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# **EXECUTIVE INTELLIGENCE REVIEW**

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# EXECUTIVE INTELLIGENCE REVIEW

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**Production Editor**  
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## IN THIS WEEK'S ISSUE —

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French-Soviet **fast breeder agreement**...European **Ex-Im Bank**...Yugoslav-French bank for **joint development** projects with Third World nations...Europe is again at the point of an **open break** with the **Rockefellers**...and the **Belgrade** European security conference could settle Nelson's and David's political and financial hash for good. See **International Report** for the front-page story which is being **blacked out** in the U.S. press.

\* \* \*

The **Eastern Establishment** and the Carter Administration itself is badly **split** on **Zbigniew Brzezinski's** "human rights" **war-game** tactic at Belgrade — even the New York Times' **James Reston**...not to mention the **European press**...agrees Carter is **losing Europe**. The comeback of **Henry Kissinger** is being arranged as one possible solution... see **International Report**.

\* \* \*

Politics in the USA is increasingly determined in an environment shaped by the **U.S. Labor Party**...as the unstable progress of the recent "**deal**" between **Nelson Rockefeller** and **U.S. conservatives** shows. Our **National Report** runs down the carnage of Carter's

**energy program**...the **KCIA deal**...the **Rockefellers'** efforts to "sound like the **USLP**"...the increasing motion toward **LaRouche's** private **International Development Bank** proposal... and **Republican leaders'** "salute to Nelson" as the man in charge...for the time being. Plus an **exclusive profile** and interviews on the resurgent **Kissinger**...

\* \* \*

The **monetary system has had it**...Third World debt cannot be paid...**Jacob Javits**, the **Bank for International Settlements** and the **London Financial Times** understand that much of the current global economic crisis. Reports on two **incompetent** methods for dealing with the crisis...the **Schachtian** **austerity** of the recent **OECD report** and the "**old time religion**" of the **BIS**...are featured in this week's **Economics** section...U.S. Labor Party chairman **Lyndon H. LaRouche, Jr.'s** detailed explanation of the only workable solution...a return to the "**American System**" of the USA's founding fathers is carried in the **National Report**.

\* \* \*

Kissinger on the stump against the "**Red Menace**" of **Eurocommunism**...in an effort to

INTER-NATIONAL
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MILITARY STRATEGY
EUROPE
MIDDLE EAST
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LAW

undercut Italy's **Andreotti**, West Germany's **Schmidt**, and the efforts to back detente with East-West trade (see **Europe**). Also included...a report on the **Genscher-Gromyko meeting** which omitted to mention NATO...the Soviet-propelled **shift in France's** foreign policy...the **election of Suarez** in Spain... and the pressure in **Britain** which could result in new elections or a "**grand coalition**" government by fall.

\* \* \*

A top **Swedish scientist** analyzes the Aviation Week report on the USSR's potential for a **superweapon**...and a report on "**over the horizon**" radar which makes nonsense of current Carter rationalizations about Soviet technological capability...are presented in this week's **Military Strategy** section. Also featured is an analysis of the strategic perspectives laid out by U.S. Maj. Gen. **George Keegan**...identifying Keegan's real accomplishments...showing where he blocks on war-winning policy correctly laid out by **Clausewitz**.

\* \* \*

Reports of a **Soviet trade delegation** in **Riyadh**...are the staunchly anti-communist Saudis turning toward the USSR as **Rockefellers** and **Rothschilds** attempt to hijack **OPEC petrodollars**? Our **Middle East** report carries interviews and analysis making that case...uncovers the widening **rift** between the **Carter** Administration and both American and Israeli **Zionists**...describes the worsening situation in **Lebanon**, potential trigger for a new Mideast war.

Japanese business has **broken through** Fukuda's **bamboo curtain**...and is moving toward major **trade deals** with the Soviets ...including private arrangement for **atomic power** development. See this week's **Asia** report for the further results of Carter's anti-nuclear posture in the Far East.

\* \* \*

**Marijuana** is a billion dollar industry in **Colombia**...and some **pot plantations** are even equipped with **sprinkler systems**. See **Latin America** for a shocking exposé on what Carter's **drug proliferation** policy in the U.S is doing to the Colombian economy...and what must be done to turn the situation around. Also featured...what **Rosalynn Carter** was up to on her South American tour.

\* \* \*

If you still believe press reports heralding imminent **nuclear terrorism** by a handful of "leftist" desperadoes...this week's **Science and Technology** column is must reading. Nuclear engineer **Jon Gilbertson** examines and exposes the hoax...

\* \* \*

Who controls **mining** in Southern Africa? See our **Africa** section for an **in-depth picture** of the interlocking web of **Rockefeller** interests. Plus a report on the surprising recognition now coming out of circles in **South Africa** of the role the **CIA** has played in fomenting **racial crisis**...

## As Belgrade Conference Opens

# Soviet Pressure Forcing Turning Point

The Belgrade conference to follow up the 1975 treaty on European Cooperation and Security today convened amid a flurry of diplomatic signals and actions from Western European nations, including Italy, France, West Germany and Britain, which indicate that those nations have either passed or are about to pass the breaking point in their relationship to the Rockefeller financial empire.

The highpoints of this plethora of signals and activities since last weekend include:

- \* A Franco-Soviet agreement on cooperation in development of fast-breeder reactor technology, open for West German participation and designed to encourage Third World acquisition of nuclear technology;

- \* An Italian proposal by Trade Minister Ossola for the formation of European Export-Import Bank whose purpose will be to expand European technological and industrial exports towards both the Third World and Eastern Europe;

- \* A proposal reportedly made by the socialist sector's Council for Mutual Economic Assistance (CMEA) to the Organization of Petroleum Exporting Countries (OPEC) for organizational ties to facilitate trade and financial cooperation.

- \* Announcement in Mexico of a major program of "technological assistance" by Finland and three Eastern European countries to the Mexican agricultural sector; this followed a rash of interventions in the Mexican economy by Western Europeans, including Italian investment in capital goods production and British technological assistance for Mexican development;

- \* The establishment of a Franco-Yugoslav Bank for joint projects in Africa; and

- \* Proposals in Britain, Denmark and Sweden to vastly expand the role of government backing for credit applied for the regeneration of domestic industries through exports.

Such measures have been accompanied by specific proposals geared towards the Belgrade conference itself. The Italians and Yugoslavs have separately proposed that participation in the conference be broadened to include the nations of Mediterranean and eastern Mediterranean littorals. In fact, Yugoslav Foreign Minister Milos Minic had stipulated in the week before the conference that his country would insist that such questions be adopted as the first agenda item of the proceedings. As the conference opened, the Cuban wire service Prensa Latina reported that Belgrade was rife with rumors that the Spanish delegation would formally propose the participation of non-European Mediterranean area nations.

Michel Jobert, the Gaullist leader and former Foreign

Minister of France, wrote in *Le Figaro* June 15 that "European countries" need to orient toward "the Mediterranean, Africa, and North-South exchanges, which express the economic reality of liberation and progress." All these concerns were echoed in a June 15 interview by the West German daily *Frankfurter Rundschau* with Yugoslav Prime Minister Djuranovic, who stated that the countries of the Mideast have to be involved in the CSCE procedures, if those procedures are to mean anything. He insisted that the conference has to be expanded to include participation of nations from "unstable areas."

Such widespread European convergence on the adoption of an open anti-Rockefeller political fall-back option has, on the surface of events, at least, been catalyzed by a relentless diplomatic and political counteroffensive by the Soviet Union. The Soviets have dispatched delegations all over Europe and beyond to inform governments that they now have to choose between war and peace, and that if their choice is for the latter, they must make political economic commitments to ensure that peace will be maintained.

### *Soviets: "Before It's Too Late"*

That policy has been made clear by the Yugoslavs and by the Soviets themselves. On the eve of the opening of the conference, Yugoslav Central Committee Secretary Stane Dolanc informed West German television viewers that, if détente is to be maintained, there must be fundamental progress at the Belgrade talks. Soviet intentions were clarified by the call of Foreign Minister Andrei Gromyko to an unscheduled visitor, Foreign Minister Hans-Dietrich Genscher of West Germany, that West Germany must use its "great weight" to achieve progress "before it is too late." Genscher had arrived in Moscow to deliver a message from U.S. Secretary of State Vance to the effect that the U.S. does not want a real confrontation over the insane human rights question.

There is no doubt but that Gromyko's public concerns, as otherwise expressed in *Pravda* coverage of U.S. inflammation of the Mideast hot spot and related matters, have been echoed by the myriad Soviet and East European delegations that have been dispatched to Western European capitals in recent days.

More fundamentally, however, the Carter Administration has left such European governments and nations with no alternative but to pick up on such optional selections as the Soviets have provided them. It is David Rockefeller's absurd policy of debt-collection-at-all-costs from Third World and advanced-sector nations which has brought the world to the point at which the Soviets stipulate: "choose now before it's too late."

## Brezhnev, Czechs Warn: Nuclear War Could Erase The Issue Of 'Human Rights'

Just before the Belgrade conference on European cooperation and security opened, the Czechoslovak weekly *Tribuna* accused National Security head Zbigniew Brzezinski of organizing "counterrevolution" in Czechoslovakia in 1968. "In June 1968," wrote the paper, "Brzezinski came to Prague as a professor to give the leaders of the counterrevolution last minute instructions and advice on how to continue in the disruption of the Communist Party and the entire society."

Czechoslovak officials have made no secret of their conviction that Brzezinski is directly responsible for organizing and instigating the escalation of "human rights" propaganda and dissidents' activities under the Carter Administration. In a guest article in the Soviet government daily *Izvestia* June 9, Czechoslovak Foreign Minister Boguslav Chnoupek situated "Basket Three" of the Helsinki Accords ("human rights", exchange of men and information) in perspective.

"The problem of the 'Third Basket' can absolutely not be approached or interpreted in a one-sided fashion. In each concrete case, we must proceed from the fact that there exist two social systems. We definitely are not going to call an ideological truce, as the ruling circles of certain capitalist countries have sought. In this connection I want to stress our viewpoint once again: while without doubt the three sections of the Final Act (of the Helsinki con-

ference—ed.) are of equal weight, nevertheless special importance belongs to questions of political and military security (Basket One—ed.) and economic cooperation (Basket Two—ed.). What kind of progress there will be in the area of cultural and humanitarian relations depends, naturally, on progress in these areas. The movement of people and ideas is extremely difficult between the icebergs of the Cold War. And in the epicenter of atomic blasts, neither people nor their ideas can exist."

Soviet President and General Secretary Leonid Brezhnev echoed Chnoupek in an interview he gave for the Paris daily *Le Monde* June 15:

"The ideological struggle must not...be used as a means of interference in the internal affairs of states and peoples or lead to a political or military confrontation. Otherwise, the ideological struggle could turn into a catastrophe in which millions of peoples as well as, so to speak, their ideas could perish...."

"We are convinced that the development of international economic relations on the basis of equality and mutual benefit and rejection of discrimination will conform to the interests of each people and the interest of reinforcing international peace and security...."

### *Rocky's Breaking Point*

This month of June sees, or has already seen, the breaking point in David Rockefeller's debt-collection policies. There is more than \$20 billion worth of Third World paper outstanding either for collection or for rollover. The nations of Peru, Mexico, Turkey, Zaire and Italy spring immediately to mind in this regard. Those nations cannot pay, nor can their obligations be rolled over again. Without a war, Rockefeller's bloated financial bubble will begin to burst through the end of this month, threatening to lead into a 1931-style "Kreditanstalt" chain reaction collapse of international banking institutions by the end of the summer.

Under such circumstances, the political signals and activities emanating from Western Europe will rapidly converge during the next weeks on the creation of the institutions for a new world monetary system based on hard-commodity credit extensions — institutions capable of bringing Europe, the Third World and the Comecon nations under the shelter of new, viable production and trading agreements, as specified by U.S. Labor Party Chairman Lyndon LaRouche in his International Development Bank proposal. Such developments under the necessity of the impending unravelling of David Rockefeller's dollar system is already implicit in recent

Italian government official proposals for the establishment of a European Import-Export bank.

Such proposals will not necessarily be the subject of overt discussions at the Belgrade Conference itself. However, it is certain that, during the course of semi-official and backroom discussions preparatory to Belgrade, the elaboration for implementation of Labor Party-initiated agenda items will be among the most urgent issues. Moreover, the way the world political economic system will look by the end of this summer will itself be largely conditioned by the velocity and determination with which such Labor Party-initiated proposals are implemented.

In short, the world is about to demonstrate forcefully that it can get on quite well without the Rockefeller's bankrupt dollar monetary system. This, in turn, means that the U.S.-based skilled and semi-skilled labor movement has to assist political, industrial and related institutions in this nations to get their own accounts straightened out very rapidly. Otherwise, assuming we avoid the present dangers of war, the nation as a whole is going to get badly screwed as the rest of the world does away with the international legacy of the Rockefellers.

To survive through the upcoming process as a viable technological progress-oriented industrial power, the

U.S. needs a rapid return to the hard-commodity economic policies pioneered by Alexander Hamilton and spelled out in the USLP's Third National Bank proposal. Agreement must quickly be reached on the establishment of such a hard commodity-based national banking system to increase the nation's industrial and related export capabilities. Political and economic measures

must be taken to minimize and contain the potential for uncontrolled damage to the national economy which will ensue if the accelerating European motion towards a new monetary system is not met by resolute and appropriately compatible political action from this side of the Atlantic.

— Christopher White

## Euro Press Agrees Carter Is Losing Europe

*Les Echos*, June 15, by Michel Garibal:

...Mr. Brezhnev does not want the balance to be drawn up in Belgrade for the two years that have elapsed since the signing of the Helsinki agreements.

Paradoxically, Mr. Brezhnev could well receive some rather significant support from several European countries that are right now uneasy over some uncertainties in U.S. foreign policy. France and West Germany do not want to make the Belgrade Conference a tribunal where the Soviet Union would be the No. 1 defendant. Paris and Bonn have already warned Washington that the U.S. is running the risk of provoking an ideological war with Moscow that would bring about effects contrary to those pursued by the agreement. The two capitals consider that the finality of the Helsinki agreements has not been to reform the world morally but foremost to strengthen detente....

West Germany is urging a strengthening of the economic ties (between East and West) as a result of its traditional policy.... But on this question also, the BRD has received some support from France and the other western countries....

*New York Times*, June 15: column by James Reston, written in Bonn, West Germany:

Jimmy Carter didn't think much about the German problem when he started his human rights campaign, but he is running into problems here he didn't expect and, despite his serious discussions with Chancellor Schmidt at the summit meeting in London, didn't resolve....

President Carter helped this process by dramatizing "human rights" at the beginning, officials here say, but they add that maybe he's pushing it too far, at least in Germany. He's creating tension and even fear in Eastern Europe and Moscow, they say, and the more tension, the less chance of getting people out of East Germany....

What may be much more important is that Chancellor Schmidt discussed this dilemma between the principle and the practical with President Carter at the summit and thought they had come to an agreement. The press reported they had resolved their differences, but that's not what I have been hearing in Bonn.... Officials here say, President Carter seems to be in the headlines every day proclaiming his allegiance to the Western alliance but provoking the Soviets.

Obviously, there is either a serious problem or a misunderstanding between Mr. Carter and Mr. Schmidt. Their London agreement had broken down, not only on human rights but on consultation over arms control and

the Middle East. Washington and Bonn are the heart of the NATO alliance, and for the moment, if I hear the melody, they are clearly out of touch.

President Carter would probably be startled to hear the doubts being expressed here. They say that Chancellor Schmidt, President Giscard d'Estaing and Prime Minister Callaghan are Carter allies who believe in his objectives, but that he has disappointed them and particularly Mr. Schmidt, since they met last month in London.

*Sueddeutsche Zeitung*, June 11, editorial by Josef Riedmiller, "An Aspect of Helsinki":

...Carter's truly missionary determination to help human rights become valid all over the world, and especially in the East bloc, is not meeting with unlimited approval in either the United States or among the allies. The reason for this is not any doubts about the truth or legitimacy of Carter's demands, but doubt about the success of his actions....

Carter's advocacy of human rights is giving civil rights advocates the feeling that their cause has now become a negotiating point of international politics, and that they are standing on firm foundations, which cannot be undermined by their opponents without endangering detente and the increasing the economic advantages to the East bloc which come from detente. This may be a correct assumption, so long as the eastern regimes consider the civil rights movement a transient and peripheral phenomenon, which cannot become dangerous to the existing power. But if this dissent between the governing and the governed assumes a form of "destabilizing" the East bloc, then these leaders would not hesitate to take a firm grip on their societies — just like before the detente phase.

*Financial Times*, June 15, "The Human Rights Time-Bomb Set for Belgrade", by Malcolm Rutherford:

...It is perfectly possible, however, that far from fostering detente, the conference could make existing tensions worse, the Russians could walk out. In that case, a situation like the Cold War could occur. There might also be a much more serious danger — from the western point of view — of a rift between Western Europe and the U.S. as the Europeans blamed the Americans for excessive zeal in the cause of human rights. A few weeks ago, the possibility of such drama would have seemed remote. The western participants in the Belgrade meeting had been quietly drawing up their negotiating position. The Europeans among them thought they had



President Carter tamed. The Russians, though clearly surprised by the behavior of the new American president, did not believe that it would last. Today it is quite different. Some of Mr. Carter's statements on human rights suggest that he is ready to risk a major confrontation with the Russians on this issue, and the Europeans are duly alarmed. The Russians themselves have begun attacking the President in a way normally reserved, if not for the Chinese, at least for West European conservatives.

The prepared western approach is to conduct exchanges "below the level of polemics", and to win a few more concessions from the Russians on human rights questions without making them feel that their very system is being undermined. That would not be easy at the best of times, but it is made more difficult in the evident tenseness of the Soviet approach to the meeting, and the tendency of President Carter to go farther on human rights than some of his allies would wish. The

West Germans for one, are especially nervous. They have had their own not unsuccessful policy of detente in Europe for a number of years....Any quarrel in Belgrade which led to a hardening of Soviet policy would tend to be attributed to President Carter, and there would be a split in the western camp. It would be ironic indeed if the Conference on Security and Cooperation ended by setbacks to both, between allies as well as adversaries.

*Le Monde*, June 15:

It is hardly conceivable that, going against the concerns of its allies, the U.S. adopt an aggressive attitude that will lead to the failure of the conference and a return to the cold war climate which Helsinki was set up to prevent in the first place....No one is innocent on the human rights question, one should sweep under one's own door before pointing at the neighbors....

## Carter Administration Split Over Belgrade Policy

Even as the 35-nation Conference on Security and Cooperation (CSCE) in Europe convened in Belgrade, Yugoslavia, the Carter Administration appeared to be hopelessly split over two contending policy options for the meeting: all-out confrontation with the Soviet Union over alleged East Bloc "human rights violations," the policy espoused by National Security Adviser Zbigniew Brzezinski; and discreet compromise, advocated by Secretary of State Cyrus Vance.

In a speech to the Magazine Publishers Association June 12, and a press conference June 13, a Brzezinski-tutored Carter reiterated his intention to "aggressively challenge" the Soviets on human rights. "I have no second thoughts or hesitation about it," he said. Commenting on "the Soviets' reaction against me personally," Carter declared, "I believe that the pressure of world opinion might be making itself felt on them, and perhaps I'm kind of a scapegoat for that adverse reaction on their part."

Vance's plea for moderation was first heard over the weekend as informed international observers concluded that the Carter-Brzezinski "aggressive challenge to the Soviets" had backfired. "The Soviets have sensed an opportunity to use the Belgrade talks to drive a wedge between Washington and its allies," the *New York Times* warned June 14 on behalf of "former" *Times* board of directors member Vance.

The *Washington Post* today observed that West Europeans "have strong praise for the firm yet moderate tone of Secretary of State Cyrus Vance," but are "unsettled at the prospect that Carter may unleash another barrage aimed at Moscow during the conference." To many Europeans, the *Post* reported, Carter "appears unpredictable and emotionally involved in the human rights question."

*Enter Kissinger*

The success of pre-Belgrade Soviet diplomacy has prompted Nelson Rockefeller, flanked by former U.S.

Ambassador to Moscow Averell Harriman, to initiate fall-back options to mitigate Carter-Brzezinski recklessness. A highly placed observer with input into Belgrade policymaking circles this week revealed that the White House, National Security Council, and State Department are riddled with three competing groups: the Brzezinski "hardliners," Harrimanite "softies" who are working with West Europeans to defuse a Belgrade blow-up, and diplomatic "professionals," primarily in the State Department, who want to resurrect the "balanced diplomacy" of former Secretary of State Henry Kissinger. The observer, who is associated with Georgetown's Center for Strategic and International Studies, and recently met with Kissinger, the long-time protégé of Nelson Rockefeller, identified the negotiating "style" of Brzezinski as the U.S. "problem" at Belgrade.

"There is a definite difference of style between say Carter and Brzezinski on the one hand and Kissinger on the other," he confided. "I'd like to see an intelligent column on the absolutely critical importance of style." If Carter and Brzezinski "go all out, we are definitely back in the Cold War... (but) Europe does not want a real tough confrontation. They are worried about Carter. Quite frankly they are more interested in the 'baskets' dealing with trade, travel, economic cooperation and so forth. The key thing to keep in mind is that it would be a mistake to think that we can force a quick breakthrough with the Russians."

To avoid making such a mistake, he suggested, the Administration must call Kissinger back into active service. "I'd say that Henry is going to hold his water as long as he can, until he's called on... a call from the President or Cy (Vance)... 'til then he'll try to hold his water as long as he can."

Kissinger's re-emergence as the shopworn "globetrotting diplomat par excellence" was noted in other quarters in Washington, D.C. this week. A foreign policy aide to Senator Scoop Jackson (D-Wash) volunteered

that she was astonished to learn that the State Department had recently been printing and distributing to the press releases by the former Secretary of State.

#### *Administration Shifts*

Despite Carter's continued "moralizing" postures, Nelson Rockefeller's fall-back orders have not been lost on "professional" staffers anxious to retain their jobs at the State Department, the Washington, D.C.-based Commission on Security and Cooperation in Europe, and the NSC.

Meg Donovan, an assistant to Rep. Dante Fascell, chairman of the CSCE, remonstrated June 13, "If you go in (to Belgrade) with screaming and yelling and arm flailing, we will disrupt things too much and won't be set up for the second meeting in the fall...the non-aligned countries are angry over Carter's bloc-to-bloc confrontation....Nothing would be gained if the Soviets are forced to walk out or something equally disastrous." Only one week before, Ms. Donovan had gloated that the U.S. would succeed in provoking the Soviets into "storming out and going home."

A colleague at the Commission admitted, "there has been a subtle shift in our negotiating posture at Belgrade."

Commission chairman Fascell, echoing his staff, leaped to introduce a "moderate" resolution on Belgrade into Congress yesterday, after learning that Rep. Newton Steers and Sen. Hubert Humphrey were circulating a "tough" Brzezinski version among their colleagues which had already garnered 39 Senate and 52 House co-sponsors.

At a recent cocktail party in Washington, D.C., a former aide to Senator Ted Kennedy (D-Mass), who is now employed by Brzezinski's NSC, commented on his boss's Belgrade strategy: "It's going to backfire. Everyone knows there's a lot of ammunition the Soviets and Europeans can use against the United States on human rights...the racial issue, for example. We'll take a licking at Belgrade if it continues."

Vice President Mondale, quickest to scent the change in the air, tried to moderate the Administration's policy as early as June 8 in a speech to the Naval Academy. "This Administration is not going to be strident in our defense of human rights," he declared. "We're not seeking to throw down a gauntlet before any nation. Nor do we have any illusions that regimes which rule by force and terror will change overnight."

Whichever Administration policy prevails at Belgrade, the damage has been done, thanks to the Carter-Brzezinski provocations, and Europe is lost, according to *New York Times* columnist James Reston. Writing from Bonn, Reston reported that West European leaders, led by West German Chancellor Helmut Schmidt, are accusing Carter of reneging on an agreement reached at the London Summit to tone down the human rights rhetoric. "Instead, they insist, Mr. Carter has kept inciting the Congress and American public opinion on the human rights issue, and is making things worse on the eve of the Belgrade conference. Obviously there is a serious problem...between Mr. Carter and Mr. Schmidt. Their London agreement has broken down...."

# Carter's Energy Program Hits The Rocks

Jimmy Carter's energy program, authored by the Ford Foundation with the guidance of the Rockefeller family, was all but buried by bipartisan Congressional forces last week. The trouncing of major components of Carter's programs follows a Memorial Day marriage of convenience between pro-energy growth, industrially-aligned politicians and certain sections of the military with Nelson Rockefeller's financial interests. Such conservatives were wooed on the belief that some form of economic recovery (i.e., an avoidance of the collapse of the U.S. dollar) could be effected by shelving the Carter plan for energy development and instead pursuing a program of undisguised austerity and war production.

The collateral in this arrangement was to be the OPEC revenues that the Wall Street groupings assumed would be provided by Saudi Arabia. As the Saudis have not handed over the money, and as the international financial collapse becomes daily more visible, the Rockefeller-Republican marriage appears highly unstable in the two weeks since it began.

