mediate the latest Lebanese crisis, says Michael Parks in a news analysis in today's Baltimore Sun. The failure of Syrian President Hafez Assad in mediating the Lebanese crisis "will jeopardize his plan to force an alliance with Jordan and the Palestinian movement for new negotiations with Israel," Parks states.

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Parks says Syria has not been able to achieve stability in Lebanon either by "virtually annexing another Arab state" or by "riding roughshod over the various Palestinian groups," and says that the Syrians are now being ridiculed in the Beirut press for their "revolutionary pretensions." Syria's only aim now, he quotes a Beirut diplomat, is to achieve "stability before the whole thing blows up, literally."

NEW YORK TIMES SAYS INTERNATIONAL MONETARY CHAOS
PARALYZES STOCK MARKET

March 20 (IPS)--The New York Times said today that stock trading was "lackluster" yesterday because of investor uneasiness over the international currency crisis. Specifically, the Times indicated, investors are staying out of the market because of uncertainty over the effect of the crisis on Federal Reserve lending policy, noting that the Fed has alternately opened and closed the monetary "spigots" far too frequently in recent weeks for investors to have any clear idea of what the Fed's policy is.

The Times quotes research analyst Lewis Kopel as stating that "the international currency problems, while perhaps helping to attract investment funds to the United States markets from abroad, may also help to explain recent ambiguities in the Federal Reserve's policy." "Given the tumult in the international currency markets," Kopel explained, "there is an added constraint on the Fed, the Fed has to think twice in the face of temptation to tighten up monetary policy." And until the Fed's policy is made clear to investors, they will steer clear of the markets, he indicated.

End of Priorities, Early IPS