On Capitol Hill, in rapid succession Congress knocked out Carter's standby gasoline tax, the tax rebate for small cars, and the price ceiling on new natural gas. The Seabrook, N.H. nuclear facilities, condemned by Carter, have been restored, while on June 14, the House Science and Technology Committee voted up \$150 million in appropriations to begin construction of the Clinch River plutonium fast breeder reactor.

But the proceedings of the Edison Electric Institute Conference in Philadelphia this week reveal two striking political realities behind the defeats handed to Carter on the Hill. First, the numbers of longtime Rockefeller family retainers who suddenly pronounced their adherence to a concept of economic growth demonstrates that the Rockefeller family has a strong hand in the defeat of its own energy program. Secondly, Rockefeller and his forces are faced with the fact that they must wheel and deal for their new-style "Project Independence" military program within a pro-development "controlled environment" largely shaped by the U.S. Labor Party and the forces it has led against Carter.

The EEI publication, highly representative of investor owned electric companies in the U.S., had recently attacked the proposals of Amory Lovins issued in the Fall 1976 *Foreign Affairs*. Lovins' plan, in large part adopted by the Carter Administration, had called for the decentralization of energy development and the administration of such policies on the community level, and called for the abandonment of nuclear power development under the rubric of "non-proliferation."

Speaking before the 2000 assembled industrialists and trade unionists at the conference, EEI President W. Donham Crawford indicated that high priority must be given to the development of energy programs not dependent on fossil fuels. "Conservation will not in itself

solve our energy problems," Donham said, "only the development of new or better technologies to convert more abundant fuels into working energy will do that. It will buy us the time to perfect those technologies, and is therefore a necessary step toward the answer."

Previously Donham writings in the EEI publication have recognized the necessity of fusion power — but have qualified that recognition with 25 years of conservation as necessary to prepare the U.S. for its development.

Rockefeller adaptation to U.S. rejection of zero-growth was most clearly demonstrated in the speech delivered by Fred Smith, an environmentalist for 25 years. A self-described close associate of Laurance Rockefeller, the conservationist standbearer of the Rockefeller family, Smith launched into an attack on environmentalism. "The environmental movement," Smith said, "is endangered because it has degenerated and is now in one of the most far-reaching mixed-up, complex-recriminating upheavals the country has ever seen... It has created an endless parade of villains... fed the press and television with the kind of sensational blood and thunder copy they cherish..."

"The important question of today is really this: will the under-powered and crippled society of the next few years agree that a relative handful of activists were acting in the public interest when with monumental arrogance they stopped by court action nearly \$10 billion worth of construction and development in the energy field alone because it presumably endangered such non-human critters as snaildarters, clam larvae, and kangaroo rats? Perhaps as claimed, these creatures were endangered. But so are nearly 220 million people."

Following Smith, Bayard Rustin, black spokesman linked to AFL-CIO president George Meany, delivered another post mortem on the environmental movement. After counterposing the rise of zero-growth philosophy to earlier pro-expansion, pro-growth philosophies, Rustin said: "The no-growth advocates fail to recognize that the adoption of their policy positions would significantly worsen the plight of the impoverished and disadvantaged." Noting that the scientific rationales of zero-growth are far from proven, Rustin asserted, "The movement to redefine values is essentially an effort to impose certain values on the less fortunate members of society... With a near static national economy there is simply no way that even the best-intentioned president and Congress could find the sums of money that are so desperately needed to end poverty, improve education, provide health care to all, and to construct efficient mass transportation systems. To those who insist that we no longer need to spend huge additional sums on coping with pollution, to those who insist that we no longer need or can no longer tolerate economic growth, my response is simply we cannot afford to do without it."

Within this environment, Rockefeller policy was out-

lined by Herman Kahn, of the Hudson Institute and Nelson Rockefeller's Commission of Critical Choices. Kahn began his speech by quickly conceding that "The U.S. needs new energy technologies, like the breeder, in the future. For now, we should go with what we have... We need 200 coal gasification plants. The good thing about coal is you need to repair the railroad system to ship it, and we have the ideal labor force to do the job. We should take the ghetto kids and put them into the country part time each week to repair the rail lines... And we already have an adequate employer of last resort in the private sector which means simply doing the dirty unpleasant jobs..."

#### *Limits To Growth Trap*

The "program" advanced by Kahn for Rockefeller has little to do with coal gasification for the moment but relays Rockefeller's new austerity in the context of a "limited development" idea. It expounds Rockefeller's policy of seducing labor and industry into adopting *short-term military and slave-labor austerity measures*, from the standpoint of expediency, which will mean raising energy prices into the stratosphere. Then, Rockefeller's 200 coal gasification projects would become "competitive" and feasible (the original blueprint of the Commission on Critical Choices).

The Clinch River decision itself is a reflection of this baited trap. The decision to go ahead with the project is a semi-victory because the \$150 million appropriation does not even fully restore President Ford's proposed \$237 million.

Other energy parcels passed through House committees in the past six days also reflect the danger of the trap. They include the House Ways and Means Committee's approval yesterday of Carter's tax on "new" domestic crude oil. Under this tax, consumers and industrial users would be gouged \$3.50 more per barrel in 1978, \$7.70 additional in 1979, and another \$3.00 in 1980. The definition of what constitutes "new oil" was simultaneously broadened by this heavily Carter-stacked Committee, which also defeated a plow-back investment credit for exploration and development. The full house voted down the President's recommendation to kill 16 dams and irrigation projects, and recommended an appropriation of \$10.2 billion to cover these programs, but the Senate later killed half of those projects to avoid a Carter veto.

Also last week, the House Commerce subcommittee on energy and power opposed Carter's proposed new ceiling of \$1.75 on all interstate natural gas, and instead got sucked into passing deregulation of all new gas — a move that plays straight into Rockefeller austerity gameplan.

## Teller: Yes To Breeder In The Future

At a June 16 press conference, Edward Teller, Associate Director of Emirtus, Lawrence Livermore Laboratory, University of California made contradictory statements typical of many supporters of the Carter Administration energy policy now answering to Rockefeller authority.

Promoting the Carter Administration line the former Atomic Energy Commissioner Director said, "Project PACER is an excellent idea. It is something we should definitely pursue. The resistance to this kind of thinking comes from the bad impression in the public mind from the bombing of Hiroshima." (Project PACER outlined the use of the development of nuclear bombs to develop clean, safe nuclear energy—ed.)

In answer to a reporter's question on the findings of Soviet scientists L. Rudakov, who most directly contributed to the USSR's E-beam developments, Teller claimed, "I never heard of him."

Later in the conference Teller stated, "We do not need the breeder reactor now. We should develop the thorium cycle — though it is not a breeder. . . We will demonstrate fusion within three years. At that time it will cost \$1,000 per kilowatt hour, and will not become economical before the 21st century. . . Therefore President Carter was right not to mention it in his (April 20) speech."

Teller then suggested the U.S. mass produce nuclear power plants. "They should be placed in harbor facilities where careful control and efficient construction would lead to their efficient shipping."

Teller acknowledged his own past opposition of nuclear power plant construction, but said the plants have now been shown to be safe. Third world countries Teller noted "desperately need a large expansion of energy supplies right away. The most effective means of supplying this expanded energy is to have the United States, Europe and Japan build a very large number of nuclear reactors, and make available the freed-up oil supplies to the underdeveloped countries."

Teller delivered an attack on environmentalists, by relating how India and Ceylon had employed DDT to wipe out malaria. Environmentalists then convinced the Ceylon government to prohibit DDT with the result that two million people contracted malaria. Ceylon resumed the use of DDT and reconquered the disease.

Teller further claimed that he personally had briefed the Washington D.C. press corps on the story. "You check this out, and write me a letter on what you find." The only response he received confirmed every detail of the story, and added others but was stamped "confidential for your use only." The letter was not allowed to be released to the press. "What would happen if some industry caused event should make two million people seriously ill? Do you think it would be spread all over the national news media? And yet in this case not a single newspaper in America picked up this story or said a word about it."

\* \* \*

Indicative of the kind of "limits to growth" thinking behind these energy measures is a statement by Congressman Wydler (R-NY) who last week burned Schlesinger on his coal conversion plan, but admitted

privately that he opposes it because it is too expensive now; in a decade or so "when the costs of gas and oil are out of limits, perhaps then it will be feasible."

\* \* \*

## Carter Administration And Republicans: Is A Deal On Korea In The Works?

Developments surrounding the Korean lobbying scandal in Congress last week suggest that a deal is in the works between Republican conservative layers and the Carter Administration on the Administration's controversial Korea policy. The deal appears to center on a Carter backdown on his policy of withdrawal of U.S. troops from South Korea, and a conservative power play which would use the Korea scandal to gain control over the Justice Department.

Left on the outside — and sacrificed — in this deal are the screaming liberals of the Congress and their Fabian supporters who have been pushing both the withdrawal policy and the scandal as part of their "human rights" attacks on the South Korean government.

The foremost indicator of the deal was the call issued last week by Capital Hill Republican leaders Senator Baker and Rep. Rhodes for the formation of a Special Prosecutor's office in the Justice Department to handle the Korean investigation. The two Republicans charged that the present Justice Department effort in the matter was insufficient, and that "leaks" have been making their way from the Fabian liberals in the department to the press.

Baker is operating in conjunction with Nelson Rockefeller and his Republican networks in carrying out this purge of the Mondale-type liberals from the Justice Department and from the Carter Administration as a whole.

The aim of the Baker move is not to extend the investigation but rather to can it in the Justice Department by shifting the focus of investigation from Congress to the Executive, where a few small fish can be fried from the previous Administration. This shift was also evident in the moves by the House Ethics Committee, which plans to pass out a questionnaire to House members on their contact and involvement with various individuals identified as part of the Korean influence-peddling lobby. The Ethics Committee's main thrust of investigation, they announced this week, will center on former members of Kissinger's National Security Council and the CIA who have been subpoenaed to give what information they have on the Korean lobbying. Charges have been circulating through various conduits including the *New York Times* that various officials in a number of government agencies, including the State Department, FBI and others, were covering up the activity.

Significantly undercutting the line that the Baker call is a Republican move to use the Korean scandal as the Democrats' Watergate, the Democratic head of the Ethics Committee, Rep. Flynt, supported the Baker call.

These moves have not brought a happy reaction from the Liberals, whose own Korean baby is the investigation being carried out by the Subcommittee of the House International Relations Committee headed by Rep. Donald Fraser. Fraser, a member of David

Rockefeller's Trilateral Commission and former head of the ultra-liberal Americans for Democratic Action, has been going after the Pak regime in South Korea on "human rights" grounds. A top aide to Fraser, asked for his reaction to the Baker-Ethics Committee moves, strongly opposed them as an effort to put a lid on the Korean scandal investigation by trying "to put the shoe on the other foot," i.e., shift it from Congress to the Executive. The aide derided the talk of Executive cover-up, particularly charges directed against Undersecretary of State Philip Habib, as "misdirected."

### *Pullback On Korea Pullback*

The developments around the Korean scandal are tied to signs of a shift by the Carter Administration on their withdrawal policy which has been under strong attack from conservative layers since the Chief of Staff of the U.S. forces in Korea, General Singlaub, made public his opposition to the policy. Yesterday, Habib and General George Brown, Chairman of the Joint Chiefs of Staff, appeared before the House and Senate Foreign Relations Committees to brief them on their visit last month to South Korea to discuss the troop withdrawal. While neither backed down visibly from the policy, they declined to give any indication of the timetable for withdrawal, sparking rumors that the timetable may be significantly slowed down — a de facto backdown.

The Senate Committee is now the scene of an effort led by Senator Baker to challenge the policy. Baker issued a statement last week charging that the withdrawal will "create uncertainty throughout free Asia, stimulate regional tensions, and risk a major outbreak of hostilities on the Korean peninsula." In the committee itself, a move has been made to ask the CIA for documents on a "new intelligence assessment" which allegedly says that North Korea is stronger than previously believed — precisely the position taken by General Singlaub, who is linked to military intelligence circles. CIA briefings to the committee staff, according to the *Washington Post*, have also now expressed concern that only a short warning would be available in the case of a North Korean attack. Carter's authorization for the CIA to make this reassessment is read in certain intelligence community circles as part of the attempt to smother the revolt in particularly military intelligence ranks who are enraged at the Administration's foreign policies.

At this point it is difficult to precisely predict what may unfold. It is clear, however, that the Korea policy and the Korea scandal are serving as a major battleground for the powerplays now underway, and that a deal in this realm would reflect fallback deals being made elsewhere under Nelson Rockefeller's direction between the Carter Administration and its conservative opposition.

— Daniel Snider

# 'A Salute To Nelson' — Republican Leadership

"My friendship with Nelson Rockefeller goes back 17 years, to the time I first entered politics. I was invited to a party at his home. I had never met Nelson Rockefeller before. I was standing against the wall, where there were some of his famous paintings, watching the scene. A friend said, 'Bill get away from the wall, there's \$5000 worth of paint on your sleeve.' I have always been impressed by the Rockefellers since then.

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## EYEWITNESS REPORT

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With this pleasantry, William Brock, present chairman of the Republican National Committee, acknowledged Nelson Rockefeller's reemergence as the "man in charge" of the Republican party leadership — at a dinner billed as a "salute to Nelson" on his retirement from politics! — sponsored by New York state republicans at the Waldorf Astoria last week. Three weeks ago, over the Memorial Day weekend, some of the participants in the Waldorf affair had gathered at Nelson's Pocantico Hills estate; what emerged was an effort by David Rockefeller's big brother to coopt U.S. conservatives into a deal based on scrapping the Carter Administration's "human rights" crusade for immediate thermonuclear showdown with the Soviets, together with its no-energy program, in favor of Project Independence energy boondoggles, wage austerity, and a major short-term military buildup.

Gathered to reaffirm Nelson's strategy at the Waldorf were such Republican notables as former President Gerald Ford, Senate Minority Leader Howard Baker of Tennessee, and party chairman Brock, not to mention Nelson Rockefeller's personal Senator, Jacob Javits of New York, Nelson's personal foreign policy advisor, former Secretary of State Henry Kissinger, and Nelson's personal party hatchetman, New York committeeman Richard Rosenbaum, who helped cover up the New York vote fraud which put Jimmy Carter in the White House.

Once the Roast Filet Perigourdine and the Sherbert Rockefeller were cleared from the tables, the Waldorf air was filled with examples of the Republican cowardice, stupidity, and reflex subservience to Rockefeller muscle responsible for the Memorial Day weekend "deal" in the first place.

Particularly egregious was Sen. Howard Baker, a man not unacquainted with the Rockefeller family's role in the Watergate conspiracy. "Nelson Rockefeller has served his nation honorably in many positions, but especially as President of the United States," intoned Baker, who hurriedly apologized to Gerald Ford a few seconds later: "I meant the President of the Senate, of course."

Ford himself proclaimed that one of the greatest achievements of the Ford Administration was appointing "a man who never wanted to be Vice President of any-

thing" — Nelson Rockefeller — as Vice President — this after widespread suspicion in Republican ranks that Nelson was ultimately behind repeated "blind terror" attempts on Ford's life. "As I knew and believe now, both of us are dedicated to the principles of the Republican party. Even though we were not intimate, I respected his success," said Ford who also lauded Henry Kissinger as "possibly the greatest Secretary of State we ever had."

The former President also launched into a ringing defense of Nelson's \$100 billion "Project Independence" energy boondoggle of 1975, thus strongly suggesting the outline of the deal on energy to be sold to Congress. Project Independence was an incompetent catchall of oil and gas swindles, Nazi Germany's coal gasification projects, and increased nuclear power production, all based on labor-intensive methods supported by wage-gouging and packaged as Schachtian "energy autarky" for the USA. Of this mish-mash Gerald Ford said, "It would have been a great contribution to solving the energy problem now but unfortunately Congress didn't respond. If the present Administration would adopt it now, Congress would respond..."

Ford also signalled his willingness to cooperate with Rocky in future political ventures, at the price of squelching any effort to put the Republican Party on record behind the "American System" of hard commodity credit, technological progress and a commitment to rising standard of living for the U.S. population — the only political-economic policies which can prevent a new depression. "I'm sick and tired of those who want to prove they are purer of philosophy than others," said Ford. "We need a broad foundation for the party to win in 1980... I'm going to be around, Nelson — I think you will be too."

Rockefeller pronounced Ford's presence on the dais "the greatest tribute I have had all night."

Despite the appearance of Republican unanimity behind Nelson, however, the Waldorf affair produced a couple of indications of just how shaky the "deal" with U.S. conservatives really is. One was the conspicuous absence on the scene of any generally recognized spokesman for conservative forces in the party — Ronald Reagan for example. A second was the uneasy recognition by Nelson himself that the success of his efforts is extremely endangered by the looming bankruptcy of Chase Manhattan and its companion large New York commercial banks.

When this reporter approached Nelson to inquire what he intended to do about the collapse of the House of Rockefeller, Nelson replied "I'm the politician of the family, not the banker." He then darted off down the hall to shake hands with various Republicans, muttering "I'm not the banker, I'm the politician."

But where will such men as William Brock stand as the Rockefeller family's "\$5,000 coat of paint" to impress the credulous can no longer cover its bankrupt condition?

— Barbara Dreyfuss

# Meet Brzezinski's Projected Replacement: Henry Kissinger

*The worsening political bankruptcy of the Carter Administration has impelled certain Bilderberger group forces to project the dumping of the Carter mentor and National Security Council chief Zbigniew Brzezinski for former U.S. Secretary of State (September, 1973—January, 1977) Henry Kissinger. For the benefit of those who are either too young or of too short memory to be familiar with the relevant portion of past United States history, the following basic statistical and psychological profile information are supplied. It is hoped that our readers will use this information to inform their less-advantaged acquaintances.*

## **KISSINGER, HENRY ALFRED**

born May 27, 1923 Fuerth, Germany to Paula Stern Kissinger and Louis Kissinger (tailor); emigrates to U.S.A., 1938; enlists U.S. Army, 1943; serves with 970th Counterintelligence Corps, 84th Infantry Division until 1946 (assists in preparations for establishment of Allied Military Government in Germany).

B.A., Harvard University, 1950; appointed consultant to Operations Research Office (through influence of Harvard professor McGeorge Bundy and Col. Fritz Kraemer of Army Intelligence), 1950; appointed executive director of Harvard International Seminar, 1951(-1969); consultant to Psychological Strategy Board, 1952.

introduced to Nelson Rockefeller, 1953; Ph.D., Harvard, 1954; study director on nuclear weapons and foreign policy, Council on Foreign Relations, 1955; director, special studies project on defense and foreign policy, Rockefeller Bros. Fund, 1956; becomes permanent personal foreign policy advisor to Nelson Rockefeller, 1956; consultant, Weapons Systems Evaluation Group, 1956 (-1960).

publishes *Nuclear Weapons and Foreign Policy*, and *A World Restored: Castlereagh, Metternich, and the Restoration of Peace, 1812-22*, 1957; lecturer, Harvard Department of Government, 1957; director, Defense Studies Program, Harvard, 1958; Associate Professor, 1959.

advisor to Nelson Rockefeller during 1960 and subsequent presidential campaigns; consultant to Arms Control and Disarmament Agency, 1969 (-1969); consultant to National Security Council, 1961 (removed after October, 1962 Cuban Missile Crisis); becomes consultant to Rand Corporation; full professor at Harvard.

consultant to Department of State, 1965 (-69); advisor on Rockefeller Foundation-funded study, *The President and the Management of National Security*, Praeger, 1969 (recommended reorganization of the National Security Council under "super Cabinet officer").

appointed Assistant to the President for National Security Affairs, 1969; reorganizes National Security Council; initiates factional warfare with Secretary of

State William Rogers.

Chile coup, Sept. 11, 1973; appointed Secretary of State, Sept. 22, 1973, four weeks prior to outbreak of fourth Arab-Israeli war and subsequent oil embargo; instrumental in appointments of James Schlesinger as CIA director and subsequently Secretary of Defense, Gen. Alexander Haig as member of Joint Chiefs of Staff and subsequently White House Chief of Staff; marries Nancy Maginnes, executive assistant to Nelson Rockefeller.

## *The Final Days*

Kissinger, who coordinated closely with (present NATO force commander) General Alexander Haig on the inside aspects of the "Watergating" of former President Richard Nixon, came close to being dumped from office during the famous weekend of the 1975 "Halloween Massacre." At the same time that Kissinger's younger political sibling, James R. Schlesinger, was dumped from the Department of Defense, Kissinger himself was formally degraded from the post of National Security Council Chief, and within a month, reportedly ousted from the powerful position of head of the NSC's Special Action Group (SAG), the coordinating agency for covert and paramilitary operations.

However, Kissinger retained his position as Secretary of State throughout the remainder of the Administration of President Gerald Ford, despite massive pressure from conservative Republicans demanding Kissinger's ouster as a major electoral campaign liability. There is little doubt that President Ford's politically anemic campaign of September and October 1976 reflected a cooperative attitude by Ford's campaign toward Nelson Rockefeller and Nelson's protégé, Kissinger. Although Ford won the election by a significant margin, according to any honest count of ballots, it was the weakness of his September and October campaigning which allowed the massive vote-fraud operation to be successful.

## *Recent Activities*

Following his return to "private life" in January of this year, Kissinger maintained a low profile, and as recently as May 23, the West German news magazine *Der Spiegel* reported:

"...four months after his departure, he sits, withdrawn, next to a ventilator pipe in a small spartan office in the Library of Congress...his right index finger stained with ink. In the glare of a cheap plastic lamp he is preparing his memoirs, brooding over red and black binders....Although the external trappings seem gloomy, Kissinger himself seems almost cheerful: he has lost almost twenty pounds, his double chin has almost disappeared, his face is sun-tanned...."

Kissinger's public activity has become more visible in recent weeks, however, particularly since his reported attendance at a Memorial Day meeting at the Pocantico



Hills estate of Nelson Rockefeller. On June 4 Kissinger was in Austin, Texas, addressing a Young Presidents Organization conference; on June 5 he addressed the Dallas Women's Club; and that night attended a private party hosted for him by William Clements, former Deputy Secretary of Defense in the Ford Administration. While in Texas, Kissinger maintained a hardline against any prospective Administration concessions to Cuba, and according to one source, in private meetings "Kissinger was not too complimentary to Carter."

On June 9, Kissinger was back in Washington, D.C. where he recently assumed a teaching position at Georgetown University. In a speech to the conservative-profiled American Enterprise Institute, Kissinger took a strong stance against the emergence of so-called Eurocommunism, identifying it as a major threat to the Atlantic Alliance.

During the weekend of June 11-12, Kissinger flew to Chicago for meetings with regional editors and publishers and an address to the Midday Club, composed of prominent area industrialists. On June 11 Kissinger was a participant at the conference of the National Alliance to Save Energy, where in addition to calling for conservation, Kissinger indicated he favored increased energy production and the deregulation of oil and gas prices.

#### *Psychological Profile*

Kissinger's basic profile is one typical of numerous academic figures: the inside man fixed at approximately mid-adolescence in underlying interpersonal impulses and world-outlook, uneasily concealed behind a very thick *persona*. The result is an adolescent boy playing out a fantasy-role in the adult world. Kissinger's principal fantasy figures are, according to his own repeated accounts, nineteenth-century Rothschild protégés Metternich and Bismarck. Kissinger, whose adult political career began under Rockefeller protection during his graduate years at Harvard University, represents himself as performing the kind of role for the Rockefeller family, principally his patron, Nelson, that Metternich and Bismarck performed for the Rothschild House during the nineteenth century.

The sometimes-stressed friction between Kissinger and political sibling James Rodney Schlesinger has a slight corroborating basis in the fact that Kissinger is political whereas Schlesinger is not. This shading of difference is emphasized by the fact that Schlesinger's strategic conceptions are intrinsically mixed continuation and parody of the famous Kissinger strategic doctrine of the late 1950s. There is nothing, barring additional gadgetry, in Schlesinger's strategic outlook which was not already fully developed in the earlier Kissinger doctrine. Schlesinger leans toward the apolitical linguistics currents of the RAND Corporation, where Schlesinger was programmed for his later roles, and toward the schizophrenic "lists of perceptions" of the Hudson Institute's Hermann "Megadeath" Kahn. Although Kissinger is himself a covert operations freak in his own right, his style tends more toward the British nineteenth-century model, whereas Schlesinger and others of that sort lead toward a purely mechanical conception.

The sharper distinctions in style exist between Nelson Rockefeller protégé Kissinger and David Rockefeller protégé Zbigniew Brzezinski. This is highlighted in an informative fashion by the obvious differences between the fantasy-life of the two. Kissinger's fantasy-life is identified with figures he regards as "winners," whereas Brzezinski's self-image is that of the deeply-embittered "loser," the decayed Polish aristocracy. Although governed by forces which share the same ultimate goals, Kissinger is politically flexible, where Brzezinski is inflexibly obsessive. Thus, although Kissinger would cheerfully impose fascist regimes — Chile — upon nations to achieve his goals, he has never exhibited an overtly fascist character-structure. Brzezinski's conspicuous features, in both his published writings, his conduct in office, and other relevant intelligence materials, has a classically fascist personality profile. This distinction in "style" between the two is underlined in comparison of their 1950s doctoral dissertations. Kissinger's point of self-reference is the Rothschild-dominated monetarists' Concert of Europe, whereas Brzezinski's point of reference is the fascist-totalitarian world of the Technetronic Society. Kissinger will use fascist methods as a means to an end; with Brzezinski, fascism itself is the goal.

#### *The Present Issue*

The combination of Brzezinski and puppet Carter has quickly proven itself to be not only a hideous interaction of two acutely pathological and limited personalities, but has been in every principal respect a dangerous, blundering failure from the standpoint and perception of the Rockefeller and other interests. Although the Carter Administration's thrust toward provoking early intercontinental thermonuclear war is still operational, concerned layers of monetarists view the Carter Administration's role in both foreign and domestic policies as an utter failure.

In a large measure, both leading monetarist circles in the world are influenced increasingly by their perception of the successful analyses and related work of the U.S. Labor Party. Despite a last-ditch effort by the Basel Bank of International Settlements (BIS) to patch together a private banks' bail-out of Third World debt through the IMF, there is a widespread belief that this desperation effort cannot succeed. Internal developments inside the USA, plus the corroboration of the Labor Party's strategic analysis, plus Labor Party chairman LaRouche's private International Development Bank proposal, have impelled forces within the Bilderberger association to develop fall-back options under the kinds of circumstances the Labor Party's strategic analysis prescribes as most favorable.

To deal with this contingency, some of these forces have launched semi-covert operations whose included purpose is to neutralize the Labor Party's growing influence by coopting as much of the appearance of the Labor Party's program as is seen consistent with and tolerable to the monetarist faction's interests. As part of this attempt to preempt the situation, Henry Kissinger has been re-launched as a counterfoil to the discredited Brzezinski and the Carter Administration.

Despite Kissinger's more political approach and



greater strategic flexibility, the present crisis provides no margin for success of methods borrowed from the middle of the nineteenth century's central European history. It was the attempt to continue the policies of Metternich and Bismarck into the twentieth century which most directly caused two world wars and must

tend to inevitably cause a third. In the final analysis, Kissinger's style, while comparing favorably to the lunacy of Brzezinski's, represents only a slower approach to the same general war which Brzezinski's methods would trigger immediately.

## 'Kissinger Is Very Available'

*Kissinger is very available — that's the message a close associate of the former Secretary of State delivered in an interview this week which evidenced significant dissatisfaction with the Carter Administration's Belgrade policy.*

**Q:** I have been getting some very varied background from different quarters regarding the upcoming Belgrade meeting and the Carter Administration's handling of foreign policy, especially with the Russians on the human rights issue. Some people whom you would associate with, say, the Harriman wing, are very worried that the Carter people are going to blow it for us if they push real hard at Belgrade. We will simply defeat our own purposes, they say, because the result will be to bolster the position of the so-called hardliners, and then we'd really be in trouble and so forth. What are your views?

**A:** Yes, you are right, there are serious disagreements on this. Let me inform you first off that I hold a number of important advisory posts outside of the official government per se but these have allowed me to have some significant input into the planning for the Belgrade meetings, especially with the Department of State.

I think the Russians will respond — that is unless the U.S. goes very very big on human rights, which is possible — pretty much the way they did on that televised debate the other night...Now, if we go all out, we are definitely back in a Cold War situation, which we are very close to. There's nothing wrong with Cold War, you see — it's not Hot War; no shooting — a battle of ideas, some tough debate, totalitarianism and so forth. But somehow there's a fine line that is drawn between this and being, shall we say, a Cold War extremist, which some people think Carter may tend to become and so they are, in that sense, justifiably worried.

I'm not saying Carter will go that far, we may have to wait on that judgment. So we must be very careful. If we go all out, some of the concerns you mentioned might occur. Also, the liberals and the Russians would accuse the U.S. of starting the Cold War again and the next question is how do you balance this with detente? We must be very careful.

**Q:** I understand you recently met with Henry Kissinger. Did you discuss these concerns?

**A:** Yes we did. Kissinger is watching this very carefully, but as you know he is not raising his voice in public very much at this time.

**Q:** Are you and Kissinger hopeful that Carter will deal with the situation adequately?

**A:** Well, I think, I hope Carter will say to the people going to Belgrade and to the State Department people that we need to walk in tandem. We need a unified approach despite disagreements. That we need to come out of this meeting with a set of formalized followup meetings and future conferences. I think he should tell Vance to stick to the agenda and keep it moderate. Meanwhile, Carter himself, not at the table, can continue to talk out on human rights.

**Q:** Aren't the Europeans likely to reject the U.S. approach and go their independent way, especially if we push hard?

**A:** Yes, this is something to definitely keep in mind and something I have been emphasizing in my discussions on this. *Europe does not want a real tough confrontation;* they are worried about Carter; quite frankly *they are more interested in the 'baskets' dealing with trade, travel, economic cooperation and so forth. The key thing to keep in mind is that it would be a mistake to think that we can force a quick breakthrough with the Russians,* that we can have overnight results. It doesn't work that way. It's a long arduous process. What we should hope for is continued small progress. (emphasis added)

**Q:** Is Kissinger concerned...

**A:** Oh yes...

**Q:** I mean about Carter and Brzezinski possibly getting us fouled up?

**A:** Well, let me put it this way. I think that Carter had not really thought the thing through, say the way Kissinger had. Carter kind of jumped right in there and started knocking it out with them right away and now we have to look at it.

But I asked Kissinger about this the other day and he said that even if you'd been in high level government posts for six years or more you still don't know everything you need to know, that any President would go through something like this. What, he's only been in there six months or so, eh?

I think what we have to do is establish a kind of national private consultant group, with people from law, ethnic groups, labor and so forth, make it representative but have people who are experienced in international negotiating, and advise the President, and maybe go public with hearings and so on, to make sure that the

President has a broad base of views around him and so forth. See I don't think we can just stop the human rights thing either, because that would really look bad and the Russians would know that a shift had taken place and they might have a field day.

**Q:** Considering the disagreements in policy circles on these matters do you...

**A:** Why there are splits even in the White House; even in Brzezinski's staff. There are softies there too...I consider myself a realist, neither a hardie or softie — but there's, as you say, essentially a three way split and the softies may turn around and work behind the scenes at least with the Europeans, like the Belgians and the Germans, to see to it that there's no blowup at Belgrade.

**Q:** Do you think Kissinger may decide to come back into the field?

**A:** Well, this is something we discussed too, you see, and I'll put it this way: There is a definite difference of style between say Carter and Brzezinski and Kissinger on the other hand. I think you should do a column on this side of it. Can you do that? I'd really like to see an intelligent column on this on the absolutely critical importance of style...can you do that for me? Anyway, I'd say that Henry is going to hold his water as long as he can, until he's called on. He would want to do it by getting a call-in from the President or Cy (Vance) or by Brzezinski, all of whom he knows. I don't think he wants to go in without that call-in, you see. Till then he'll try to hold his water as long as he can.

**Q:** What if the call never comes?

**A:** Well...I couldn't say...listen I have to be off now. I'll be going to London at the end of the month...to keep an eye on things. Bye.

# The Solution To Jake Javits' Fears

*The following statement was issued on June 17, 1977 by Lyndon H. LaRouche, Jr., U.S. Labor Party Chairman and Presidential candidate.*

Senator Jake Javits's problem, as manifest in his hysteria before the Senate Foreign Relations Committee on June 16, is that he knows the problem, but so far lacks the courage to face up to simple and straightforward solutions. His behavior is typical of frightened, vacillating members of the corporate board of directors faced with a clear-cut case of Chapter 11 financial reorganization. A certain mixture of perception and guts is required among corporate leaders to pull an essentially sound firm out of financial disorder. A somewhat larger dose of the same qualities of perception and guts are wanted to deal with financial disorder in a monetary system.

Since some leading circles have not yet understood the clear-cut approach to restoring economic prosperity, it is warranted and necessary that I restate the solution once again, this time in terms of the problem as put by Senator Javits.

Javits was approximately correct in negatively defining the problem. The front end of the imminent world monetary blowout is a mass of international financial paper in the order of between \$150 and \$200 billion valuation. Without some form of Third World financial debt-rescheduling, the collapse of the monetary order will occur in such a chaotic form as to trigger a general, deep and prolonged depression.

What Javits has so far refused to recognize is twofold. First, he refuses to grasp the kind of debt-rescheduling measures required. Second, he refuses to face the fact that without steps to establish a new world monetary system on a gold-reserve-based, hard-commodity-credit standard, there is no possibility of avoiding a depression, with or without debt rescheduling.

## *The Matter of the Figures*

I agree that Congressmen and others are taking a useful tack in attempting to worm definite figures out of Javits. Javits's reference to about \$160 billion in Third World debt reveals only the proverbial tip of the iceberg. The Congressmen should look at the overall ratios of the key New York City financial institutions as a whole, and thus discover why an immediate payments short-fall in the order of a few tens of billions at most on current account threatens to collapse a monetary pyramid in the order of \$3-4 trillion valuation.

The point which Javits avoided is that the current Third World financial debt problems would not represent a serious problem for the monetary system as a whole un-

less the whole monetary system were so rotten and vulnerable that a few tens of billions' short-fall on current account could trigger a collapse of the system as a whole.

The general problem with the bookkeeping of major financial institutions is that projected forward revenues are based on economically indefensible, fictitious assumptions of debtors' future abilities to pay, and otherwise on fictitious trends in reserves expansion which could not materialize under present economic circumstances. In effect, recent years' rollover of a self-expanding bubble of such dubious paper amounts to rescheduling the next quarter's payments through small bottom-of-the-barrel current payments, but with gigantic balloon-notes against the future.

Now, the balloon-notes are beginning to come due.

The thinking of many of these desperate financial officers is that the fiscal and monetary powers of national governments represent some sort of bottomless pit, such that expansion of governmental debt can be expanded indefinitely without regard to the fiscal-economic basis of governmental revenues. They beg, they demand, they cry: "If only the Federal Republic of Germany and the government of Japan would agree to wreck their national currencies and economies with a sufficiently massive hyperinflationary, super-austerity bailout of the IMF, and if only the Arabs would pour their holdings into our bottomless pit, the New York Banks and the IMF could manage to postpone the collapse for one or two more quarters."

What they refuse to see is that, in the final accounting, the fiscal resources of governments are limited by the rate of growth of tangible output of industry and agriculture in the national economy.

If the levels of output for the economy as a whole are significantly above breakeven amounts, this is sufficient to maintain existing productive capacities, to expand and modernize those capacities, and to set aside a significant portion for government activities and for debt service on the national debt. If the rate of expansion is significant, then the debt service can be significantly increased. Under those conditions, the national debt is in fact as "good as gold" for reserve purposes, a condition which will be naturally reflected in a stable or rising value of the currency with respect to a fixed weight of gold bullion of standard fineness.

However, if the rate of output of industry and agriculture as a whole is either below breakeven or dropping below that level, the debt-service of government represents nothing but a means for driving production levels still further below the breakeven level, and the instrument of an hyperinflationary spiral of super-austerity.

Under these conditions, the national debt of governments becomes a hyperinflationary bubble.

This is precisely what the New York banks, the International Monetary Fund, the World Bank, and the Euro-dollar institutions have done already to the national public and private external debt of the developing sector nations.

By the terms and conditions of loans imposed upon the developing countries by these financial institutions, de facto and formal austerity measures have been imposed which gutted the economic basis of those economies, depriving those nations of the means to create hard-commodity payments against pyramiding foreign public and private debt-service obligations. With the devaluation of these currencies, with respect to the currencies in which foreign debts were denominated, the previously existing long-term illiquidity of these economies was transformed into hyperinflationary, super-austerity spiral. In short, the policies imposed upon these nations by major financial institutions have caused those national economies to become bankrupt. The foolish investors in that debt have driven their investment into a bankrupt condition.

Now, along the lines argued by Senator Javits and others, these same financial institutions demand that the United States and other OECD nations adopt the self-same hyperinflationary super-austerity policies which bankrupted the majority of the developing nations.

#### *Vital Interests of the USA*

The recent years rounds of debt rescheduling and other rollover measures imposed upon Third World countries, and more recently the United Kingdom and Italy, have contributed directly to ruining the already weakened value of the U.S. dollar, bringing us into the aggravated condition of the present economic recession.

By imposing hyperinflationary austerity measures upon these nations, international financial agencies have wiped out the thin margin of productive capital formation and have slashed the import levels of those countries. What are these imports which have been slashed? They are primarily exports from the OPEC and OECD nations, in which the exports of the United States are a major element. We have but to examine the data on the U.S. balance of payments trends during the recent period to see how this most directly affects the value of the U.S. dollar and our internal economy.

The financial interests which have, in the main, directly caused this mess now come begging to the U.S. government, as to the governments of the German Federal Republic and Japan, demanding that the imprudent and reckless policies of those financial institutions be treated as the overriding interests of the United States! Shall we fund stupidity as our "national interest?"

The main facts of the economic and monetary history of the United States are most relevant to defining the solution.

It is a shame and a crime that the textbooks and lectures in our public schools and universities deny the American citizen access to the most basic truth concerning the American Revolution, the establishment of our republic, and the crucial period of 1789-1828, during which the foundations of our nation's exemplary great-

ness were established. If that vital period of our nation's history were more generally known among our people, our nation could not have been led into the present mess, and the clear solutions, corresponding to our vital national interests, would be well known and most probably already adopted.

The key to understanding our nation and its potentialities is understanding the fact that our Benjamin Franklin was during much of the 18th century virtually the leading world figure of a faction including the greatest scientific and political minds of England, France, and Germany, as well as the forces of the American Revolution itself. Franklin, a world-renowned scientist and political economist, essentially became a central figure among what is efficiently described as the Erasmanian humanist tradition of all European culture, most immediately, at the time, the tradition of Gresham, Humphrey Gilbert, Sir Walter Raleigh, Colbert, Descartes, Spinoza, and Leibniz. Franklin's European collaborators were centered predominantly in France: Quesnay, Vergennes, Turgot, Lavoisier, Condorcet. It was this circle of allies which put their knowledge, influence, and other resources together, for the purpose of establishing on this continent a nation based on republican principles of technologically directed progress in modern urban industry and agricultural development through industrial progress, to thus provide, in a climate of fostering of basic scientific discovery and the richest general education and culture of the population, the material and political basis for a humanist society.

In political economy, these humanists on both sides of the Atlantic were distinguished by their absolute opposition to that medieval relic, a funded national debt based ultimately on ground-rent speculation. This medieval relic was then the ruling policy of the financiers of London, Amsterdam, and Geneva. This medieval policy, which included the holding back of scientific progress in industrial development, had become influential in England under the Stuarts, and was the ruling policy of England under the House of Orange (1688) and the Hanoverian House of Guelph.

The American Revolution was not merely a war of independence. We were compelled to make a war of independence because England was determined to continue a policy of crushing our efforts at industrial development and looting us, as they looted those nations which remained English colonies and semi-colonies during the 19th century. *The American Revolution was a humanist revolution against the reactionary economic and financial policies of the Guelph House and its London, Amsterdam, and Geneva financier allies.*

The significance of that fact for our present problems is that the "American System" of political economy, instituted during the first administration of President George Washington, proved itself a workable and vastly superior political-economic policy to that of the British. During the 1789-1828 period, partly with the aid of Franklin's French and British cothinkers, the United States, whose general population was then by far the most literate and best educated in the world, were overcoming limited means for development to make this nation a pioneer in technologies in many respects more advanced than those existing in the nation of our principal enemy, England.

The "American System" was largely destroyed during the administrations of Andrew Jackson and Martin van Buren. Jackson, Van Buren's protégé and the figure of which Jimmy Carter is a historical parody, destroyed our National Bank and made the sabotage of our technological progress deliberate government policy. Although the heirs of Franklin, Washington, Hamilton, John Quincy Adams and Henry Clay — the American Whigs — attempted to restore the "American System" during the 1860s under Abraham Lincoln, the takeover of our national credit by a British-allied consortium of New York City financial interests begun under the Jackson Administration persisted to the present day.

Nonetheless, although these New York City financial interests have succeeded in imposing the British System — against which we fought the American Revolution — upon our national credit to the present time, the foundations of our Constitutional republic persisted underneath this parasitical burden. The commitment to rapid technological progress in expansion of industry and agriculture remained until recently our distinguishing national characteristic, the foundation upon which the greatness and power of our nation was developed.

What is presently collapsing is not the American economic system, but the British System, as represented by the power and influence of New York City financial houses. If we understand the "American System" and its political-economic and banking principles, the solution to this crisis is clear.

#### *The Basic Solution*

Our vital interests prescribe that we offer the nations of the Third World the same opportunities which our founding fathers sought for our nation.

1. "Freeze" the unpayable external financial debt of these nations, using the same procedures applicable to a Chapter 11 type of financial reorganization.
2. Establish a new series of these nations' national debt, placed with national banking institutions in those countries modeled on the principles of the First and Second National Bank of the United States.
3. Secure the future viability of that new series of debt by restricting new credit issues to those nations to hard-commodity and essential engineering services imports, directed to agricultural and industrial development projects which represent the use of technological progress to achieve rapid growth in the per capita productive powers of labor in those countries.
4. Establish agreements providing for world-wide parity of primary commodity prices, allowing prices to fall in reflection of general increases in productivity, but using the monetary power of banking institutions to wipe out speculators in these commodities.
5. Use the new series of national debt of these countries to put their currencies on a durable basis of valuation for purposes of world trade and payments transfers, thus aiding a general low level of interest rates.
6. Create the Third National Bank of the United States, using the national debt as a means of funding production and capital expansion for hard-commodity exports, and maintaining fixed, gold-pegged convertibility of instruments of national debt. This will harden the value of the U.S. dollar on the basis of growing

margins of exports, under circumstances of internal industrial and agricultural production substantially above the national breakeven level.

7. Fund the debt service of the national debt against the increases in national absolute profit through expansion of agricultural and industrial production.
8. Force the International Monetary Fund and World Bank to "freeze" pending negotiated liquidation of these useless institutions. This is accomplished by a combination of "freezing" the external financial debt of debtor nations, and making neither deposits nor withdrawals from holdings of national treasuries and banking systems in these useless institutions. These institutions will not, for the interim, collapse, but will simply sit there harmlessly, with nothing flowing in or out.
9. Establish emergency national banking reorganization legislation and procedures for maintaining the functioning of essential institutions of credit and deposit undergoing financial reorganization.
10. Establish key major projects of revitalization of basic U.S. industries — such as our steel industry — and major governmental programs fostering advanced technological development around new energy policies, including MHD combustion-generation techniques, full-cycle fission development, and fusion technology and energy-production development.

#### *The Fate of the Frozen Debt*

There is no doubt that under sufficiently rapid general technological progress and high rates of productive capital formation, the world economy could readily develop the capability to liquidate all frozen debts at face value after a period of 10 to 15 years of moratorium. However, what will be done in fact is essentially a political question, rather than an economic or financial one.

The following considerations apply.

First, it will be desirable to maintain certain portions of frozen non-performing assets on the books of certain financial institutions as an asset. To the extent this arrangement can be quickly secured, the difficulties of financial reorganization of essential institutions of credit and deposit are considerably mitigated.

Second, we must place a high priority on the savings of householders, who have made deposits from earnings in good faith. Concerning pension funds, we must either secure those funds or provide the beneficiary with equivalent funds by other means.

These problems were weighed by U.S. Secretary of the Treasury Alexander Hamilton during the 1789-1791 period. Provided we can bring the financial community to an early and orderly agreement to subordinate itself to vital U.S. national interests during the very early future, before a collapse actually erupts, the most workable political solution is, barring exceptions for Third World debt and certain categories of purely speculative real estate and similarly dubious risks, that an early and categorical commitment to liquidation of the frozen assets at par value of the balance of the actually advanced investment should be established by Act of Congress. The argument for such a political solution is essentially identical with that advanced by Secretary Hamilton and adopted by the republic at that time.

Such an agreement should be conditional on two considerations. First, the agreement should be optional upon its acceptance by the relevant members of the financial community prior to a general monetary blow-out. That means, in fact, virtually immediate acceptance at this juncture. It is also conditional, with respect to date and scheduled amounts of payments made against frozen accounts, on overriding national economic interests.

One of the most desirable alternative methods of payments against frozen amounts would be as follows.

Through the National Banking System, the obligations and claims of debtors and creditors can be converted into matching instruments. At the time that these instruments reach rescheduled maturity for partial and total payments, the debtor meets his obligation to the National Banking System. The National Banking System, instead of making direct payment to the creditor of the matching instrument, issues credit for capital formation in industry, and on this basis exchanges these new negotiable debt instruments for the creditor's old frozen paper. This procedure can readily apply to internal frozen balances qualified for such purposes, and can also apply to international debt according to agreements reached for this purpose by the U.S. government and National Bank with the governments and banking institutions of other nations.

These procedures should not be applied to equivalents of ground-rent investments or to speculative holdings. Nor should they eliminate the operations of the bankruptcy laws, but should supplement the application of the bankruptcy laws wherever it is in the national interest to maintain and develop economic and financial entities which could not otherwise be so financially reorganized under alternative provisions. It is also to be emphasized that these procedures should not be presumed to apply to the typical case of present Third World external financial debt.

#### *How The "American System" Works*

The feasibility of such financial reorganization measures depends entirely and absolutely on the strict application of the economic principles of the "American System."

The essence of the "American System" is Hamilton's principle that the only durable and continuing source of national wealth and a growing national absolute profit is high rates of technological progress in increasing the productive powers of labor in industry and agriculture. Using those principles, it is presently feasible to effect rapid increases in national productivity and total output, such that over an intermediate- to long-term period, all present financial and related claims outstanding become relatively small in comparison with the enlarged margin of absolute profit out of which payments are to be made.

The realization of such economic growth depends both on an emphasis on rapid advances in technology and on high ratios of capital formation in capital-intensive forms of employment of operatives in industry and agriculture. This means generating a high ratio of working scientists and engineers per 1,000 operatives employed in industry and agriculture, a policy of fostering basic scientific research in physics, chemistry and the biological sciences, a high ratio of research and develop-

ment based on the well-springs of basic scientific research, and a large national surplus efficiently concentrated in creating expansion of new productive capital in terms of modern, capital-intensive forms of high-technology employment.

Our first concrete step toward full economic recovery is the optimal, relatively full-capacity utilization of our existing industrial and high-technology agricultural capacity. The opening up of foreign export of high-technology capital exports and related engineering services to the developing sector — probably on the order of \$100 billion annually over current rates — is the keystone of general economic recovery.

Since other industrialized nations, the OECD countries and the Comecon sector, are both predominantly committed to such a high-technology exports policy, and since the capital-exporting OPEC countries have essentially the same policy, the adoption of this course by the United States will absolutely determine world policy to that coordinate effect. Under these conditions, exports into the Third World will generate proportional increases in trade among the industrialized nations as a whole. Thus, \$100 billion in added U.S. exports will generate potentially a nearly equivalent increase in U.S. industrial and agricultural trade with respect to the industrialized nations.

This will provide sufficient margins of national absolute profit from industrial and agricultural production to launch a major productive capital formation drive for modernization and expansion of capital-intensive, high-technology employment inside the United States.

The principal social obstacle to be overcome for this purpose will be the absorption of what are presently considered marginal elements of the national labor force. Once the cadres of skilled and semi-skilled operatives have been reemployed, we must concentrate on an orderly but rapid reorientation of other sections of the labor force away from marginal and labor-intensive forms of employment and semi-employment. We must also shift the overall composition of the national employed labor force to effect both a higher ratio of skilled and semi-skilled industrial operatives, and to increase the ratio of suitably employed scientists, engineers, and technicians per 1,000 operatives.

This will tend to produce a labor shortage in technologically marginal categories of employment, reinforcing the emphasis on modernization of methods of administration and of retail and service sectors. It will also place a high emphasis on technological elements in education, away from "socially significant basket-weaving" and "touchy-feely sensitivity training" toward an emphasis on high-technology culture.

Under these conditions, we can substantially exceed the rates of technologically determined rises in productivity in industry and agriculture realized during the best periods of the 1950s and early 1960s, so that a 10 percent annual average growth in technological productivity in industry and agriculture is an eminently feasible goal.

This estimate is by no means speculative and is indeed conservative. The average rate of technological increase in productivity in industry and agriculture is primarily determined by the ratio between new productive capital formation and the replacement-equivalent value of exist-

ing productive capital. This ratio determines the rate at which new technologies are weighting overall productivity, and determines the demand for the development of still newer advances in technology. Similarly, the greater the net rate of new productive capital formation, the higher the ratio of improved technology in maintenance and modernization of old capacities. If high rates of productive capital formation, with high rates of output utilization, occur in a climate of fostered, high rates of technological progress, a 10 percent annual growth rate in technologically linked productivities is very conservative as a goal. If this is combined with appropriate shifts in the composition of the labor force, increasing the ratio of operatives and of scientists, engineers, and technicians, the impact of technology on industry and agriculture is maximized accordingly for the labor force as a whole.

That is the "American System," which our forefathers fought the American Revolution, adopted our Constitution, and established our republic to achieve. It works. Use it, and we can quickly get out of the present mess.

Senator Javits can stop worrying, on condition that he gives up his attachment to the bankrupt British System, and takes out American citizenship in the fullest sense of that term.

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## Javits Tells Senate: Save The Banks Before It's Too Late

*Speaking before hearings of the Senate Foreign Relations Committee's Economic Affairs Subcommittee June 17, Senator Jacob Javits warned that the looming confrontation between the United States and the Third World and the imminence of a second Great Depression demand U.S. government action to shore up the international monetary system. Javits's remarks, excerpted here, were made in the context of discussion of the just-concluded final session of the Conference on International Economic Cooperation in Paris, the "North-South talks," which Javits attended as a member of the U.S. delegation.*

The United States is facing a very dangerous and difficult confrontation with the less developed countries (LDCs). We must both increase our resources in international lending institutions, while calling up a resolute feeling that the LDCs can help themselves internally much more, so as to bring on a feeling of confidence in the international monetary system.

The CIEC communiqué (from the last North-South session — ed.) reflects one major thing: the profound difference of views between the Group of Eight (major industrial countries) and the LDCs and the Group of 19 (leading Non-Aligned countries) as a whole.

There is a revolutionary surge around the world and with it the danger of a very real depression in two or three years, brought on by the rise in oil prices. As a result of this, the LDCs have been borrowing from our banks.

The American people have to be realistic about what is at stake. We must prepare to consider alternatives and

to make big changes to cope with this revolutionary surge. The CIEC dialogue is over. Now we face the danger of the world not hearing the clear call to danger which stalks the economic and monetary system of the world.

*In answer to a reporter's question after the hearings:*

We must have debt rescheduling. The less developed countries simply cannot pay.

### "Some Disturbing Conclusions"

*Prior to the hearings, Javits delivered a speech on the Senate floor, which is excerpted here:*

The events in Paris have been a culmination of experiences for me which since 1974 have led me to some disturbing conclusions I wish to share with my colleagues today, for I want to sound a note of alarm with regard to the international monetary system and the strains on that system which threaten the U.S. and the world with a deeper recession than 1974 or a full-scale depression in 1979-1980.

To be sure, it is self-interest which prompted the call for the new international economic order. However, I have concluded that it is our self-interest to take this call seriously, and also to look pragmatically at the state of the international monetary system, which has been in a state of disrepair since the breakdown of the Bretton Woods arrangement in 1971, and especially since the drastic OPEC price increases. I submit that if we do not do this, the recession or depression we are likely to experience will be brought about by many of the issues which are important to members of the developing world.

Let me emphasize at the outset that (at the CIEC) we were not dealing with irrational demands by a group of insignificant countries. The developing countries contain three-fourths of the world's population and represent the source of many of our raw materials and foodstuffs. Private bank loans to these countries total over \$70 billion (\$42 billion from U.S. banks), and direct private investment of in excess of \$30 billion. They owe \$80 billion to governments, of which \$29 billion is owed to the U.S.

I believe that the American people need to realize the depth of dissatisfaction in the developing world, which is very great and in some cases very revolutionary. This deeply entrenched dissatisfaction has some basis in reality, and we need to identify the real economic issues which in the final analysis threaten both the developed and the developing world.

Therefore I can only conclude that we must maintain and increase bilateral and multilateral aid programs, international institutional lending, direct private investments, and bond financing if we are to accommodate the very real needs of even the category of better off countries. And that multilaterally we must especially equip the international financial organizations to play a much greater role, expand trade, accelerate technology transfer, and give greater encouragement to private sector investment.

In other words, we much come to grips politically with the fact that the system now requires virtually permanent and substantially higher levels of capital flows to the developing world. The consequences of failing to recognize these developments could be the major policy mistake of this generation.

*Conclusions and Recommendations*

A new effort is needed to adopt policies somewhat more congenial to the LDCs in respect to debt restructuring and the stabilization of commodity prices. But the reciprocity should be assurance of essential growth of supplies of resources at economically reasonable prices, and non-discriminatory treatment of foreign investments.

Concentration upon agricultural development is needed, including important aspects of technology and agribusiness. The economic development of agriculture through technology represents a critical effort for developing countries to feed themselves. This, in conjunction with the social effort of family planning and population control, can work a revolution in their economies.

Major diplomatic efforts are needed to require effective redeployment of excess resources drained by the OPEC cartel. In the meantime there is an urgent need for the most drastic conservation policy on oil on the part of the U.S. to materially reduce the imbalance in international payments. The danger is so great that even gas rationing cannot be ruled out as a last resort.

A solution of the current dilemma may require the active assistance of the Soviet Union and other Eastern European countries, and we should not rule out their active participation in the World Bank, International Monetary Fund, and other international financial institutions. Whether the elite of these "socialist" countries like it or not, their financial systems have become increasingly tied to the capitalist world.

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# OECD, BIS Share Panic Over World Economy

## SPECIAL REPORT

Two of the leading Western economic policy-making institutions, the Bank for International Settlements and the Organization for Economic Cooperation and Development, have recently issued major reports and recommendations for governments. Both reports represent an abrupt break with past thinking, for different reasons. The BIS, the central bank for European central banks, virtually admits point-blank the bankruptcy of the dollar monetary system, and, having gone this far, falls back on "old-time religion" monetary orthodoxy. The OECD's report, entitled "Towards Full Employment and Price Stability," is an insidious fraud by comparison. Written by an experts' group headed by Paul McCracken and Guido Carli, the OECD document proposes an "enlightened" form of the policies of Hjalmar Schacht to meet an economic crisis that it never officially recognizes.

Last week's release of the BIS Annual Report created a major stir in the financial community because the current chairman of the institution, Netherlands central banker Jelle Zijlstra, told a press conference that the International Monetary Fund had failed in its plan to raise \$20 billion for a "Special" bailout facility for Third World countries. While the IMF's failure had been common knowledge in informed financial circles for weeks, the top-level admission removed the last traces of illusion that official financing would be available to temper the massive third-quarter payments crisis. Zijlstra proposed instead of the "Special Facility" an arrangement whereby the Bank for International Settlements would borrow on the international capital markets from private banks; it would then lend the funds to the IMF; the IMF would lend them to Third World debtor countries; and Third World countries would pay them to the banks. Apart from the diehards at Chase Manhattan Bank, Citibank, and Schroeders, who are urgently pressing such a plan, no one in official or private financial circles, let alone the IMF Secretariat, takes the Zijlstra plan seriously, and the fun is underway.

But the language of the BIS report itself should be sufficient to send shock waves through New York and London:

One point is... the sheer quantitative expansion of international claims... the other is an important change in the structure of risks; a gradual shift from lending to private cor-

porations towards loans granted to public sector institutions or guaranteed by the borrowing country... What about the rise in the country or sovereign risk?

There might be the additional risk that for political reasons, a government might halt the servicing of its own and their residents' debts to banks or other lenders abroad. But while private firms are hardly liquidated in the event of bankruptcy, a country will hardly cease to exist as a result of external insolvency. It is therefore less likely that the claims will be wiped out altogether. The problem might instead take the form of a temporary illiquidity of the freezing of claims. In short the danger is one of rescheduling or a moratorium rather than bankruptcy.

... Should a country suspend interest payments even temporarily, or worse still, enter into a formal debt moratorium, this could affect a whole series of banks simultaneously and thus trigger a chain-reaction. (The situation) bears some resemblance to what happened in later stages of the Bretton Woods system — with the difference that the risk of excessive indebtedness could now come to apply rather widely throughout the monetary system, whereas it was then concentrated in the principle reserve center.

... The question... is whether it would not be better both for the banks and for the working of the international adjustment process if official balance of payments financing were to play a greater role than it has done so far. To this question, the answer is yes.

As a leading London banker put it to EIR, "It's the first time that an official organization has come out with the truth." The best international press comment has been savage. In *Le Monde*, economic commentator Paul Fabra wrote, "Everything points to the fact that the collapse of the old system has resulted in a situation in which the central banks and the IMF have passed on their responsibility to Mr. (David) Rockefeller, the chairman of the Chase Manhattan Bank, and other heads of the big New York banking houses." In an article entitled, "The Monetary Deluge and its Causes," Fabra predicts "the last phases of the functioning of the non-system." The London *Financial Times* complained editorially of a report that was "long on realism" and "short on ideas" about what to do about it.

The BIS' proposals are in two categories: more official

financing, and dumping the crisis onto the domestic economies of Western countries. The first is pure pipe-dream; even Arthur Burns' staffers don't believe official financing will come through. Said one, "The commercial banks are going to have to make it on their own."

What can the BIS authors recommend? Their attitude is explicitly hostile to both the Carter Administration's proposals for simultaneous reflation of the "strong" industrial economies, and to the Schachtian recommendations of the OECD economists' group. Their single suggestion is "wide-ranging adjustments" — austerity — in the advanced sector. This is to be accomplished by the crudest monetary meat-cleaver, the faithful adherence by central banks to monetary targets well below the rate of inflation. In essence, the stated position is the same as the *Wall Street Journal's* editorial demand for less spending and higher interest rates to kill inflation.

There are at least some financial and political groups who want to put the world economy through a collapse, e.g. around Lazard Freres in New York and Europe. In informed discussions with their friends, Lazard people have expressed the hopeful thought that a general depression-collapse of the world economy is inevitable, and since it is inevitable, might as well be brought on by central bank action; in such a case there would be plenty of room for astute financiers to come out on top, particularly as against the lumbering commercial-banking giants of lower Manhattan. The BIS has indeed recommended a collapse. As the *New York Times'* Mr. Leonard Silk points out, if a 12 percent rate of nominal GNP growth is required to maintain 6 percent real growth in the U.S. economy, and the money supply grows less than 12 percent, the difference will come out of real growth.

But the report's recommendations, from the standpoint of the Bundesbank and other central banks which stand behind it, probably represent less a strategic policy statement than a terrified gut-response from central bankers who, in reality, know they have no workable policy at all.

#### OECD: "Enlightened" Schachtianism

The OECD economists, by contrast, lie about the underlying economic situation, and make absolutely clear their intention of solving the crisis through Schachtian methods. Although the various authors stress different aspects of policy, the conclusion is that governments must set out budgetary and monetary goals in advance, and then employ "planned savings" and wage-busting methods to achieve them. In case the inflation problem is not put under control, governments should then resort to indexation, both of government securities markets and private capital markets.

Given its lack of candor, the OECD statement is more properly identified as a strategic rather than an economic policy statement. Its authors, all hand-picked Rockefeller and Kissinger people, are concerned with the problems that will emerge in the economic sphere, as the result of Rockefeller strategic policy for massive armaments buildup in the advanced industrial sector.

Couched in the terms of conservative "fiscal orthodoxy," the OECD plan reproduces the war-economy program of Hitler's finance minister, Hjalmar Schacht. Governments must intervene, the report says, to enforce

"structural adjustments in the relation between labor costs and output prices;" compulsory "savings" plans to pay workers in stock-shares; a "wage stop... in extremely difficult circumstances;" and other looting devices claimed from the German experience of the 1930s. If these policies cannot strip sufficient "savings" from advanced-sector workers, the OECD economists propose, then governments and corporations must issue "indexed" securities, whose interest rate is tied to the rate of inflation. Indexation is the financial policy behind the Schachtian "economic miracle" in Brazil, guaranteeing the return on bankers paper, at the expense of a fifty percent cut in real wages under Brazil's military regime.

The OECD thinktank itself was created last year by then U.S. Secretary of State, Henry Kissinger. Its two co-chairmen, McCracken and Carli have also been Rockefeller family property for years. McCracken served briefly as Nixon's Council of Economic Advisors chairman, and serves on Rockefeller's Trilateral Commission; ex-Italian central banker Guido Carli has been a top proponent of Rockefeller interests in European financial circles since he worked on economic warfare strategies for NATO in 1958.

To avoid misunderstandings, every other Rockefeller policy outlet in Europe has been squawking the same thing as the OECD economists' report. A report just issued by the staff of the Bank for International Settlements in Basel, Switzerland, demands "domestic adjustments" for the Western economies, especially "drastic energy conservation policies," as the answer to the breakdown-in-progress of the world monetary system. West Germany's Karl Schiller, the former finance minister who wrecked Europe's defensive efforts against the 1971 bankruptcy and floatation of the U.S. dollar, has emerged from the woodwork to demand a fascist program for his own country, Europe's biggest economy. Schiller, writing in the daily *Die Welt*, demands a sharp boost in the value of the West German mark, a key Rockefeller demand, to shut off West German exports. "Undervaluation of the mark," Schiller says, "has led to over-expansion of West German industry," and "closing down factories creates more jobs" through Schachtian makework.

Even assuming, and no one does, that Rockefeller can get the Western economies to immediately knuckle under to his "enlightened Schachtianism," there is no guarantee that his entire financial house of cards won't come tumbling down during the next quarter. The application now of an austerity treatment will destroy what little remains of the OECD economies no matter what new financing tricks are introduced.

With the global collapse of trade, the U.S. trade deficit is projected to shoot up to \$23 billion for 1977; West German foreign trade dropped 15 percent between March and April; Japan's crucial foreign trade shrank substantially during the second quarter. In that same quarter, Italy's industrial production collapsed 8 percent. U.S. industry is just barely maintaining its output levels on the basis of a consumer purchasing bubble that won't last out the third quarter, a fact that has the finance community's *Money Manager* worrying that "fears of a slowdown are growing despite a strong

performance in the first quarter.”

In short, even with the most ferocious wage-gouging and dumping of dollars into an inflationary military build-up, Nelson Rockefeller's plan just won't work.

### *The "Ghost in the Machine"*

What the gentlemen of the OECD do not say is that their prescriptions deal only with the side-effects of a return to Nazi military economy — the core of Nelson Rockefeller's proposed economic "deal." Indirectly, the worried editors of the London *Financial Times* point to the big gap in the OECD report in an editorial June 10:

“It is on the broad central issues of economic management that the report is understandably but unfortunately the weakest. There is a long discussion of the desirability of growth and the risks of stimulating, which ends by assuming...the appropriate growth rate by reference to a purely imaginary growth 'potential,' a ghost in the machine which is apparently undisturbed by falls in investment or structural changes.”

Presuming that the *Financial Times* editors are well-informed, the "ghost" they fear speaks fluent Nazi German. President Carter's chummy talk last week with Republican Senators about his revival of the B-1 bomber pork-barrel indicates which way U.S. economic policy will go.

In Western Europe, France has become the first major country to make a Nazi military buildup a matter of public national policy. French General Mery announced in a recent speech that France will undertake development of the so-called cruise missile, the utopian strategists' updated version of Hitler's silly buzz-bomb. In addition, Mery said, the French military industry will be mobilized to increase the range of its nuclear-tipped Pluton rocket from about 70 to 100 miles — far enough to strike into East Germany. Pro-Rockefeller French President Valéry Giscard d'Estaing last week put public funds behind Mery's ravings by nationalizing the leading French aerospace firm, Dassault, the manufacturer of Mirage aircraft. In addition, there are some indications that there was an attempt to put together a European-

wide deal for rearmament and civil aircraft boondoggles during last week's Paris Aerospace Fair.

Seen in proper context, the OECD report attempts to condition American conservatives and Western European governments to accept the economic consequences of Nelson Rockefeller's *strategic* plan for a three-year accelerated military buildup for confrontation with the Soviets. There is a cunning imitation of conservative economic jargon about avoiding overstimulation of economies, and "transfer of real resources" to the Third World — but even the one Third World economist on the task force, Turkish economic planner Attila Karaosmangoglu, denounced the report as "sterile and empty" as far as the Third World is concerned. The contents of the report have as little to do with the "conservative" actual economic views of U.S. industry as Milton Friedman's plan for "financial stability" in Chile through a reduction of per-capita food consumption to less than 1500 calories a day.

Once governments establish "medium-term budgetary targets," including B-1 bombers, cruise missiles, and other "wonder weapons," the OECD economists say, they must ensure there are sufficient "savings" to finance government expenditure. "Savings" will come from putting "an equity element into wage payments," where wages are partly in the form of share issues and dividends, or profit sharing. On top of this, governments should "facilitate any structural adjustment needed in the relation between labor costs and output prices," to deal with the fact that "markets have shifted to a permanently higher level of real wage costs."

Old Schacht would have grinned: his compulsory employment-insurance, savings, "charity," and "peoples' car" deductions from workers' salaries skimmed off a quarter of Nazi Germany's wages bill.

Hitler won over the German industrialists with military orders and an enslaved labor force. Under the OECD plan, governments will go in for direct wage-busting, because the "higher level of real wage costs" is the cause of "a reduced willingness to invest associated with lower profit expectations." At the "decentralized level" of labor-management negotiations, governments will intervene directly to prevent local strikes from winning "excessive wage rises."

## Internecine Banking Warfare Erupts

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### BANKING

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Coinciding with this week's warning by Bank of International Settlements chief Jelle Zijlstra concerning the gravity of the international debt crisis and the failure of the IMF to assemble the necessary bail-out funds, British Rothschild and other European financial interests are scrambling to take up "hard commodity" fall-back positions. Although most European bankers are, understandably, reticent on this topic, their recent

investment activities indicate that they are attempting to carve out those productive sectors of the world economy which will still be profitable in the event that large portions of Third World debt must be frozen. Should a Eurodollar market crash occur, the Rothschilds and other European interests aim to emerge "on top," leaving the Rockefeller-allied New York banks to fall where they will.

A recent interview with a source close to N.M. Rothschild's in London confirmed that the Rothschilds are operating on just such a collapse scenario, while insisting to the general public that the crisis is not all that severe. "The Banks overlent to the wrong people, and

underlent to the right people," this source commented. "All the elements are there for a collapse. Now I don't think the pack of cards will fall because too many people have an interest for it to stay."

Another leading London banker with Rothschild connections expressed great concern over the debt buildup: "If the banks become overexposed, they will draw in their horns, and it is indispensable that international official agencies buffer the private sector...I still cannot believe that means cannot be found, but I have no proof for that, I must concede...People are scratching around to find something...Some of us, and in fact me personally, warned a few years back that we would get in trouble, but I must say that prominent economists now in U.S. Administration jobs pooh-pooed it." Asked whether he meant U.S. Treasury Department Under-Secretary C. Fred Bergsten and State Department Under-Secretary Richard Cooper, the source assented: "Bergsten treated me very cavalierly; Cooper took another position."

Another British bank spokesman, Lloyds Bank head Jeremy Morse — the former chairman of the IMF Committee of 20, responsible for creation of the SDR (Special Drawing Rights) "funny money" — recently reversed positions and called publically for a "gradual but steady" return to fixed exchange rates. According to a *Neue Zuercher Zeitung* account of his speech to the Atlantic Institute in Paris on June 10, Morse not only stated that fixed rates are indispensable but hinted at the necessity of a new Bretton Woods.

#### *Move Into Mexico*

The current expansion of British banking activity in Mexico epitomizes their scramble for "hard commodity" positions. A conference of top British bankers was held in Mexico this week, including Leopold Rothschild himself, and leading executives of Lloyds Bank, Morgan Grenfell, Bache Halsey Stuart London Ltd., and the Bank of England. The British Ambassador to Mexico spoke at the conference of the similarity of Britain's and Mexico's position as oil producers, proposing that the British apply their technology to the development of Mexican oil. According to the *Financial Times*, a second delegation representing the British Offshore Centre will visit Mexico shortly to discuss with the Mexican state oil company, PEMEX, the possibility of European companies supplying equipment and services for Mexican offshore oil exploration.

The British offer to develop Mexican oil is a sharp affront to the Rockefeller interests which have been attempting to persuade the Mexican government to place their oil operations under complete U.S. control — thereby guaranteeing the repayment of loans to New York banks. The position of Mexican President José López Portillo is rather that the oil proceeds be reinvested in Mexico's industrial development.

Leopold Rothschild's trip is particularly significant, Mexican banking sources say, because the Rothschilds have hitherto played a "passive" role in Mexico and tried to stay out of the public light. In March, N.M.

Rothschild's suddenly emerged as manager of a \$350 million syndicated loan for PEMEX — the largest loan Mexico has received so far this year.

The Rothschild bank has further announced the formation of two investment banks in Mexico and Brazil respectively, with the participation of local banking groups, whose purpose will be to channel foreign capital into industrial enterprises.

The Rothschilds are hardly alone in their new-found interest in Mexico. A "co-investment fund" has just been set up with the Mexican government, involving Société Generale (France), Banco Commerciale Italiana (Italy), and Grindlay Brandt's (Britain).

In addition to the March PEMEX loan, European banks have tended to dominate other loan syndications for Mexico — taking advantage of the fact that U.S. banks are "overextended" in the area. The latest syndication managed by Lloyds Bank and the Libra group, a consortium which includes Chase Manhattan and several European banks, was so successful that they managed to raise \$300 million from European and Japanese banks in London before the loan was even offered to the New York market. The loan managers had originally aimed at a minimum target of only \$200 million for the Mexican state bank Nacional Financiera.

The fact remains, however, that Mexico must pay at least \$4 billion in debt service on its medium and long-term obligations during 1977, with the bulk of this falling due during the third quarter. It is extremely unlikely that European banks would place their funds in Mexico simply to bail-out U.S. bank creditors. Instead, the European banking interests will tend to converge on the viewpoint that most of the Mexican debt obligations must be either frozen or forcibly "rescheduled"; otherwise profitable investment in Mexico would be impossible.

#### *Rockefeller Anti-London Maneuvers*

While the Europeans attempt to displace Rockefeller in Latin American, the Rockefeller interest is in turn threatening to detonate a major London banking crisis via protectionist U.S. shipping legislation. Total bank loans outstanding to the largely bankrupt tanker industry are \$38 billion, with only \$6 billion of this held by the New York banks and the rest centered in London. The Rothschild-connected Hambros Bank holds the lion's share of the tanker debt. Legislation currently pending in the U.S. Congress would require an increase in the percentage of U.S. oil imports carried by U.S. flag-bearing tankers, thereby knocking the props out from under the European shipping industry. A Soviet-British shipping agreement, which is now being worked out, could cushion the blow, however.

One Rothschild source, when told that the U.S. protectionist measures represented Rockefeller financial warfare against London, warned: "I cannot rule that out...But we must avoid the burden falling on any part of the banking system, not only because of the banks' profits but because of the domino effect...They're playing with fire."

# Pressure For Establishment Of Independent Arab Capital Markets

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## ARAB BANKING

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In a statement given to the West German trade journal *Handelsblatt* this week, Syrian Prime Minister Abdulrahman Khleifawi stressed the need for the establishment of independent Arab monetary institutions to foster regional trade and development: "Arab capital is being looted by big international banks," stated Khleifawi, in the context of endorsing the recent creation of the Arab Monetary Fund. On the same day, the West German daily *Die Zeit* alleged that two U.S. banks are engaged in efforts to sabotage the Arab Monetary Fund through the deliberate destabilization of the volatile banking nexus in the United Arab Emirates (UAE).

The tiny sheikhdom, the UAE, with more banks per capita than any other country in the world, has been designated the headquarters for the Arab Monetary Fund and is crucial in negotiations between the Gulf states of Bahrain, Qatar, Kuwait, and Oman on the formation of a unified currency. Constant monetary instability resulting from speculation has seriously plagued the UAE since the beginning of the year. According to informed sources, First National Citibank had a hand in February's run on the UAE's currency, the dirham.

The creation of the Arab Monetary Fund and accompanying efforts to reach an agreement on a gold-backed Arab Dinar, is critical to ongoing European, Soviet, and Arab efforts to create a new monetary

system which would be instrumental in fostering three-way trade arrangements between the respective sectors. With a present capital of about \$900 million, the AMF will aid Arab sector development, but in the future the 22 member countries and the PLO hope to increase the fund's scope of activity to the entire Third World.

A representative from the Egyptian Chamber of Commerce this week urged not only an expansion of the fund but the creation of an Arab stock market for investment in the economic growth of the Arab sector, a project already off the ground with the newly founded Kuwaiti stock market. He also stressed the need for a petro-dollar market in the Arab world to expedite regional development until the more difficult task of setting up the unified Dinar is achieved.

Such ambitious economic thinking on the part of the Arabs for which both the United Arab Emirates and Kuwait are in the leadership threatens to undercut Wall Street's access to the billions of petro-dollars keeping it afloat. Just last week the authoritative weekly *Arabia and the Gulf* reported from London that the Arab oil-producing states cannot be expected to fund the floundering International Monetary Fund on the same magnitude as in the past.

However, the biggest question mark in the financial realignment among Arab oil producers still remains Saudi Arabia. While the Saudis have still not agreed to fund the IMF as was expected earlier this year, Riyadh similarly has made no firm commitment to its regional allies, Kuwait and the UAE, and a new pan-Arab monetary alliance.

## South African-Soviet Deal On Gold-Backed Monetary System

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### GOLD

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The possibility that the government of South African Prime Minister John Vorster may be considering a detente deal with the Soviet Union based on a new gold-backed international monetary system has been seriously raised this week by a diverse spectrum which includes U.S. political observers, South African officials, British banks and the conservative South African press alike. "Why Shouldn't We Deal With The Commies?" asked journalist Chris Hudson in a recent front page headline in the South African industrialists' *Financial Gazette*. "If we can find no friends in the West, maybe we

should start looking eastwards where we might be surprised at the pragmatism that we find."

The implications this could have for the world gold markets and the entire monetary system are immense: the deal would clearly include Soviet-South African cooperation on orderly gold markets and a political bloc for a gold-based monetary system.

Fear over such possibilities is being largely fueled by what syndicated columnists Roland Evans and Robert Novak, writing in the June 16 *Washington Post*, described as "unimaginable anti-American hostility" in South Africa in the wake of Andrew Young and Walter Mondale's threats of race war. The major City of London forces in South Africa meanwhile are equally horrified at the Carter Administration. Knowing that a war sponsored by Carter's Wall Street backers would have Lon-

don financial interests in Africa as one of its first targets, Barclays, Lloyds and the London "gold pool" merchant banks may be preparing to act as brokers in a South African-Soviet deal.

Professor Arthur Laffer, a University of Southern California economist and an executive of the London-based Hill-Samuel group, put it bluntly to this news service last week. South Africa at this point has only two alternatives in the light of the Carter-Young policy of racial disaster: either "all out war" or some sort of deal with the Soviet Union. Official South African sources, meanwhile stated yesterday that "If the West continues to kick us in the face, we just may go to the East. We'll make the best deal we can." No less a figure that the South African Minister of Information, Dr. Connie Mulder, has told the South African press the same recently, the source added.

Most likely, a "deal" would involve Soviet guarantees for South African survival and expanded industrialization and trade with the East Bloc and Third World, in exchange for a cooperative cornering of the gold market towards organizing a new international monetary system aiming towards the gold-backed international transferable ruble. Under these conditions, furthermore, where South Africa's disastrous balance of payments problems could be dealt with and her internal economy developed — so the Soviets might reason — the real economic basis in generally raised living standards would be established which could well make it feasible for white South Africans to calmly reconsider international demands for an end to the objectionable apartheid system.

Addressing white South Africans in a mid-May issue of the South African magazine *Politikon*, Political Science Professor Peter Vanneman of the University of Arkansas soothingly analyzes the deal in terms of neutralizing backward Maoist Chinese influence in Africa. "Confronted by Chinese militance and Western apathy, the Republic of South Africa (RSA) as a matter of sheer survival may be forced to deal with the USSR, covertly if not overtly...The RSA would probably seek help in restraining the enormous fifth column from Mozambique; and as a quid pro quo, the USSR would probably seek RSA help in retarding Chinese influence in Mozambique...given the increasing sophistication of its African policy, it is conceivable that the USSR could achieve all of its strategic objectives in the area without disturbing the status quo in the RSA in the foreseeable future."

Significantly, conservative South African industrialist Louis Luyt, whose newspaper *The Citizen* attacked "CIA-State Department" funding of terrorism in southern Africa this week, is opening trade relations with the Soviets. The *Johannesburg Star* reported recently that Luyt's Triomf Fertiliser company is taking part in Occidental Petroleum's giant project for supplying 1.5 million tons a year of phosphoric fertilizer to the Soviet Union. "The possibility of Triomf's output being used in this way should ensure full capacity," for entire divisions of the company, the *Star* said.

The June 16 Evans and Novak column makes it clear why this is happening: "Prime Minister John Vorster still has not fully recovered from the shock of his Vienna

meeting with Mondale last month...Vorster returned from Vienna bitter that Mondale did not respond to Vorster's request for spelling out what the U.S. means by...his one man, one vote, at a press conference..."

Mondale's call is not for democracy but to provoke out-and-out war from which the U.S. would emerge superman on the continent. " 'All we are doing now is advocating the overthrow of the South African government,' " one "distraught and dissident U.S. diplomat" told Evans and Novak. The column concludes the result will be "a potential racial Armageddon...whether it is the proper course for U.S. policy is a matter of grave doubt."

#### *The British Angle*

British commercial and merchant bankers reached on the brewing South African situation were uniformly distraught at the war threat and considered a Soviet turn "plausible indeed," as one put it.

Informed observers pointed out that these City of London circles, who have clearly split with Carter's Wall Street supporters on Africa policy, are precisely in the position to act as broker to a Soviet-South African deal. They have long resented the fundamentally Wall Street control over 80 percent of South Africa's mining industry through the Anglo-American Corporation. Anglo-American was formed during the early 1900s when New York's investment banks — Lehman Bros., Lazard Freres, and Kuhn, Loeb — teamed up with Rockefeller's Standard Oil and Dillon, Read to take control of the Oppenheimer family interests, originally financed by N.M. Rothschild and Sons in London.

But Barclay's Bank, historically linked to the Afrikaners from the days when it was the young Boer Republic's National Bank before the Boer War, is the largest commercial bank in South Africa, while Standard and Chartered is the second largest. Lloyds bank, with large commercial banking operations, is also the banker to the U.K. firm Consolidated Gold Fields, the only major mining holding company in South Africa not controlled by or related to the Anglo-American group. Britain's Hill-Samuel bank, deeply involved in South Africa, has heavy director interlocks with Lloyds and Baring Bros., while significant numbers of the other British merchant banks making up the London gold market see their interests as fundamentally divorced from those of the New York investment banks on these issues.

The Chairman of Lloyds International in fact issued a call at a June 5 press conference in Mexico City for a return to fixed foreign exchange rates — which can only mean a return to the gold standard.

One interesting symptom of the times is a suspicious weakness in the international gold price over the past week or so — which at least one Texas gold share broker with South African connections attributes to a European — possibly British — "bear raid." As Nathan Rothschild did to British government bonds after the Battle of Waterloo, banks dump stocks or commodities to cheapen the price, and then hoard up on the sly. Someone, definitely in Europe, maybe in London, says the Texas source, is dumping gold bullion to depress the price of gold mine securities — and buying up the securities at bargain-basement levels relative to their expected future worth.

# U.S. Economy Crossing Over Into Production Decline

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## BUSINESS OUTLOOK

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The month-long fall of world commodity prices, following the weakness of raw material orders by key U.S. industrial sectors, indicates that the U.S. economy is now reversing course from an economic uptick into a production decline.

At the same time, this means that the money markets, generally flush with funds, will gradually become less investment-oriented, as there will be ever fewer outlets to invest those monies. This will bring on the "deflationary" consequences which Arthur Burns has tried to staunch by following a policy which didn't jerk interest rates up too sharply.

Such a decline — coming off a production level that is the lowest of any of the five post-World War II recoveries might go considerably deep, as several OECD countries, including Japan and the BRD, are also heading into downturns, and the level of trade among Third World and weaker OECD countries is already at deficit.

A world trade downturn would make it very much harder for the U.S. to pick up production levels again, because the U.S. would have to overcome more than a localized economic problem. U.S. foreign trade may make up only 6 or 7 percent of U.S. GNP, but it makes up perhaps 15 to 18 percent of U.S. goods production.

Last week, the Commodity Research Bureau's index of 27 key futures fell 7.5 points to close at 213. Three weeks ago the index stood at 232. By June 14, the index dropped a further 3.2 points to 209.8. The fall includes both crops and metals. July coffee prices (effectively spot rates) closed June 17 at \$2.25 per pound, down 37.2 cents this week, and a long way from highs earlier in the year that approached \$4.00 per pound. Both the wheat and soybean complexes were under double pressures of excellent crop weather and a *slackening of export orders*. Wheat is selling just a few cents above the \$2.25 per bushel level at which the Federal government comes in to purchase directly from farmers to support the price.

Copper is still very depressed at 58.50 cents per pound, although lead and aluminum are at fairly high price plateaus. The *New York Times* commodity specialist, H.J. Maidenberg reported June 14 that the reason for the fall in the commodity future index is the cutback in orders of raw materials by industry. Maidenberg told a reporter, "The commodity prices are falling because no one is buying. Manufacturers, particularly in Europe, are living hand to mouth, buying only what they need for the moment." Maidenberg debunked the rosy picture of the Wall Street newsletters: "In my view, the economy is in very bad shape. If you read last month's economic figures correctly, you would see that when you take account of inflation, consumer spending declined

significantly last month. Real retail sales increased only 0.7 percent for May."

It is questionable whether auto and business equipment sales and housing starts will hold up economic activity for the next few weeks. First of all, industry laid particular stress on the purchase of business equipment without making large expenditures for plant construction or much added capacity. This occurred because of business realization that the absolute drop in productivity in the manufacturing industries in the fourth quarter of last year, and first quarter of this year arose principally from outmoded equipment which mandated either immediate partial replacement or else would continue to cripple further productivity development and cut into short-term retained earnings. Since the start of the year, fundamental overall economic expansion of the type characterized by added new facilities is not occurring.

Second, consumer spending, which totaled a record \$2.72 billion in March and \$2.6 billion in April, will have to slacken, because consumer savings has fallen to a post-war record low of 4.8 percent in the first quarter and can't remain at such low levels.

Thus, the outline for a reversal in production trends is developed.

### *Financial Press Overreaction Is Strong*

It is the perception that production will soon start stagnating — and its immediately predictable further deleterious effects on trade — which underscored the debate this week in the financial press over whether inflation rates would ever ease down this year.

It is during economic downturns, when drops in workers' productivity historically occur, that unit labor costs jump, and the hoary specter of wage-inflation is undraped.

Thus, by such interpretation, one can make sense of the *New York Times* economic editor Leonard Silk's complaint June 14 that either the growth of money supply aggregates must be turned loose to near double digit, or the increase of the GNP must be dampered in the likely event that the velocity of money were to fall from its current high levels.

Silk warned of setting up an immoderately high interest rate regime, which could bring on a sudden halt to production. Precisely such a fear motivated the actions by Federal Reserve Board Chairman Arthur Burns during the last few weeks, not to jerk interest rates up sharply, despite a 10 percent inflation rate for the first four months of the year.

At the same time, the *Wall Street Journal* on June 15 called for a cure of inflation with higher interest rates, and warned that wage increases were the chief culprit, running at a 10.6 percent rate of increase during the first quarter.

"The cost of labor ... already rising briskly," the *Wall*



*Street Journal* declared, "is widely expected to increase still more rapidly late this year and in 1978." Among the labor contracts coming up later this year are 105,000 aerospace workers, 125,000 coal miners, 469,000 rail workers, and 650,000 employees of the Bell Telephone System. Sixty percent of workers covered by major labor contracts are now protected by cost of living clauses versus twenty-eight percent in 1971.

But as the *Wall Street Journal* provides evidence to confirm, when looked at in per unit terms and compared to previous years, labor costs haven't really been rising that fast. In the first quarter of 1977 labor costs per unit rose at a 5.9 percent annual rate, nearly double to rate in early 1976, but far behind the rates for 1975 (7.5 percent), and 1974 (13.2 percent).

Only when viewed from the perspective that output will decline, dragging down labor efficiency, is it permissible to make the judgment, as Kidder, Peabody economist Sam Nakagama does, "that the first quarter rate increase of per unit labor costs is expected to be the low for the year."

In an attempt to turn the tide, the Phelps Dodge Co., a major copper concern but within a weak industry, susceptible to all sorts of pressures, is offering its

workers 10 cents per hour wage increase over three years, plus a cap on their cost of living relating it to the collapsing price of copper. Such a hard-line offer seems certain to create a strike, which would not only define a new super-austerity labor policy for the U.S. including heavy emphasis on speedup, but, if the strike were long enough, attempt to boost the sagging price of copper, which is depressed by a world supply of 21 million tons of unsold copper.

Were world indebtedness not so heavily built into the book value of U.S. plant and equipment, the transition by industry to replacements of outmoded equipment by high technology equipment could take place, putting the labor cost question in proper perspective and thereby to rest.

However, the Phelps Dodge wage-busting remedy, a leading part of Rockefeller's Pocantico Hills "deal" with conservatives, includes the optimal adoption by industry of the whole package of anti-inflation and war economy measures that Nazi Finance Minister Schacht used so efficiently to ruin the German economy.

This model would shortly destroy the non-military consumer and capital spending markets, unless it is foolishly hoped that the demand for shell encasements will at last increase the sagging price of copper.



## Europe Ignores No-Energy Plan, Pushes Triangular Deals

The European Economic Community Energy Minister's meeting last week in Brussels called for the fullest exploitation of Europe's nuclear potential to supply the growing European Economic Community's energy needs. European Energy Commissioner Dr. Guido Brunner stressed in a press conference following the meeting the further urgency for the EC to make a site decision on the location of the long-stalled JET (Joint European Torus) fusion project. Following this meeting a rash of bilateral and multilateral deals involving development of nuclear energy have been announced by various member countries of the EEC.

Following several top-level meetings between French and Soviet officials, the two countries have announced a series of areas of joint cooperation including new areas of joint research in fusion and full technological cooperation between the two in development of the fast breeder. The latter was announced by the French Embassy in Moscow, which also added that the French had handed over to their Soviet counterparts the full blueprints to the French Phenix fast breeder program. This joins the efforts of the world's two most advanced fast breeder development efforts.

Commenting on the new agreement, which has so far been blacked out of the U.S. press, the French financial daily *Les Echos* called the deal an "affront for Carter." Contacted for official comment, a U.S. State Department official denied knowledge of the deal and added "the U.S. enters into agreements like this all the time where we find out what others are doing but never give them anything new."

### *Atomic Europe Talks*

In this context, the "summit meeting" held yesterday between French President Giscard d'Estaing and West German Chancellor Helmut Schmidt, referred to by European press as the "summit for an atomic Europe" has reportedly produced agreement between the two countries on a joint policy for peaceful development of atomic power.

Giscard, who otherwise is widely regarded as a pro-Wall Street "Atlanticist" by French industrialist circles, is

under enormous political pressure domestically and from forces in West Germany and Italy to pursue a positive energy expansion policy, particularly in the nuclear area, where France is among the most advanced in Europe. Commenting on the summit talks, *Les Echos* commented that "regardless of the sentiments of Giscard," France must pursue a stepped-up policy of export of peaceful nuclear energy to developing sector countries. Both France and West Germany have been targets of immense political pressure to break such deals with Pakistan and Brazil, but to date neither has capitulated to U.S. demands.

The French Foreign Minister has reaffirmed his government's plans to sell nuclear enrichment and reprocessing technology to Pakistan and Iraq, and a French industrial delegation has gone to Iran to finalize terms of a \$2 billion deal for construction of two fission power reactors, with construction to begin in late July. Following this, the Shah of Iran announced willingness to provide France direct oil in exchange for construction of four additional reactors. Iran, which presently has long-range plans through 1990 for the world's fourth greatest nuclear capacity, has also decided to order two additional reactors from the large West German reactor firm, KWU, the firm involved in the Brazil deal. The KWU-Iran deal, which will provide some 6,000 jobs for skilled German workers and technicians until 1981, will be paid in cash, a substantial boost for KWU, whose domestic reactor program has been temporarily stalled because of the disruptions of court cases brought by West German "environmentalist" groups, many with ties to the anti-nuclear Natural Resources Defense Council of Laurance Rockefeller.

A further indication of growing integrated industrial cooperation between Soviet and European interests, EEC energy chief Brunner has announced that the enriched uranium to fuel the West German-built reactors in Brazil, pending completion of Brazil's domestic enrichment capability, will be supplied from the Soviet Union via West Germany. This is regarded as a consequence of the recent unreliability of the U.S. as an enriched uranium source, a direct consequence of the Carter policy.

# Report Of The ERDA Fusion Review Committee

*The Fusion Power Reactor Senior Review Committee of the Energy Research and Development Administration issued the following draft report on the status and prospects of fusion development. A final report will be issued soon.*

*The Committee, made up of scientists and administrators from major U.S. industries, advocated an all-out effort to pursue every promising avenue of fusion research. The title of the report is "Perspectives on the Development of Fusion Power by Magnetic Confinement."*

The Committee met to hear presentations by the fusion community and to assess the status and prospects for fusion development.

The Committee found that over the past few years the magnetic fusion energy program has demonstrated enormous progress, both in terms of experimental demonstrations and theoretical understanding. The program is carefully planned, logical, organized to utilize the qualified personnel available, and actively seeking new organizational participants as the program

evolves in character from a research to an engineering development program.

The Committee agrees that the present relative emphasis among subprograms is reasonable, that is, the tokamak is the principal approach, the magnetic mirror concept is the principal alternate, and a vigorous search for new alternatives is maintained.

In tokamaks, ion temperatures ( $T_i$ ) of 20 million degrees have been achieved; this is to be compared with the 45 million degrees theoretical minimum required for ignition and the 60-100 million degrees estimated as required for an operating fusion reactor. The product of density times confinement time ( $nt$ ), which is the other key parameter for successful (net energy) fusion, has been raised to  $2 \times 10^{13} \text{ cm}^{-3} \text{ sec}$ ; this is to be compared with the theoretical minimum value of  $6 \times 10^{13} \text{ cm}^{-3} \text{ sec}$  for energy breakeven, and the value  $3 \cdot 10 \times 10^{14} \text{ cm}^{-3} \text{ sec}$  estimated as that required for an operating fusion reactor. Experiments are now being fabricated which within the next two to seven years should permit the achievement of  $T_i$  greater than or equal to 45 million degrees and  $nt$  greater than or equal

## IAEA's Fusion Research Council:

### 'Aggressive Fusion Effort Urgent'

*The International Fusion Research Council of the International Atomic Energy Agency recently released the following recommendations to the IAEA on fusion development. The council, which met in May, is composed of leading scientists and directors of the fusion research efforts internationally. This is their public review of the status of fusion since 1970.*

In view of the great progress achieved in fusion since 1970, the Council is convinced that the time is ripe to urgently make a large and aggressive effort towards the practical demonstration of fusion power at the earliest possible date. Such an effort is needed now and could be maximized by efficient worldwide cooperation and planning in this field.

It therefore suggests that the Agency (IAEA) make an important contribution to this goal by taking the following steps:

- inviting interested member states and regional institutions to submit to the Agency their estimates of attainable fusion research and development schedules with the objective of helping to coordinate the necessary efforts for a rapid and most economic way of achieving this goal;

- realizing that fusion is now the remaining major goal in nuclear energy research, the Agency should make its fusion activity better known to governments and to the scientific community as a whole;

- organizing a scientific session at the next general conference of the Agency to provide an opportunity to discuss this IFRC report and its implications;

- appointing a scientist to coordinate and stimulate work on the environmental impact of fusion and coordinate studies on future fusion reactor material requirements with special reference to the conservation of helium;

- identifying problems where no large apparatuses are needed and which can be tackled by scientists in developing countries, and giving guidance to developing countries wishing to work in this area;

- stimulating international cooperation by organizing and facilitating circulation of fusion scientists, establishing a "mobility fund" for that purpose;

- expanding the Agency's efforts to find the best means to establish and coordinate computer programmes and systems for fusion research;

- continuing to have the International Committee in Theoretical Physics involved in theoretical plasma physics and broadening its work in other scientific areas related to fusion. Participation of scientists from developing countries and their training in major fusion centers should be facilitated.

to  $6 \times 10^{13} \text{ cm}^{-3}$ , sec both separately and combined in a single device.

There is a high degree of confidence in the scientific community that these achievements will be accomplished and hence many scientists believe that the "scientific feasibility" of fusion is assured. The Committee recommends that the *primary near-term objective of the fusion program should be to demonstrate these reactor level values of  $T_i$  and  $n_i$  experimentally as expeditiously as possible.*

Programs aimed at this objective should not be funding-limited.

The Committee notes that the first generation of significant amounts of fusion energy from a deuterium-tritium plasma is scheduled for the early 1980s in the Tokamak Fusion Test Reactor. This device should be pursued with a high priority, aimed at achieving conditions approximating breakeven, that is, fusion energy release approximately equal to the input energy to the plasma. Such a demonstration would logically be followed by maintenance of the fusion burn for longer periods of time and eventually the reaching of ignition. These latter steps may require substantial funds for upgrading TFTR or possibly the building of a new device, for example, an Ignition Test Reactor. Planning for these eventualities should begin now.

#### *Magnetic Mirrors*

In magnetic mirrors, the density-confinement time product has been recently increased by an order of magnitude, scaling of confinement with temperature has been demonstrated and sustenance of the plasma by neutral beams has been proven. Two new ideas, the Tandem Mirror and the Field-Reversed Mirror, have emerged as attractive concepts for evaluation towards practical systems. The Committee recommends that the magnetic mirror program continue to be strengthened as the primary alternative to the tokamak.

The Committee also recommends a continued strengthening of the research and development activities related to alternate fusion concepts, including increased emphasis on those concepts with attractive physics

properties and desirable size, cost, and environmental features for eventual commercialization. The new ideas that result from the increased involvement of talented physicists and engineers in this area will also impact and enhance the prospects for success of the mainline approaches.

A continued strengthening of the technology and engineering effort will be required. The Committee believes that this effort should be properly phased with the evolving near-term experimental program and that the engineering technologies required for the design of devices that will demonstrate useful power output should be vigorously pursued.

#### *Broad Base of Research*

Recent successes warrant increased attention to considering the range of possible end-uses to which fusion energy may be applied; this includes a considerable effort on conceptual design studies of compact fusion power reactors, on studies relating to advanced fuels, and on other potential applications such as fissile fuel and synthetic fuel production. Nevertheless, it should be recognized that the fusion program at this time is primarily an R and D program, albeit a rapidly evolving and successful one. The present fusion program should include the necessary broad base of research, technology, and engineering so that the most promising applications and technologies can be pursued....

Activities to strengthen the dialogue with the electric utilities and to further involve industry in fusion program activities are evident and very good. This trend should be continued....

The Committee believes that the benefits of fusion energy production are so great and that the recent accomplishments and progress are so striking that it is reasonable to assume that fusion energy development will be successful. In these circumstances, it seems prudent for the country to make the necessary investment to permit progress to proceed at a pace limited only by the technology and the availability of highly qualified people.

## The Truth About 'Nuclear Power Plant Terrorism'

Various hypothetical scenarios for acts of sabotage against a nuclear power plant or some part of the nuclear fuel reprocessing cycle have been conducted through the media with an increasing frequency and intensity over the past few months. The objective, presumably, is to convince the public that such an act, which most people correctly believe to be impossible, could actually happen. The scenario usually ends with the saboteur(s) getting their hands on some plutonium (the scenario-spinners seem to have given up on the highly enriched uranium route, since they apparently can't convince anyone of that one anymore) and turning it into a nuclear bomb.

These fantasies have been the vehicles for some major attacks against the commercial nuclear power industry

— which is absolutely the last place anyone who is really serious about making a bomb would go. Plutonium from commercial nuclear reactors is very poor bomb material, since it is diluted with non-fissionable plutonium. This fact, combined with the near-zero probability that anyone could actually get their hands on plutonium in a useable form from commercial reactors or their fuel cycle, exposes these scenarios for what they really are — hoaxes meant to scare the public into accepting some alternative energy program.

In fact, the frequency of such proposed nuclear terrorism scenarios hitting the front pages appears to be increasing at a rate about equal to the escalation of outstanding bad loans now being held by the Chase Manhattan Bank, the IMF and other Wall Street-based

### What Would Really Happen If Terrorists Really Seized A Nuke Plant

By now, every civic-minded American is supposed to know that the main reason why America must give up nuclear energy and "conserve" itself back to the Stone Age is because of the danger of nuclear terrorism. President Carter says so, James Schlesinger says so, a lot of the press says so.

Consider this:

A terrorist team, after years of preparation finally attacks a nuclear power station in the Northeast U.S. Intricate alarm systems are neutralized by terrorists infiltrated into the plant's staff, and the plant's security forces are taken unawares; after several gun battles with guards through the plant, the terrorists make their way to the control room. The plant is theirs! The terrorists broadcast their demands to the world.

They threaten to overload the reactor and blow it up. Right? They threaten to steal deadly plutonium and poison the atmosphere, killing thousands. Right? Well, not exactly....

Suppose our terrorists try to make good on their threats. They start the reactor into a rapid power increase, but, alas, only to find that the safety system automatically shuts down the reactor completely. Subsequent tries to start it up again fail, also because of other fail-safe systems. They finally give up when the reactor operators convince them it would take hours to re-start the reactor, and that there is no way to bypass the safety systems and cause an overload.

The terrorists then decide that they will move to their fall-back threat: they will break open the reactor and steal the deadly plutonium. (We beg the

reader's pardon at this point and ask him or her to ignore the fact that you can't really steal reactor plutonium: reactor plutonium comes in one-ton rods which are so radioactive that they have to sit around for six months before they are moved — with the help of enormous, remotely controlled machinery.)

Just for this purpose, the terrorist team has brought with them satchels of powerful plastique explosive. Their first task is to blast their way into the reactor building from the control room: The reactor building is automatically sealed during operation, with no human entry possible, and is even more stringently sealed after the safety system is activated.

Finally, after blasting their way into the reactor building, the terrorists are faced with a several-foot thick concrete wall and a 12-inch thick steel vessel. Little did they know that reactors are designed to withstand huge operating pressures and even greater blast pressures without failure. Needless to say, the terrorists' explosives only chipped away some concrete before they ran out of explosives and gave up.

The terrorists are demoralized; nothing seems to work. Finally, the terrorist leader hits upon an idea: what they need to break open the reactor is a small nuclear device. Now, all they have to do is steal an A-bomb...

*Jon Gilbertson, a member of the U.S. Labor Party's Research and Development Staff, is a nuclear engineer and has helped design safety systems for nuclear plants.*

financial institutions. There also appears to be a direct correlation with the increased push to get the Carter Administration's no-growth energy program past mounting national opposition.

#### *Plant Sabotage — Fact or Fancy?*

Certainly the most ridiculous of the terrorism scenarios is the "armed band" attack on a nuclear power plant followed by absconding with the plutonium. The box on page one indicates the likely results of such an operation and little more need be said. However, despite the impossibility of stealing plutonium from a nuclear power plant, the Nuclear Regulatory Commission has recently been pressured into imposing severe security regulations on all installations. All nuclear power plant security systems must now be capable of resisting an armed attack of six terrorists, one being an insider — quite a security system for a plant in which the most any saboteur would be able to accomplish is to shut down the electrical power generation.

The actual layout and construction details of a nuclear power plant (assume a Light Water Reactor (LWR) for our example) properly dispose of the scenario writers' fantasies. It is important to understand that plutonium does not exist in this reactor in any way, shape or form that can be used in a bomb. To obtain a bomb highly radioactive plutonium-bearing fuel in oxide compound form would have to be transferred from the reactor site, put through a costly remote reprocessing operation, separated, changed into metal or some other shapeable form, and finally fabricated in special remote facilities. This series of processes and operations may sound vaguely possible to the uninformed. It isn't, and here is why.

Plutonium does not now exist naturally in the earth and thus has to be produced by man through transmutation of uranium (U-238) via neutron bombardment. This occurs in LWR fuel during its three-year operating cycle, from the excess neutrons released in the fissioning of Uranium (U-235). Current LWR "fresh" fuel is enriched uranium oxide (UO<sub>2</sub>) which is a mixture of 5 percent U-235 and 95 percent U-238 — no plutonium is present. During the three years that the fuel bundle remains in the reactor, most of the U-235 is "burned up," but with a significant amount of plutonium generated within the UO<sub>2</sub> mixture. (Enough plutonium is generated and enough unburned U-235 remains to more than economically justify its removal from the burned-up fuel via reprocessing, and eventually refabricating it into new fuel.)

Since plutonium in currently operating LWRs exists only in the burned-up fuel, getting it out represents a tremendous problem, not only for the would-be terrorist, but for the reactor plant operators as well. The fuel bundles which are now highly radioactive must be handled remotely through at least seven feet of concrete in order to protect the workers. The bundles also weigh over one ton each and are approximately 15 feet long. Removing these elements from the reactor vessel is a several day operation which involves many hours of preparation just to open the reactor — of course all being done remotely behind thick walls. Once it is removed and sitting behind walls in a water pool storage area, there is no way to get at the plutonium unless the

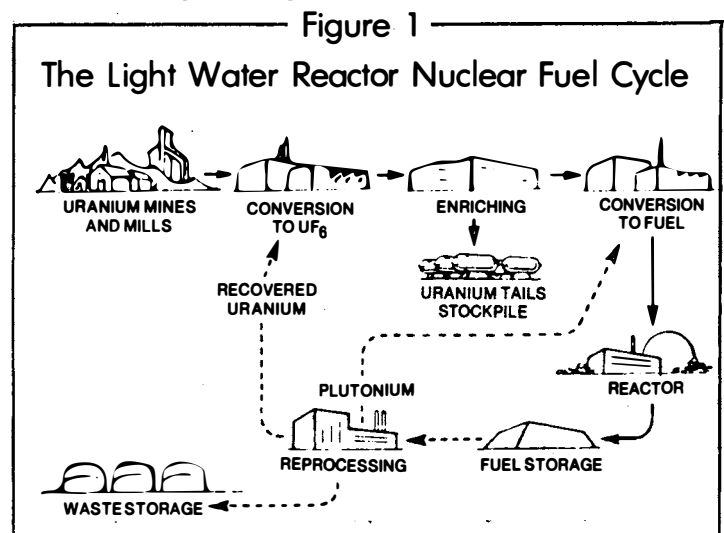
terrorist would like to try instantaneous death in a radioactive swimming pool. Because of these facts alone, it is safe to say that any kind of diversion of this fuel is impossible and that "burned" reactor fuel is inherently safe from theft.

Therefore all the scenarios about "intelligent terrorists or insiders" being able to pull off such a theft is simply an outright lie.

#### *The Rest of the Fuel Cycle*

Of course, the scenario writers don't give up that easily and do have their backups for the failure to sabotage the nuclear plant itself. They say: if that won't work, we'll sabotage the fuel reprocessing plant or some other part of the fuel cycle and get at the plutonium that way. Well, the only fuel reprocessing plants in existence today are government-owned facilities; most are used primarily by the various national defense establishments. Security at such facilities would make the breaking into Fort Knox look like a pushover by comparison.

Considering normal security precautions, it is difficult to see how any terrorist organization could obtain plutonium from an attack on the fuel cycle. The Light Water Reactor fuel cycle is shown in Figure 1: it consists of several processing and fabrication steps. The uranium fuel manufacturing processes resulting in "fresh" fuel for the LWR (5 percent U-235, 95 percent U-238) starts with the mining and milling of uranium ore into yellow-cake (U<sub>3</sub>O<sub>8</sub>). The yellow-cake is then converted to gaseous uranium hexafluoride (UF<sub>6</sub>) which is fed into a gaseous diffusion enrichment plant. The uranium is enriched to 5 percent U-235 in this facility, sent on to be converted into uranium oxide (UO<sub>2</sub>), fabricated into fresh LWR fuel bundles, and finally shipped to the reactor site. These processes all deal with low-enriched material that cannot be used for producing bombs.



After the burned-up fuel comes out of the reactor, it is highly radioactive and therefore also thermally very hot, requiring continuous cooling. All handling, shipping and storage must be done remotely in shielded and cooled cells and shipping casks. Several one-ton fuel bundles are transported in 70 to 100 ton casks on flatbed trucks or railcars to the storage and reprocessing area. The radioactivity, weight, bulk and the requirement for

specialized handling equipment eliminate the possibility of theft or sabotage during these steps. Furthermore the shipping casks are designed to be blast and crash proof! How long could our terrorists hide this radioactive flatbed in their garage following a "hijacking" before the geiger counters pinpointed their location? A few hours at most. Extending the scenarios beyond this gets even more ridiculous.

In the fuel reprocessing plant the radioactive fuel bundles are finally dismembered by cutting them up into small segments and dissolving in a strong nitric acid solution. The uranium (including U-238 and unused U-235) and the plutonium are chemically separated from the fission product wastes in this acid base mixture. The fission product waste solution is neutralized, concentrated, and stored in leak-proof tanks while the uranium and plutonium is prepared for recycling back into fresh fuel. This entire process must be done remotely under extremely adverse conditions of radioactivity and chemical reactivity (acids), hardly a place where a terrorist could intervene.

The only potentially vulnerable portion of the fuel cycle is after the recovery of plutonium from the burned fuel. At this point, it is converted to plutonium oxide ( $\text{PuO}_2$ ) and readied for shipment to the fuel fabrication plant. Since the fission products have been removed, it no longer contains much radioactivity and therefore loses a certain amount of that inherent protection. Under former regulations, this material would be shipped in large shipping casks, under top security precautions, to the fuel fabrication plant. The uranium which now contains only one-and-a-half percent U-235 is shipped to the gaseous diffusion plant for re-use; again, the low enrichment makes it impossible for use as bomb material.

If additional security precautions are deemed necessary for the fresh plutonium part of the cycle (and I'm not suggesting that they are), there are several sure-fire ways to guarantee "terrorism proof" procedures. One of these and probably the easiest is to co-precipitate the uranium and plutonium out of the reprocessing slurry together as oxides (mixed  $\text{UO}_2\text{-PuO}_2$ ), thus diluting the plutonium far below anything that is useful for nuclear weapons. It can then be shipped to the fuel fabrication plant as before. Another method is to "spike" either the plutonium oxide fuel material or the shipping cask with highly radioactive material, thus adding that inherent protective measure back again. A third way is to fabricate the plutonium into fuel bundles at the reprocessing plant, pre-irradiate these bundles in a special on-site reactor and then ship them to the reactor as highly radioactive fuel bundles, essentially duplicating the "burned" fuel bundles procedures.

#### *The "Plutonium-240" Problem*

Now that we've made liars (or, rather, conspirators) out of this select group of "scenarists," there is even more fuel to be added to the fire under them, so to speak. Plutonium that is produced in commercial nuclear power plants (commercial grade plutonium) is the last material anyone would use to make nuclear weapons — even if you had the know-how and the capabilities of the U.S. government. Nuclear experts have identified seven sources, besides nuclear power plants, from which bomb

materials or bombs themselves could be obtained. In order of most probable source, stealing an atomic bomb from the Defense Department is near the top of the list along with other clandestine methods of obtaining such weapons from a foreign government, etc. Building a small research-type, plutonium production reactor (as India did) falls somewhere mid-way down the list with commercial power plants coming in last place — i.e., the most difficult source to use!

A large part of the reason for this is that the plutonium produced in such reactors is diluted with 25 percent Pu-240, a non-fissionable isotope, and therefore makes the construction of a nuclear explosive much more difficult. Plutonium-239 is the material wanted for weapons production, and plutonium production reactors are designed specifically to produce this stuff as pure as possible. Commercial reactors, on the other hand, produce Pu-239 initially, but as this material remains in the reactor for 3 or more years, a portion of it absorbs another neutron and becomes Pu-240. So when the burned-up fuel is removed from the reactor, the plutonium includes about 65 percent Pu-239, 25 percent Pu-240 and 10 percent higher plutonium isotopes. Plutonium-240 creates another problem for the amateur or professional bomb-maker, because it decays by neutron emission. To trigger an atomic bomb, precisely machined plutonium sections must be simultaneously brought together at the same time that an external neutron source is inserted to initiate the chain reaction. The neutrons, from Pu-240 decay, in a mixed plutonium bomb will cause a premature chain reaction most likely resulting in a dud. Even the Defense Department would have a difficult time producing a nuclear explosion from this material — obviously a band of terrorists cannot! So it seems quite evident that our "intelligent terrorist" would not consider going the commercial grade plutonium route for his bomb.

#### *The "Johnny Appleseed" Syndrome*

"A scenario for all circumstances" is this group's motto, and even they can come up with a last ditch effort. "Alright, so we can't make a bomb out of this stuff," they admit, "but we're going to spread plutonium hither and yon and terrorize the hell out of everyone." The thinking behind this version is that plutonium can be spread over the countryside with ease, much like Johnny Appleseed, affecting every nook and cranny with this dangerous poison. Some anti-nuclear groups have fed this syndrome by labeling plutonium "the most toxic substance known to man" in order to push their goals.

In actuality, plutonium is nowhere near the most toxic substance known to man, and is far down the list compared to other toxins that would be far easier to obtain. When swallowed or absorbed in the blood stream, it is ten times less toxic than lead arsenate, and hundreds of thousands of times less toxic than some biological substances, such as diphtheria or botulism toxin, the list can go on. The point is that plutonium is radio-toxic and not very chemical-toxic, which means it causes death by radioactivity-induced cancer, if at all. Although there are *no* proven cases of plutonium-induced cancer even though about 1,200 people in the United States alone have ingested plutonium in the past 30 years, it still remains

possible that cancer might result anywhere from 15 to 45 years after exposure! It seems unlikely that any terrorist group (even a dumb one) would want to wait that long to get results from their hard work.

The idea of being able to easily disperse plutonium is another farce. Assuming the terrorists did get their hands on some (which realistically can't be assumed), it would be in the oxide ( $\text{PuO}_2$ ) form, either in hard sintered fresh fuel pellets or powder-like material. In pellet form, they would hardly be dangerous to anyone except the terrorist handling them.

In the powdered form, it is still a solid particulate material — not a gas such as poisonous chlorine — and is also insoluble in water. After adding it to the drinking water it would simply settle out at the bottom of the reservoir; trying to disperse it in the wind would result in it settling to the ground.

Ralph Nader has proposed putting it into a large building ventilation system as a blackmail threat. The custodian told him that he would shut off the fans if he did. At any rate the possible minimal dispersion of plutonium is not going to kill anyone in a short period of time (except perhaps the terrorist) and therefore its effectiveness for a terrorist is minimal!

— Jon Gilbertson

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## Oil Exploration Breakthrough

The United States Geological Survey (USGS) has announced a major breakthrough in lowering the cost of oil exploration. Oil formation occurs in a very narrow range of conditions, and the resulting deposits are decomposed or lost at only slightly more extreme conditions. Determining the history of a given geological formation can be extremely expensive and can make the cost of physical exploration too expensive for a given locality. If the geological history is well known, the success of an exploratory well becomes probable enough to entice the driller and the result is more available petroleum. A novel, inexpensive system of determining the maximum temperature of a great number and variety of strata has been described by the USGS, which should greatly decrease the probability of unsuccessful exploratory wells.

The method consists of isolating a fossil called conodont, and noting its color. With carefully prepared control samples, drawn from formations in which the history is known, and from laboratory-treated specimens, a very inexpensive and accurate determination of the maximum temperature of the sampled formation is possible.

The system is described in a USGS paper by Anita Epstein Harris, Jack Epstein, and Leonard Harris. The test is certain to lower the cost of oil exploration and greatly increase the availability of petroleum deposits. The system is being tested in the United States, Australia, Canada, and the Soviet Union. Dr. Harris estimates that with a very small group of workers, an accurate map on a scale of 1 to 2,500,000 could be prepared for all of the United States in three or four

years. Conodont color determination should increase the systematic scientific determination of geology for oil and gas exploration enormously. Genuinely scientific oil and gas exploration is only a few decades old, at most, and the conodont color determination test immediately opens large areas for oil and gas exploration. The Appalachian Region is a prime example, with an inevitable increase in the availability of oil and natural gas.

Conodonts are tiny fossils with some trapped carbon containing substances, similar to those found in petroleum deposits. As the fossil is heated the carboniferous material breaks down, with a resulting change in color. The fossil can be viewed and photographed to compare it to the well established control sample to determine its heat history, simply by placing the sample in an ordinary light microscope. The ease of determination and the low cost of laboratory equipment involved make the system a very powerful tool in geology and paleontology. The conodont color system is another example of basic research in one field being directly useful in a different scientific area, and an example of the economic value of scientific progress.

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## New Energy Beam Has Great Industrial Potential

A new energy concentrating device developed by Energystics Inc. of Toledo, Ohio now has the benefit of a rigorous scientific explanation by David Fenneman of the U.S. Navy weapons center. Energystics "energy beam" device is a plasma transferred radio frequency energy source. Fenneman's study shows apparent limitations to the amount of energy that can be transferred by the device, damping hopes that it is a high-focused energy source with a higher efficiency than that of a laser. In a soon-to-be released report, Mr. Fenneman shows that a plasma "conductor" is created by the high-frequency beam and higher energy throughput destroys the conductor, limiting the effective size. But the new explanation should aid in promoting uses of the device, as well as giving new insights into ordered plasma behavior.

The device's designer, Thomas E. Fairbairn, developed the system after observing that high-frequency radio beams collimated when forced off the end of an antenna. In an attempt to protect the antenna with an inert gas, a low cost, high energy, power source was made available. A single, 10-kilowatt unit costs \$36,000 to produce. Its thermal efficiency, in spite of the fact that half of the energy is used to create the plasma, is higher than considerably more expensive laser devices.

Several units have been sold for industrial welding, cleaning, and cutting, and for coating steel blades with a hard tungsten carbide surface. The 35,000 degree temperature achieved by the beam has resulted in some exciting results in initial tests. Other possibilities are in specific chemical reactions and analysis, or focusing several units on a small area for high-temperature plasma applications. As many as twelve beams have been directed at a point in the tests.

# Swedish Laser Chief Reviews Soviet Superweapon

"Do the Russians have a Superweapon?" queried Professor Erik Witalis, Chief of laser weapons and security for the Swedish National Defense and Research Center, in an editorial page feature in the Swedish conservative industrialist paper Svenska Dagbladet June 1. Witalis' feature begins with a brief review of postwar strategic weapons development from bombers to nuclear submarines. It continues:

...The latest contribution (to these developments —ed.) is a low flying monstrosity called the 'cruise missile' which, with a detailed map in its computer memory follows the mountains and dales of the terrain until it reaches its target. With ordinary radar it is impossible to detect it in time. Over the Horizon — OTH radar which sees over the horizon, perhaps, will solve that. In the Soviet Union we know that there was OTH research development when several months ago the entire world protested the disruption of radio signals.

The development up to now has been a vicious circle where a new development leads to a counter-development. In spite of all these technological refinements, they are hopelessly inadequate to give any real defense against nuclear guided missiles. This includes most emphatically the low-flying ones, whether individually or in salvos, regardless of whether they are launched from the ocean, atmosphere or outer space or sent directly ground-to-ground.

The situation is now one of total destruction for both parties in a general nuclear war, often referred to as MAD (Mutual Assured Destruction). The 'Superweapon' is thus not some monstrosity even more destructive than the H-bomb, but rather the 'death ray,' which with the highest energy speed in physics — the speed of light — destroys with unerring precision everything in the air or in space that can be thought to have a nuclear charge.

### Decisive Progress

Is there a superweapon? "It is likely that the Russians are at work developing this," says, or more accurately screams the influential journal, *Aviation Week and Space Technology*, in its May 2, 1977 issue. The journal argues in its lead article that the Soviets have achieved such a decisive technological breakthrough in applied high energy physics that the U.S. nuclear strike force can soon be neutralized. These developments are detailed in a long article in the journal.

The eight-page article, upon a thorough reading, reveals itself to be far from a detailed elaboration of Russian developmental work toward a remote controlled destructive proton beam weapon. Rather, it is a wordy

and rather jumbled assemblage of a few interesting indicators, essentially from satellite observations, with speculations, known facts and, in one case, clear error. The factual contents of the article cannot be evaluated independently of an evaluation of the journal's public credibility which must be compared with information from other sources...

### Unconfirmed Information

On the fifth of February, some three months before *Aviation Week*, the *Washington Star* gave unconfirmed reports that the Americans as well as Soviets sought to develop a particle beam as a weapon against nuclear warhead missiles. In contrast to the modest and sparse American efforts, the Russian effort is of the scale of the Manhattan Project, that is to say the entire immense effort that led to development of the first atom-bomb!

But one accelerator expert with close ties to the Russians, Wolfgang Panofsky, flatly denied that the knowledge of the technology for such an achievement existed. The paper also queried Richard Garwin, a well-known researcher at IBM and an expert defense consultant. He corroborated the sporadic American researches since 1960 and indicated some of the difficulties: atmospheric penetration and curvature of the magnetic field...

### Horror Picture Painter

On April 22, *Science*, a respected general science journal, took up the new weapon. A clear answer could be expected and it was indeed provided: an established 'superhawk,' a just-retired air force general, famous for painting horror pictures of the Soviet capabilities compared with America's defense capabilities, is the source of the rumors of the superweapon! It is understood that the general deeply disdains scientists — "worse than ostriches" — with the exception of the handful of young 'physics geniuses' he himself employs. *Science* queried a number — anonymously — of experts, and expressed the conclusion which can best be characterized as a shrug of the shoulders.

### Satellite Picture Hints

*Science* might have been right but could have been more deliberate. The satellite photos *Aviation Week* writes about showed the hint that some unknown development work was going on near an atomic research center near Semipalatinsk in southern Russia.

A well-cordoned concrete-reinforced structure has been built; and in the environs so much stone has been blasted out that it is enough for several small mountains. A portion of two large steel spheres was built but disap-



peared down a deep shaft. Hydrogen gas is delivered in through a central location in the project; tank trucks with liquid hydrogen, flames of burning hydrogen gas and both hydrogen and the hydrogen isotope tritium have been indicated by high altitude satellite.

*Aviation Week* openly speculates on the application of all this. Strangely enough they have not done so with two alternating critical nuclear gas reactors coupled with an MHD generator. This is an old, and, from a reactor safety standpoint, hair-raising idea for direct and virtually unlimited electricity production.

### *Three Main Lines*

One would be mistaken if one connects an hypothetical proton beam weapon with the enormous magnet, a high vacuum system and long tunnels typical for the accelerators, 'atom smashers,' with which high energy physics investigates the inner structure of the atom. A part of their technology, for example assembly of many single particles in a storage ring which is then gathered together in a single pulse, can however be immensely important. The central problem of accelerator technology has its most feasible solution within plasma physics, the theory of electrically charged gases.

With the prospect of peaceful development of fusion power as an energy source, right now an almost explosive growth in constructing proton beams in plasma has occurred. Here it can be mentioned that experimental work in the West currently follows three main lines of development, referred to as the "reflex triode," "magnetically confined diode" and "pinch beam."

A theoretical school in the closely related area of plasma-wave interactions has developed at Chalmers

Institute in Gothenburg under the direction of Prof. Hans Wilhelmsson. International symposia have been organized several times at Aspenasgaarden in Lerum. Those who then heard the U.S. and Soviet "theoretical heavy-weights" in intellectual infighting need have no doubts of the quality of the *public* portions of the Russian fusion research.

Recently in the U.S. unexpected revelations, unexpected that is for the Americans, have been made regarding the *non-public* portions (of Soviet fusion research-ed.). Irritated by a sarcastic commentary, researcher Leonid Rudakov from the Kurchatov Institute in Moscow gave an astonished American audience a ruthless crash lesson in the superior method for creating a peaceful "miniature h-bomb:" "Substitute for laser light the x-ray beam produced at the point of impact of electron beams!" The method is truly better, but presupposes an entirely superior knowledge in electron beam physics.

### *Exceptionally Important*

There is a significant difference between laser and nuclear particle beams, for example proton, in the beam weapon connection. The laser is by its nature a light beam and works on the surface of solid materials. Penetration can only be accomplished through certain materials. But it is these exceptions, for example, the optics in a reconnaissance satellite, which are important. A fast proton can penetrate all materials, the stopping depending on the energy incident on the solid, regardless of the type or construction. The damage occurs in the solid material, worst in those with complicated microstructure such as is encountered with semiconducting electronics or living organisms. Damage of a special type can be expected from nuclear reactions.

## 'Sputnik Of The Seventies' Revisited

# Why The Red Army Doesn't Need The Cyber 7600

Syndicated columnist Jack Anderson disclosed on June 13 that Jimmy Carter has personally intervened to stop the sale of the U.S.-built Cyber 7600 computer to the Soviet Union, on the grounds that this "electronic marvel" could be used to "track (U.S.) missiles, decode secrets, and improve nuclear production." Anderson, journalistic *pissoir* for many of the State Department's calculated "leaks," notes that it was National Security Advisor Zbigniew Brzezinski who rushed the decision through the Oval Office and into implementation, and heartily congratulates himself for originally revealing the planned computer sale and prodding the government into action.

As the cast of characters in this charade attests, the publicized Cyber 7600 flap has nothing to do with technology per se but everything to do with politics.

Former Air Force Intelligence head Major General Keegan and others created a furor last month with revelations in *Aviation Week* magazine that the Soviets were on the verge of developing — perhaps have already developed — a "beam superweapon" that would make mincemeat out of the United States' strategic missile

forces. As the "Sputnik of the Seventies" series in the U.S. Labor Party's newspaper, *New Solidarity* showed in detail, the Soviets were able to develop such a capability precisely because they, unlike the Rockefeller-faction incompetents who have dominated U.S. defense over the last several Administrations, have devoted tremendous resources to basic science researches centering on the plasma physics questions raised by controlled thermonuclear reactions — fusion power.

To redirect the uproar sparked by this exposé of the Carter Administration's treasonously stupid war policy, conservatives, military leaders, and the man in the street are being told, via the Cyber 7600 story, that even if the Soviets have such a "superbeam," their limited computer capability makes it impossible for them to track incoming missiles or, therefore, bring them down with a beam weapon — "and we'll make sure they never get the capability, too." So, the argument goes, the planned war buildup of B-1 bombers and the rest of the (actually already obsolete) military porkbarrel can proceed as planned, with the anti-Soviet banners flying.

The truth about the Cyber 7600 only pokes more holes in the "technology transfer" bogey.

The Cyber 7600's fast execution time might perhaps qualify it as an advanced "fourth generation" machine. But its construction is based on the much less advanced "second generation" technology of individual transistors, meaning that the Cyber 7600 must actually be classified as merely a second generation machine. Fourth generation computers, both in the United States and the Soviet Union, are based on large-scale integration technology, whereby something like 10,000 or more individual transistors are photographically interconnected (integrated) with each other for a designed functional execution.

Does the Soviet Union possess such a machine? According to an article by Bohdan Szuprowicz in the September 1976 issue of *Datamation*, the U.S. computer industry magazine, the Soviets will have a prototype advanced fourth generation computer, the BESM-X, in operation by 1977 — i.e., now — with an instruction speed as high as 15 million per second. It is true that the Soviet Union lags behind the U.S. in terms of current computer hardware implementation, because of its slow start in developing a mass base for solid-state components. But tall tales from the likes of Jack Anderson that a machine like the Cyber 7600 is "20 time faster than anything the Soviets produce" belong on the funnies page (where, in fact, the *Washington Post* tucked Anderson's June 13 column).

Indeed, the Soviets are apparently not at all anxious to obtain "technology transfers" from the U.S. computer industry. According to the Szuprowicz article, the Soviet bloc has been a very reluctant purchaser of U.S. computer technology. "Comecon 'anti-import committees,' often unidentified yet operating in every country, take even longer to approve Western imports than (the U.S. does) to approve export licenses," Szuprowicz wrote. "In fact, average annual exports from each Western country of such (computer) products are consistently so small that it is even difficult to substantiate the argument that stricter export controls in one Western country create a long-term advantage for another." The article noted that in addition to Comecon reluctance to spend on "industrial luxuries," Western computer imports are also crimped by the Soviet bloc's integration of their own standard computer models within the Comecon nations and some Third World countries as well. It indicated that the Comecon nations will eventually dominate a good portion of the world market.

...even without the Cyber 7600, the Soviets already have the ability to track U.S. missiles accurately enough to knock them off like ducks in a shooting gallery.

Jack Anderson can stop patting himself on the back, however. The available evidence is more than enough to show that, even without the Cyber 7600, the Soviet *already have* the ability to track U.S. missiles accurately enough to knock them off like ducks in a shooting gallery. In fact, there are abundant indications that the East bloc doesn't even want the Cyber 7600, since this "marvel" is technologically obsolete compared to computers being developed by the Soviets.

#### *Embargo on Technology*

Conservatives and military men, in particular, are being wooed with the line that the United States should not be handing over its advanced technology to the Soviet Union. Control Data Corporation had applied for an export license for its Cyber 7600 for use in a United Nations-sponsored international weather study, and had given assurances that the Soviets could be watchdogged to ensure that the computer was not used for military purposes. The Carter Administration insisted that the computer's capacity to execute 10-15 million instructions per second is far greater than that of currently available Soviet computers, and could easily be diverted to radar processing. Specifically, this capacity could be used to quickly retrieve the radar signal of, for example, an incoming missile against the background of a much larger radio noise spectrum.

Before getting down to the facts on Soviet radar capabilities, it should be noted that the "transfer of technology" issue is a particularly motheaten fraud. Readers of *New Solidarity* will not need to be reminded of what happened to the attempted "technology transfer" by Soviet physicist L.I. Rudakov, whose remarks to a group of top U.S. scientists during his visit to the States last summer were immediately declared "top secret" by the U.S. government and concealed from the U.S. scientific community. What Rudakov had revealed, in a clear offer of U.S.-Soviet collaboration, was the scope of the Soviet lead in critical phenomenological aspects of electron-beam fusion (with obvious implications for the "superbeam"). The "Rudakov affair," the most outrageous of a series of similar government moves, was widely publicized in the scientific community. It brought home to many U.S. scientists that while the Soviets were eager to share their scientific advances with the U.S. in the interests of peaceful development, particularly of fusion power, Rockefeller factioneers in the U.S. government were intent on preventing such collaboration because it threatened to show up the hash their policies had made of U.S. basic research and development, civilian *and* military.

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### *The Radar Angle*

Yet despite the evidence that the Soviet Union is not eagerly seeking the Cyber 7600, some may still doubt that, even without this machine, the Soviets now have the ability to solve the problems involved in tracking supersonic missiles.

Once again, the Soviets' advantage over the United States in basic plasma physics research has opened the way to solving an otherwise knotty problem, even without the processing speeds provided by fourth generation computers.

Radar, which evolved during World War II, is an easily understood technology. The tracking of a remote object is dependent on two basic physical concepts.

First, if a radio pulse in the form of a sinusoidal wave is directed toward a distant object, the time it takes the pulse to travel to the object and bounce back is equal to approximately twice the intervening distance (range) divided by the speed of light. Therefore, by knowing the elevation of the antennae transmitting the pulse and its horizontal displacement (azimuth) — the angular distance from the North Pole — one can readily determine the location of the target object in relation to the transmitting site by simple instrumentation.

Second, if the object being tracked by radar is moving with respect to the transmitting site, the sinusoidal wave form in the return pulse will be lengthened or compressed (a phenomenon called the Doppler shift) depending on whether the object is moving away from or toward the transmitting site. Again, this frequency or wave length shift is relatively easy to instrument, making it possible to distinguish one moving missile from another and from nearby stationary objects.

These principles have been well understood since the 1940s, and have been applied to so-called "line of sight" radar at relatively high frequencies, i.e., greater than 100 megahertz.

However, the return signal from a target object is subject to considerable weakening, dependent mainly on the range involved. In addition, received return signals must compete with intervening natural or man-made radiation, designated as noise with respect to the signal. Hence the goal of good radar design is to improve the receiver and other accessory parts of the radar system so as to maximize the "signal-to-noise" ratio.

### *Over The Horizon*

A further problem is the detection of objects over the horizon, since a pulse will not be able to "hit" such an object directly. The ionosphere must therefore be used as a reflecting surface. But since the ionosphere is a plasma, and a plasma will only reflect frequencies below the plasma's own natural frequency, this limits the radar frequency to no higher than 30 megahertz.

In over-the-horizon (OTH) radar, the calculation of the distance separating the transmitter site from the object — range — demands a knowledge of the height of the reflecting ionosphere from ground level. Azimuth determination in OTH radar presents no special problems, but the elevation of the target object is quite difficult to obtain. Moreover, OTH radar is handicapped by the extreme variability of the ionosphere itself. The effective ionosphere height above ground at the point of

reflection is a function of its location, the time of day or night, the season, solar activity, and so on. In addition to meteors, auroras, and other natural sources of noise interfering with the radar signal, there are the other signals on the commonly used 3-to-30 megahertz band. Clearly, then, the signal-to-noise ratio is a serious problem.

And it is here that the question of computer technologies like the Cyber 7600's comes to the fore. Slower computers will amass incoming data over a period of time, and then process it. The advantage of the fast Cyber 7600 and similar machines is that they can process the data immediately as it comes in — a "real time" capability that is obviously essential for tracking an incoming nuclear missile. Thus a common method for improving a radar system's signal-to-noise ratio is to use such a "real time" computer to summate responses from many radar installations and thereby increase the coherent signals off the target object as compared to the random noise.

Clearly OTH radar is necessary for locating airplanes or missiles that travel below the ionosphere, and it has received considerable attention in both the United States and the Soviet Union. The point to the Cyber 7600 flap is that the Soviet Union is supposed to be unable to process the noise out of OTH radar because of its lack of high-speed computer technology — including noise deliberately introduced to jam the radar signal.

### *The Soviet Solution*

Careful analysis of evidence in the public domain strongly indicates that the Soviets have chosen an *alternative* to computer processing of OTH radar, by effectively controlling the ionosphere plasma with massive radar pulses.

In July of 1976 there were worldwide reports of powerful, pulsed high-frequency radio signals originating from a Soviet OTH radar site, which caused interference with most communications. The Nov. 8, 1976 issue of *Aviation Week* magazine identified these pulses as being in the 3-to-30 megahertz per second range, pulsed at approximately 10 per second, and with a relatively narrow pulse suitable for accurate target resolution. What surprised the *Aviation Week* editors and others observers was the incredible strength of the pulses, and the fact that the pulse repetition rate of 10 per second was much too slow to identify airplane or missile velocity using Doppler shift techniques.

What are the Soviets up to?

The Russian choice of powerful pulses for OTH radar

...the Soviets don't need the Cyber 7600 or other "real time" computers to track U.S. missiles. They have instead relied on their ability to modify and control the plasma of the ionosphere...

indicates that they intend to use this method to get a "fix" on a non-moving OTH target object, such as a city, mountain, or other large body. (The choice of 10-per-second pulses is excellent for such "fixed" object identification using Doppler shift methods.) The strength of the pulses introduces perturbations in the ionosphere which become significant with respect to the disturbances occurring naturally. This considerably improves the signal-to-noise ratio for this "fixed" object, requiring minimum processing, and is subject to minimum jamming since the OTH radar controls all the parameters of the pulses.

Why use radar to locate stationary bodies? It is a logical inference that the Soviets will use the time in between the 10-per-second pulses to introduce lower amplitude but higher pulse repetition rates — 100 pulses per second or higher — to identify fast-moving objects such as planes or missiles! The overpowering 10-per-second pulses would not necessarily be noise to the transmitting station, for since their frequency is known, they can be processed out relatively easily. And the precisely located "fixed" object serves as a range reference for the moving object!

In other words, the Soviets don't need the Cyber 7600 or other "real time" computers to track U.S. missiles. They have instead relied on their ability to modify and control the plasma of the ionosphere — in this case with high-energy radio pulses — which demonstrates once more that the Soviets have an edge over the U.S. precisely because of their continuing commitment to applying their researches in basic physics to the problems of high energy technologies.

This puts the issue of "technology transfers" in the proper focus. The Soviet Union has demonstrated again and again its willingness to work together with the United States for cooperative development of fusion power and other high energy technologies, to the benefit of both nations and the entire world. American politicians and military men who foolishly continue to ignore these offers, and instead tag along after the Carter Administration's war mobilization, will be leaving the Soviets no choice but a one-way "technology transfer" that will leave this nation a heap of smoking rubble.

— M. Bacco

## General Keegan: An Appreciation And A Critique

Major General George Keegan's March 11 speech at an American Security Council press luncheon, reprinted in full in the April issue of the ASC's *Washington Report* under the title "Strategic Balance: Trends and Perceptions," demonstrates his patriotic contribution and merit, but at the same time reveals his failure, thus far, to develop a coherent *positive political strategic conception* necessary to redirect the United States during a period of grave international political crisis which finds the U.S. government isolated and threatening nuclear war as the rest of the world breaks with the dollar.

General Keegan, recently retired chief of U.S. Air Force Intelligence, is exemplary of a great American tradition originating with our Founding Fathers. The product of a technology-proud Maine farming family, a graduate of Harvard University, an accomplished scientist with a degree in physics, and a military intelligence officer of the highest calibre, Keegan took the extraordinary step, in the face of Rockefeller and Rothschild-controlled government, intelligence and university bureaucracies, of organizing from his position as chief of Air Force Intelligence a *cadre* force composed primarily of young scientists to re-evaluate the nation's strategic-military posture and that of its ostensible enemy, the Soviet Union.

In recent months, General Keegan has been sounding the alarm. Over and against the efforts of leading financiers and their puppet Carter Administration, Keegan has managed to get a vitally important message across to the American people. Despite "Tory" ravings, the "Whig" Keegan has scientifically established that the Soviet Union has prepared, if necessary, to fight and

win a nuclear war, surviving as a viable society. He has demonstrated that the considerable military superiority of the USSR over the United States is a direct result of breakthroughs in Soviet fusion technology whose military application to high energy beam weaponry threatens to shortly make the ballistic missile obsolete. He has exposed the bankruptcy of current U.S. strategic doctrine which is based on the imbecilic mutually assured destruction (MAD) "deterrence" formula, and he is trying to rally leading political, military and intellectual layers of the population to take urgent measures in behalf of the national interests of the country.

But General Keegan's March 11 address barely touches upon those positive programmatic considerations necessary to a political strategic conception that would extricate the nation from its present plunge toward depression and general thermonuclear war. This problem is rooted primarily in the General's failure to grasp the full implications of Clausewitz's famous dictum that "war is a continuation of policy by other means," specifically that *war-fighting is a branch of political economy*. General Keegan's lack of comprehension of the political economic determination of military conflict — "war is an act of human intercourse," as Clausewitz puts it — leads him into several errors and, in fact, keeps him within the bounds of the very strategic view he is otherwise in the process of rejecting!

*Seeds of a Political Economic-Cultural Perspective*

General Keegan, in his remarks, does plant the seeds of a positive political strategic conception which in fact

do touch upon fundamental political-economic and cultural questions, though these thoughts are not yet part of a coherent worldview.

The General states, "When people in the United States talk about our technological superiority — I suggest to you that they do not know what they are talking about. Our superiority is something which exists only in the minds of men and in the productive and laboratory potential of this great country. It remains to be bought and paid for, to be manufactured, distributed, and deployed to our forces. I think we should stop living on such misleading promisory notes." The General explicitly appeals to this country's "creative genius, wealth, and unmatched industrial knowhow" to "assure that the Soviets will never be tempted (as these new weapons give them a heightened sense of security) to challenge the basic institutions and worth of the free world."

Further, the General seeks to mobilize the creative energy of the intelligentsia to contend with matters of strategic intelligence and policy, and inform the general population of the nation's political strategic situation. "I quarrel with the concentration and centralization of intelligence vital to the survival of the free world in so few hands. I object to the failure to observe the normal checks and balances, of letting the public know, letting the leaders know, letting the press know, and letting the full range of uncertainties get into the open — lest we make the kind of mistakes that have gotten us into every war this country has ever been in.... I think the time has come when the public in this country has the right to know and they ought to be apprised of the facts, they ought to be allowed to examine the evidence. Our universities and graduate schools ought to be allowed to ... examine classified information which is not really sensitive. They should then be encouraged to publish their findings ... letting the scholars of this country base their work and their judgmental process upon fact and upon evidence rather than hope, illusion and mirror image."

General Keegan is also explicit about from whose hands he wishes to remove matters of strategic intelligence — "a vast mythology about Soviet strategic objectives has been imposed upon the intelligence community, mostly by members of the National Security Council staff, the CIA, the State Department, and the Rand Corporation."

#### *An Ironic Correct Military Policy*

General Keegan's call for technological development, although specifically oriented toward direct weapons production, and his decisive break with the "national security" mind-set constitutes an incipient formulation of an aspect of a positive programmatic conception.

Technological development is indeed the basis for a correct U.S. military policy — but not for the reasons General Keegan has given. In fact, U.S. development of weapons systems that Keegan himself favors and recommends, including the already obsolete B-1 bomber, the "Buzzbomb" cruise missile, technological improvements in the accuracy of U.S. ICBMs, and even replication of Soviet charged particle-high energy beam weapons applications, would hardly eliminate Soviet

capability for a first strategic ABC strike — a "kill" aimed at the population and logistical centers of the United States designed to destroy the United States in the first hour of general thermonuclear war as a functioning nation and thereby eliminating the in-depth war fighting capabilities of NATO forces.

Rather, *massive, broad-based* technological progress — thereby scrapping the present U.S. austerity policy — to be achieved through a new monetary system based on the International Development Bank proposal of U.S. Labor Party chairman Lyndon LaRouche would not merely enable the U.S. to overtake and surpass the Soviets in technology within a few years, it would also, indirectly, *eliminate the possibility of war.*

The propelling force toward war is *not* Soviet military superiority vis-à-vis the United States, as Keegan believes. Rather it is the *irrepressible conflict* generated by the commitment of financial circles typified by David Rockefeller to attempt a stabilization of monstrous bubbles of financial speculation through debt-collection policies which seek to enforce worldwide deindustrialization and to destabilize delicate political-military relations in Africa, the Middle East, Asia and Europe. Failing to appreciate this political-economic basis of the war danger, Keegan, in his speech, attempts to square the circle and solve what is a political problem with an inadequate and incompetent "military solution."

Keegan's suggestion to break through the "national security" mind-set, fostered by the present financier establishment and to involve broader layers of the intelligentsia and the public in deliberation on strategic issues is the brilliant kernel of a correct approach to a proper political strategic conception given the existing strategic realities.

U.S. Labor Party Chairman Lyndon LaRouche has elucidated a fuller development of a similar conception as the foundation for the broad-based technological development efforts necessary for a correct military policy in this period.

In discussing the U.S. Labor Party and Fusion Energy Foundation's already tremendous successes in organizing the nation for fusion energy development, LaRouche explains: "We (the U.S. Labor Party — ed.) ourselves have two specific competences to employ in dealing with the problem of 'national security.' First, through our collaboration with some leading physicists and related studies, we have put together a conclusive overview of the fact that the Manhattan Project succeeded despite the 'national security' environment in which it operated; but for a revolt of the scientists against the pertinent ignorance of the FBI and others involved, the conditions of work for the project's success would not have been established. Free-wheeling communication among scientists is the essence of a research and educational environment for proliferation of effective scientific cadres. Second, we have come into the forefront of several areas of current theoretical work, and have demonstrated that a certain type of political campaigning among scientists, industrialists, workers and others is indispensable to realizing the preconditions for broadly based breakthroughs in scientific knowledge.... The extension of this campaign into the ranks of industrialists and working people — especially

skilled workers and technicians — produced evidence of the potential for assembling a significant social force behind the cause of a broadly based, but fusion-research-issue-centered campaign for science.”

The very same principle, developed by Keegan with respect to strategic intelligence estimates, also finds its political application in the chief means at the United States’ disposal to develop war-fighting capability in depth — the rapid development of forms of organization based on the principle of the militia. Even if the United States had a first-strike capability, it would nonetheless lose any war with the Warsaw Pact nations because of the complete lack of political qualifications of the U.S. Army and NATO military forces. In fact, the present all-volunteer army is a pathetic throwback to eighteenth century set-piece warfare.

As Washington, Hamilton et al., and later the first French Republic, and still later Scharnhorst, Gneisenau, Clausewitz et al. conclusively demonstrated, armies composed of recruits from backward, poor urban and farm layers (mercenaries) cannot stand up to modern armies integrated with a well-trained militia composed of urban skilled workers and technology-proud farmers. Therefore the United States in the future must develop a *universal militia system*, relying primarily on the productive strata of the U.S. population and based upon the soul of the individual soldier trained in those processes of judgment conducive to creative and innovative activity under actual war-fighting conditions.

#### *Upside Down*

General Keegan’s failure to appreciate that “war is the continuation of policy by other means” also contributes to the serious errors contained in his speech both with respect to his recommendations for U.S. strategic posture as well as the real nature of the Soviet political-military strategic posture. The General, in other words, is guilty of an un-Clausewitzian military reductionism which skews his thinking on all strategic questions.

As Clausewitz was the first to systematically develop, there are three fundamental broad war-winning objectives — the destruction of the enemy’s armed forces, the occupation of his country, and the political purpose for which war is fought, the establishment of peace. It is significant and telling that in his talk before the American Security Council, of these General Keegan mentioned only the destruction of the enemy’s military forces as “a fundamental principle of war.”

The reason for his omission should be obvious. The United States is, in fact, in no position to establish a real war-winning objective — with respect to the Warsaw Pact nations. A country that is itself auto-cannibalistic with respect to its own industrial base and the labor-power of its population as well as with the economies of the Third World and Europe is in no position whatsoever to carry out the political-economic objective of war — the establishment of a viable peace resting on desirable political and economic transformation in the defeated nation.

The General, during the question and answer period following his talk, exposed the fact that his strategic posture is really the very “deterrence” position that he has so ruthlessly criticized when he stated, “I would say

our most urgent requirement is for the development of greatly improved missile accuracy for the purpose of negating the destabilizing effects of the USSR’s war survivability and military hardening programs....” In other words, unable to come up with a political solution to the present international crisis, and in part still caught up within the framework of the existing political-economic geometry, Keegan is still looking for, but of course failing to find, a war-winning military strategy within a loser’s bankrupt political and economic policy!

Keegan’s blindness to lawful political economic realities — such as the Rockefellers’ uncollectable \$180 billion debt overhang — cause him to believe that even a workable U.S. “military development” program could be had cheaply within the existing monetary system through further austerity: “But for the cost of a few gallons of gasoline per person per year... I would do many things differently, but not on any great scale... Now we do not have to stand this country on its head to avert another mindless and needless holocaust....”

#### *Paranoia About Soviets*

He makes the very same mistake of subsuming the political strategic perspective of the Soviet Union under the USSR’s war-winning military posture, concluding that “because of the failure in our perceptions (he means here the inability of most analysts to understand that the Soviets have a war-winning capability — ed.), we are inviting a global conflict — a conflict which I believe is now in gestation. Sometime in the future such a conflict is more likely than not to occur — principally because of what the Soviets are doing and what we are not.” This, of course, leads him in the direction of pushing a foolhardy arms race, which would not at all eliminate the underlying basis of the irreconcilable conflict and would have destabilizing effects of its own.

The Soviet leadership does not in fact want war. They will only go to war if *forced*, that is, *provoked* by a U.S. policy of imposing fascist regimes on the Third World and fostering confrontations in critical strategic areas including Africa, the Middle East and Europe. In reality, the Soviets, while protecting allied socialist nations such as Cuba and Angola, have a policy of seeking the neutralization of Third World nations allied or potentially allied with the U.S. and NATO as a means of lessening the general thermonuclear war danger. In fact, they are presently on a political-economic offensive successfully establishing development projects with both the Third World and Europe, which undercut the driving force toward war — the U.S. financiers’ looting of the industry and labor power of the advanced and developing sectors, which is modelled upon the Nazi example.

Similarly, refusing to grasp that the Soviet Union adopted a nuclear war-winning capability in response to monetarist threats to its very existence as a nation, Keegan falsely concludes, in a perception bordering at points on paranoia, that the Soviet political leadership seeks to “impose its way of life over the rest of the world.” Thus, in General Keegan’s reductionist perspective the Soviet Union — which should in reality be viewed as essentially *analogous* to an industrial capitalist nation committed to fighting for progress at home and abroad — becomes “the greatest imperialism of history.”

Pushing this paranoid strategic perspective to its logical extreme, and failing completely to appreciate the underlying *real economic* basis of Soviet power, Keegan ridiculously analogizes between the Soviet Union and Hitler's Germany and claims that the U.S. today is making the same mistake with respect to the Soviet "threat" as did the United Kingdom in the period 1935 to 1939 with respect to Nazi Germany.

In the same vein, Keegan hypothesizes that the Soviets have been preparing themselves assiduously for blitz warfare to "take Europe by force of arms with a minimum of fighting, in 24 to 36 hours with or without the use of nuclear weapons." In fact, a Soviet occupation of Europe could only follow an ABC first-strike at NATO's

real war-fighting capability in depth, that is, the population and logistical support in NATO's "center of gravity," that is, the United States. Such a Soviet attack would occur only in the context of extreme political and military provocation by the Trilateral Carter Administration.

General Keegan is indeed a real American. He has forced the real strategic situation out into the open, and taken some war-precipitating trumps out of the hands of the deranged financiers. Nevertheless, his breaking through on his "mind-set" about the USSR is of crucial significance to the building of a governing Whig coalition.

—Bob Cohen



## Dr. K Revived To Threaten Schmidt, Andreotti Gov'ts.

Henry Kissinger was resurrected on Thursday, June 9, to deliver an attack against the Carter Administration's "soft" policy on the question of Communist Party entry into the West European governments, particularly that of Italy.

On the same day, a leading pro-development journalist for the Italian newspaper *Corriere della Sera* revealed the activation of Kissinger-connected right-wing Atlanticist networks in Europe for the purpose of sabotaging the announced plans of Italian Prime Minister Giulio Andreotti to introduce Italian Communist Party members into his cabinet to strengthen his industrial development policies.

According to the same press source, this right-wing Atlanticist deployment is simultaneously geared to triggering a crisis in the West German government of Chancellor Helmut Schmidt. Chancellor Schmidt, in his position as leader of the industrial heartland of Western Europe, has been the mainstay of pro-development political factions and governments in Western Europe and the Mediterranean, including that of his ally Andreotti. Both Schmidt and Andreotti are spokesmen for the European peace and trade initiatives which will be put on the table at this week's East-West conference in Belgrade.

Kissinger delivered his speech on "the Red menace" at a Washington, D.C. conference sponsored by the American Enterprise Institute for Public Policy Research and the Hoover Institute. Speaking to an international audience which included such notorious Rockefeller-linked fascists as the Italian Massimo De Carolis, together with members of the Atlanticist wing of the Italian Communist Party (PCI).

Nelson Rockefeller spokesman Henry Kissinger warned Carter: "We do our friends in Europe no favor if we encourage the notion that the advent of Communists and their allies into power will make little or no difference to our attitudes and policies... Human rights is not an abstraction concerned only with judicial procedures and unrelated to basic questions of political and geopolitical structure."

The speech was analyzed by the Italian press as an attempt by "Kissinger's America" to "distance itself from Jimmy Carter."

Kissinger's speech made public a policy shift on the part of the Rockefeller forces which has actually been under active deployment for weeks. Over the past two months, arch neo-Nazi Joseph Strauss travelled to Italy with the general secretary of the West German Christian Democracy (CDU), Helmut Kohl.

According to the highly reliable Vittorio Brunelli of *Corriere della Sera*, the purpose of the trips was to threaten the Italian Christian Democracy (DC) — which controls the one-party Italian government — with isolation and other reprisals unless it act-

ively opposed Andreotti's plans to consolidate his alliance with the PCI by formally including Communists in his coalition. Strauss and Kohl subsequently invited Andreotti's major adversary in the party, the Atlanticist ex-Premier Aldo Moro, together with DC General Secretary Benigno Zaccagnini to travel to West Germany for further strategy consultations.

At the same time Brunelli reports that a "parliamentary coup de main" is being prepared for the coalition cabinet of West German Chancellor Schmidt as one of numerous pressure tactics to force Schmidt to withdraw his alliance with Andreotti and his PCI co-thinkers. Over the past week Kohl's and Strauss' parties preannounced the presentation of a censure motion against Schmidt as the first of many steps on the road to collapsing his coalition and bringing the CDU back into the government on Atlanticist terms. The Kohl, Strauss, Kissinger deployments represent a shift away from the Carter policy of dependence on the so-called "Eurocommunists" of Atlanticist proclivities within the Western Communist Parties to control and subvert any national tendencies geared toward development policies inimical to dollar empire interests.

The present governments of Italy and West Germany, in particular, are in the forefront of a political motion in the continent which is developing an alliance with the socialist sector and pro-development Arabs for the establishment of a new world order based on economic growth. To accomplish this, Schmidt and Andreotti have been carrying out intensive diplomatic initiatives in preparation for the Belgrade Conference of East and Western nations on June 15, which is being viewed as the launching pad for the political consolidation of this alliance. The Kissinger-Rockefeller deployment aims to break the back of this alliance by striking first at its weakest partner, Italy.

Andreotti's government is now under attack from two simultaneous directions. First, as Kissinger indicated, massive pressure will be exerted to keep the Italian Communists from entering the cabinet. This would tend to weaken Andreotti, whose minority government rests in fact on the support of the mass-based PCI. It is this issue of Communist government participation which Strauss and the Italian Moro are using to attempt to intimidate Andreotti's supporters inside his own party, the DC, in order to further weaken Andreotti internally.

Secondly, the same Rockefeller networks are directing a massive wave of terrorism in Italy to establish a crisis climate. Most recently, this has escalated into bald attempts to implicate Prime Minister Andreotti himself with the terrorists.

Last week the Italian press formally announced the creation of an Italian fascist death squad modeled on the Argentine AAA, whose name it has copied. Days after the



announcement, the Italian AAA issued a release announcing that it intends to begin gunning down PCI members, with at least one Communist leader scheduled to be killed before June 22. At the same time, the "left" terrorist Red Brigades announced that once again they intend to stop the prosecution trial of its captured leader by vowing to kill and maim any judges who dare to participate.

Most serious, however, is the recent move to attempt a frameup of Andreotti by concocting falsified links between the Prime Minister and terrorism. A "witness" released from a Spanish prison immediately following visits to the country by Strauss, Kohl, and Moro, has been brought in to testify at a trial taking place in Catanzaro, in southern Italy, in which the Andreotti-linked magis-

tracy was preparing to blow the cover on Rockefeller control of Italian terrorism. The witness, one Marco Pozzan, has thus far testified that two former commanders of Italian military intelligence (SID) who are known to be close to Andreotti were involved in a coverup of the bloody 1969 massacre at Piazza Fontana which the trial is investigating.

Although it is highly improbable that Andreotti himself will be implicated by Pozzan's testimony, the two former SID officials have as of now been prevented from presenting their own testimony, which was to have been the linchpin for exposing "left-wing" CIA control and creation of Italian terrorism.

— Vivian Freyre

## Improved Bonn-Moscow Relations Signaled By Genscher Visit

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### WEST GERMANY

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West German Foreign Minister Hans-Dietrich Genscher's talks this week with his Soviet counterpart, Andrei Gromyko, and other Soviet leaders portend a rapid improvement in relations between the two countries. This is clearly indicated in the final joint communique, which includes a mutual commitment to the "strict observation and full application" of the Four-Power Treaty on the status of Berlin. Although both Eastern and Western powers have regularly called for their own differing interpretations of the treaty, this is the first time since its signing in 1973 that both sides have implicitly agreed upon a common interpretation.

West Germany's government is taking full advantage of the climate of uneasiness over the Carter Administration's "human rights" and other provocative foreign policy stances. In Moscow, Genscher utilized his country's growing prestige as a world power by molding his foreign policy in the tradition of Konrad Adenauer, Federal Chancellor during the 1950s and early 1960s. Genscher reportedly surprised Gromyko with a long historical overview of the continuous development of relations since Adenauer's historic 1955 Moscow visit. In response, Gromyko encouraged the West Germans to put their weight behind statements on all important question, such as disarmament and non-proliferation, and urged them to do so "without delay."

Gromyko was obviously referring to the danger that the U.S. delegation to the Helsinki follow-up congress in Belgrade might succeed in ruining the proceedings through solely concentrating on "Basket 3" issues. By now, however, there is little chance of this occurring. *New York Times* writer James Reston signaled this publicly to Carter in a recent article which states that "officials" in Bonn are angered at Carter's refusal to keep his promise to moderate his attitudes. Carter made such a promise to Chancellor Schmidt at the London economic

summit in May, but now "there is either a serious problem or a misunderstanding between Mr. Carter and Mr. Schmidt... not only on human rights but on consultation over arms control and the Middle East," another potential topic at Helsinki.

Doubts about Carter, along with encouragement of Schmidt and Genscher, have been expressed by nearly every West German newspaper. The *Stuttgarter Zeitung* states that Genscher himself thinks the U.S. will not go for a confrontation in Belgrade "because they cannot: conflict would affect the German position so that it could not act in a neutral fashion." The prestigious weekly *Die Zeit* comments that "for the West, secret diplomacy is obviously better than confrontationist lines... given the fact that both of the blocs have stabilized internally." The paper adds in another article that "Genscher, although he endorses stationing of U.S. troops here in the Federal Republic, should not be regarded as a mere Atlanticist."

The West German industrial community is looking toward an increase in long-term deals with the Soviet Union as at least a partial remedy for their conjunctural misery. The Soviet Union has let it be known that they want to conclude at least \$2 billion of such deals this year, many of which may be signed when Soviet head Brezhnev visits Bonn in the fall. This is why a *Frankfurter Allgemeine Zeitung* editorial has reminded the West German Belgrade delegation of the importance of "Basket 2," i.e., economic cooperation.

### *Internal Dissension*

With the Christian Democratic and Christian Social opposition parties too disorganized to represent any threat to the government's policies, resistance has mainly been focused in the "left wing" of the ruling Social Democratic Party (SPD). Last week, a number of such leftists — including most of the small state machine in Schleswig-Holstein and the radical contingent in Munich — announced they intended to vote against the proposed tax package, which would reach the floor of

Parliament (Bundestag) June 16. This, along with a planted leak about a secret meeting between SPD parliamentary leader Herbert Wehner and neo-fascist Bavarian Franz Josef Strauss, gave rise to misguided rumors about a brewing government crisis and a possible "Grand Coalition" between the SPD and the Christian opposition parties.

By the time the vote was actually cast, however, Wehner and Chancellor Schmidt had clamped down firmly against all "dissenters." According to an inside

report from the *Frankfurter Allgemeine Zeitung*, the SPD left's darling, Willy Brandt, threatened at a June 13 presidium meeting to hand in his resignation as SPD Chairman but was harshly upbraided by Schmidt, who is "sick and tired of all this talk of resignation and withdrawing from politics." Schmidt was supported by the rest of the leadership. As a result of this and other warnings, the final tax vote gave Schmidt a small but comfortable margin of 9, with only two hotheads voting against it.

## Spanish Pro-Development Forces Win In Parliamentary Elections

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### SPAIN

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With nearly all of the votes counted in Spain's first parliamentary elections in over 40 years, the pro-development Union of the Democratic Center (UCD) electoral alliance led by Premier Adolfo Suarez Gonzalez appears to have a plurality, with about 35 percent of the vote. The UCD's electoral victory, which guarantees the continuance of Suarez in the premiership, is a mandate for his government's increasingly progressive stance in both domestic and foreign affairs.

Under Suarez's leadership, Spain has made rapid strides away from the pro-U.S. policies of the fascist Franco regime and is now on its way to becoming a major voice for peace in the Mediterranean area. At the Belgrade Conference on Security and Cooperation in Europe this week, Spain was backed by Rumania and several other nations when it presented a proposed conference agenda — in opposition to a U.S.-backed proposal — which included discussion of a Mediterranean security pact.

Translated into number of seats in the new bicameral parliament, Suarez' popular vote means a slight UCD majority in the 250-seat Senate and about half a dozen seats short of a majority in the more important 350-seat Congress. Coming in a strong second was the Second International-affiliated Spanish Socialist Workers Party (PSOE) with about 25 percent of the vote and a corresponding 115 congressional seats. The PSOE was followed by the right-wing Popular Alliance (AP) and the Spanish Communist Party (PCE), each of which received approximately 8 percent of the vote; the remainder of the vote was dispersed among dozens of smaller regionalist parties.

Although it fell short of a majority in the Congress, Suarez' UCD will probably be able to form political alliances within that body *without* having to form a coalition government on the cabinet level, thereby ensuring that the pro-development policies of the Suarez cabinet will not be compromised. However, the Felipe

Gonzalez-led PSOE, whose aggressive "American-style" electoral campaign was well financed by the French and West German social democratic parties, has emerged as the clearcut parliamentary opposition party. The first task of the newly elected Congress will be to draw up a new constitution, which will establish the powers of that body itself and which will subsequently need to be approved by the Senate, where the strength of the so-called "left" parties is less prominent.

Since its formation last summer, the Suarez government, which is essentially composed of leading bankers and industrialists tied into the heavy industrial sectors of the economy, has evoked comparisons to Spain's last progressive regime — that of Charles III in the late eighteenth century. Primarily, it has been promoting a foreign policy aimed at strengthening Spain's ties outside of the dollar orbit. Besides its initial reestablishment of full diplomatic relations with the entire East Bloc, the Suarez government has sent recently numerous high-level delegations to Latin America, the Arab world and Japan to conclude large-scale technology export and credit deals. With the Spanish economy expected to require about \$2 billion in foreign loans to stay afloat this year, several hundred million dollars of that total have already been contracted via loans from Kuwait and a West German banking consortium, with a large part of the remainder expected to come from Saudi Arabia. During the visit to Madrid earlier this month by Saudi Crown Prince Fahd, it was announced that a Saudi delegation will be sent to Spain in late June for that purpose.

Already agreed upon during Fahd's visit was the establishment of a Spanish-Saudi Bank "to promote Spanish exports to the Arab world, South America and Africa." Together with the Hispano-Arab Bank, which is jointly owned by Spain, Libya and Kuwait, it will be the second foreign bank allowed to start commercial operations in Spain since the end of the Civil War in 1939. Such permission has been consistently refused to the Lower Manhattan banks.

Concerning relations with the U.S., the head of the Spanish delegation to the Belgrade conference affirmed last week that the Spanish government intends to "reevaluate" its military treaty with the U.S. and that it

will under no circumstances tolerate the use of the American bases in Spain for an airlift to Israel in the event of another Mideast conflict.

The Suarez regime will likely come under heavy pressure from the U.S. for this foreign policy shift. The Carter Administration has been promoting the immediate entrance of Spain into NATO together with the devaluation of the Spanish currency and subsequent

austerity measures. In this regard, Suarez will have to contend with the Rockefeller family's well-entrenched fascist and "left-covered" European terrorist networks — which for years have been headquartered in Spain. Today's *New York Times*, for example, concludes its "man in the news" analysis on Suarez by speculating on the possibility of his assassination.

## Soviets' Pre-Belgrade Offensive Forces Shift In French Situation

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### FRANCE

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The Soviet Union has intervened in the French political situation, forcing Atlanticist President Giscard to, at least momentarily, break with the policy line of the Carter Administration on such critical issues as the development of nuclear energy. Soviet leader Brezhnev, scheduled to arrive in Paris on June 20th, will be preceded there by West German Chancellor Schmidt, whose government has been engaged in intensive diplomatic initiatives around Belgrade. The Franco-German summit is being heralded by the French press as a "nuclear summit."

Brezhnev's interview in the June 16th issue of *Le Monde* epitomizes the kind of pressure being exerted on France. He called for a tripling of the volume of trade between France and the USSR and added: "We are convinced that the development of international economic relations on the just basis of equality of rights and mutual advantage, and the refusal of discrimination would be in conformity with the interest of all peoples, the interest of the reinforcement of international peace and security, even though this cannot save capitalism from crises." Having offered the French this carrot, he warned that foreign interference in Africa (remember France's intervention in the Zaire crisis — ed.) and not the African people's struggle for economic development and freedom is the reason for dangerous tensions on that continent. On the Middle East, Brezhnev stressed that "we have always attached, and we still do attach, great importance to cooperation with France in this question. We believe that France, considering its international weight and influence can efficiently contribute to a settlement in the Middle East and participate in its guaranties."

Last week a high-ranking French delegation led by the head of the French Atomic Energy Commission (CEA) André Giraud, presented to the Soviet Ambassador in Paris, Chervonenko, a dossier of information on the French fast breeder reactor Phenix and received in exchange a similar dossier on the Soviet BN-360 reactor. Giraud emphasized that "the cooperation and convergence between Paris and Moscow are exemplary. They

underline the importance of fast-breeders and their future all over the world." The financial daily *Les Echos* succinctly noted on June 13, that these words "will not fail to be heard in Washington," where Carter is opposing the development of such programs. According to *Le Monde* "the convergence of analyses between France, West Germany and the USSR is expected to deepen during the meetings of Giscard with Schmidt and Brezhnev."

Underscoring the fact that France's feet are indeed moving, for once, in accordance with its mouth, an agreement was reached this week with Iran for two nuclear power plants worth ten billion Francs whose construction will begin in July. French Foreign Minister de Guringaud stated in a radio interview this week that France will also deliver on its promise to build a uranium recycling plant in Pakistan (which the French have rightfully been accused of sabotaging) and to continue negotiations with Iraq for another nuclear deal. The Shah of Iran is holding out the possibility of a contract for two more plants in an oil-for-technology deal, according to an interview he gave on France Inter radio June 14th.

This is not to say that France's role as an Atlanticist gendarme and provocateur has been fully neutralized. Much to the contrary, the battle is raging. In a recent speech only publicized last weekend, General Mery, the chief of staff of the land army proposed a French weapons buildup, to include the development of a French "cruise missile." (The French defense budget is set to double in the next five years.) Mery also elicited the possibility of "limited tactical nuclear war" being fought outside of the European theater, for example the Indian Ocean. Mery is now in the Soviet Union, on a previously scheduled visit, where he will meet with Soviet defense minister Ustinov. The Soviets will undoubtedly give Mery a tour of their military hardware and then ask him if he still thinks "limited" nuclear war is a possibility.

Elements in the French Communist Party have also begun to respond to the combined pressures resulting from the Soviet's offensive and that of its own working class base. Since the beginning of this month there have been several demonstrations, first by researchers of the Atomic Energy Commission and then by technicians and engineers belonging to the Communist union CGT, in protest against the cutbacks in fundamental research and development in science. This movement is developing

into a powerful machine to wreck the French "ecology" movement, one of whose primary assignments is to coopt the PCF and CGT into supporting zero-growth anti-nuclear demands. In a speech addressed to an audience of 2000 intellectuals this week, PCF General Secretary Georges Marchais affirmed his party's absolute commitment to the "continued development of technology... research and development... and fundamental and applied sciences" as the source of mankind's progress. He deplored the ecologists attacks on "the consumption soc-

iety," as nothing less than an attack on the working class's aspiration for a higher standard of living and asserted the PCF's endorsement of the "peaceful use of nuclear energy." He reaffirmed this in a speech several days later in Lorraine.

Marchais' speech underscores the resurgence in the party of the "economic section," in which are represented some of the party's most competent cadre. The PCF also announced programs this week for the development of the French machine tool and aerospace industries.

## New Parliamentary Coalition Ahead?

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### BRITAIN

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Under increasing pressure from the so-called Left faction of the Labour Party — grouped around the Tribune group and Energy Minister Tony Benn — and sections of the non-Thatcher-controlled wing of the Tory Party, the Callaghan government has suffered a wave of tactical defeats over the past two weeks which has raised the very real possibility of a fundamental political realignment by the fall. While the usual hints of early elections are being floated by the press and Liberal and Conservative party leaders, more interesting are the rumors that Callaghan may be "looking for some device even bolder than the Lib-Lab pact," in the words of the London *Spectator*, hinting at the possibility of a Parliamentary grand coalition between Labour and at least a portion of the Conservatives.

As distinct from a straightforward attempt by Tory leader Margaret Thatcher to bring down the government, paving the way for her pro-Rockefeller faction in the Conservative party to take control of Britain, the thrust of the campaign led by Benn is to break the Liberal Party-IMF control over the Callaghan government's policies.

Internationally, Benn has been vigorously pushing increased energy and related trade and cooperation with the Soviet bloc, calling for a joint East-West European energy grid and setting up vital talks for supply of western drilling technology for the critical Soviet oil and gas projects. In Britain, the three pillars of the Lib-Lab deal — direct elections to the European Parliament, the social contract, and national assemblies for Scotland and Wales (devolution) — have been singled out by Benn and the Tribune group for special assault. As a result, Callaghan has been forced to make major concessions on these issues with the result that Liberal leader David Steele warned last week that his party's pact with the Callaghan government would have to be reviewed. While announcing that no legislation on devolution would be introduced in this session due to lack of consensus within the various parties, the government has also taken the unusual step of allowing a "free vote" to all Labour Party MPs, including Cabinet ministers, on the highly volatile European elections issue after six ministers,

including Benn, and 80-90 MPs threatened to vote against their government's stated policy.

Even more damning was the report released last week by the Labour Party National Executive Committee, a body elected by the party conference each year and dominated by the Tribune left, which charged that "capitalism has failed the nation," and called for a revitalized public sector, a national economic plan to expand industrial investment and the restoration of public spending cuts made under the IMF loan dictates. Directly attacking the austerity measures the government has undertaken in the last six months, the report states: "we must emphasize that with the right economic policies, there would be room for restoration of public spending cuts and for selected increases in public spending." The reports adds, "neither the arrangement made with the Liberals, nor those with the IMF need deflect the government from its basic strategy of investment and industrial growth."

While the resurgence of the Tribune left — especially in the person of Tony Benn, the "bogey man" of the Tory party — would normally raise calls for Callaghan to take strict measures against his party rebels, in fact a curious alliance has emerged to back up the Tribune initiative against the government from members of the Tory party, a move which simultaneously destroys Thatcher's credibility as "opposition" leader.

The combined Tory, left-wing Labour Party opposition to the government's Finance Bill in Committee last week made a shambles of the government's carefully plotted budget measures by voting to simultaneously raise tax returns and social security benefits outside the government's imposed cash limits on public spending. At the same time, the Commons Committee on Overseas Development released their report this week, which received vigorous support from left-wing Overseas Development Minister Judith Hart as well as top Commonwealth affairs spokesman for the Tory party Bernard Braine. While Hart pressed the united interest of industrialized and developing countries for strong economic growth in both sectors, Braine warned that the current gap between rich and poor was widening "and that frustration in many parts of the world was giving way to despair." Therefore, he said, "it is imperative for the survival of those in the industrialized West that that despair should be understood and an international strategy be devised to overcome it..."

# Soviets, Saudis Eye Political Deal On Middle East

The Soviet Union and Saudi Arabia are cautiously eyeing a political deal over the intensifying Middle East crisis. The rapprochement between the Soviets and the traditionally anti-communist Saudi Arabians, who have never had diplomatic relations with Moscow, is the direct result of the uncertain future in Israel following the surprise victory of the extremist Likud bloc in Israel's elections on May 17.

According to informed sources, for the first time ever, a Soviet delegation is in Riyadh this week for discussions on the initiation of trade on a much larger scale than the present meager \$3-4 million yearly between the two countries. A former U.S. Mideast diplomat commented, "If this story is true, it would be a most unmistakable political signal from the Saudis to the U.S." The shift towards Moscow is reflected by increased political strains in Riyadh. A U.S. Mideast analyst reports that three weeks ago an almost successful coup was attempted against Crown Prince Fahd, the deputy Prime Minister, who has wielded sizeable power since the death of King Faisal. Second Crown Prince Abdullah, an arch enemy of the fervently pro-U.S. Fahd, was behind the coup attempt, and is a close ally of the ailing King Khalid, who recently publicly acknowledged the role of the Soviets in the Middle East.

The Palestine Liberation Organization has played a pivotal role in bringing the Arab world closer to the Soviets, a goal repeatedly voiced by PLO chief Arafat since his meeting with Soviet Communist Party leader Brezhnev. Recent statements made by PLO executive member Khaled Hassan in Tokyo indicate that top levels of the PLO are working closely with the Saudis on the monetary front. Hassan announced that once a Palestinian state is formed, imported Japanese technology will be paid for with petro-dollars. Hassan, over the past month has been in Riyadh for talks with leading officials.

In addition, the Saudis and their Persian Gulf neighbors have agreed to finance a rapid expansion of trade between Egypt and the USSR, including military and industrial purchases, according to Egyptian sources. The terms of such an arrangement were worked out during a visit to Moscow last week by Egyptian Foreign Minister Ismael Fahmi, where longstanding troubled Soviet-Egyptian relations took a turn for the better.

The move toward closer ties between Egypt and the USSR, backed by the Saudis, is part of a general realignment of the Arab world in the direction of the Soviet Union and Western Europe, linked to a strategy of triangular cooperation between the Arabs, the socialist countries, and Western Europe in a mooted

Mediterranean Security Pact. Such an accord is viewed as the basis of those three sectors to establish the beginnings of a new world monetary system that would shut out the New York banks.

It is this perspective that lies behind the call this week from Yugoslavia to include the Arab countries in the current East-West conference in Belgrade. Yugoslav Foreign Minister Minic said that his country had "consulted with the non-European Mediterranean countries," and would ask that the Arabs be included when the conference begins June 15.

— Judy Wyer

## 'The Saudis Want To Make Real Investments In The West'

*The following is an interview with a veteran U.S. diplomat to the Middle East:*

**Q:** Will the Saudis sink funds into the IMF as they are being requested?

**A:** They're going to give something, but considerably less than they were asked to. The Saudis don't consider themselves a rich country. They are very concerned about internal investment: schools, hospitals, parks, and so on. They feel that if they gave money to everyone who asked, they would be spent five times over.

**Q:** They've also been asked to invest long-term, but so far they are keeping their money in highly liquid form.

**A:** Yes, but that will change. The Saudis want real investment, and in specific projects in the industrialized world, such as factories, refineries, petrochemical plants, and so on.

**Q:** David Rockefeller and others are demanding that the Saudis invest in long-term bonds...

**A:** Not a chance. They are not interested in that.

**Q:** What do you make of Saudi Arabia's moves to partially nationalize foreign banks operating in Saudi Arabia?

**A:** That story's an old one — been around for 18 months. It has just taken a while to implement it. The Saudis didn't want to force the banks into it but said that if the banks did not go along they would have no growth. Otherwise, they would have to accept 60 percent Saudi participation. Citibank said that it would never go along; of course, it's a mistake to say never. Now, Citibank has accepted the partial takeover.

**Q:** A Soviet trade delegation was recently in Saudi Arabia...

A: Really? That is extremely interesting! It would be a most unmistakable political signal to the U.S. Theoretically, of course, Saudi contacts with the Soviets or other communists are forbidden, but that is not really effective. There are people in Saudi Arabia, but Prince Saud is not one of them, who want closer relations with the USSR. Why? Because they want leverage with the U.S. They say: "The U.S. takes us for granted, thinks we are congenitally anti-Communist. Why can't we establish links with the USSR while keeping close Western ties?"

## Carter May Make A Deal With The Russians

*The following is an interview with the U.S. Mideast analyst:*

Q: What is your impression of the consolidation of Soviet-Arab ties?

A: An Arab swing to the Russians will always follow any worsening in the Mideast situation. The problem is that the Egyptians, if they do not get military aid from the USSR, will be ineffective militarily for years. They can't really shift to the West in practical terms. And the Russians are desperate for hard currency, and therefore may be more flexible with the Gulf states who can provide them with some petrodollars.

Q: What about Israel?

A: My impression is that it's amateur night in Washington, when it comes to the Middle East. Now, without the Democratic Movement for Change, Likud will take a hard line, and there will be virtually no chances of negotiations. Therefore, the U.S. has no leverage, either economically or militarily, with Israel. If the U.S. cannot move there — and I do not see what they can do — then our whole deal is going to fall through. Then, it's a free-for-all...The Egyptians are trying to shift toward the Soviets. I think that the Carter Administration will try to seek an arrangement with the Russians to stop this drift. You know, there is a permanent U.S.-Soviet commission on the Middle East that was set up by Vance in Geneva last month.

Q: But the Soviets may seek a deal with the West Europeans instead and try to shut the U.S. out of the Middle East.

A: I don't know, but if Washington felt that was in the works, then there would be real panic. Real panic.

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*The following is an interview with PLO Foreign Affairs minister Farouk Kaddoumi from the Italian daily Corriere della Sera:*

We will not lose our heads. If the Israelis want to be governed by fanatics, it is their business. Israeli extremism will not produce Palestinian extremism. The refusal of Israel to withdraw from the occupied territories will not lead us to ask for the whole of Palestine. We have a defined position, which is to ask for the West Bank and the Gaza Strip...

The situation is sliding dangerously. The political situation requires an energetic action from the U.S.A., whose responsibilities are growing. The U.S. must not limit itself to general interest but must act. Every country that will be affected by a Middle East war must act, such as the Europeans.

Israel is not going for peace. We thus need to deepen our relations with the Soviet Union. This has been the main target of Arafat since he met Brezhnev in Moscow to establish closer cooperation between the Soviet Union and the Arab countries.

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*The following is an excerpt from an interview with a PLO official in Rome published in the Italian Communist daily L'Unita:*

Is the U.S. still working on the basis of the Kissinger diplomacy, which is to create a crisis and then to mediate it? Is the U.S. willing to have a fifth Israeli-Arab war before starting another round of step-by-step diplomacy? I cannot answer, but one thing is sure: We, the PLO, want peace.

The spokesman stressed that the PLO is seeking to bring the Soviets and Arabs closer together.

# Menachem Begin: Monkeywrench In The Mideast

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## ISRAEL

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Matti Golan, author of the *Secret Conversations of Henry Kissinger* and the journalist instrumental in felling Israeli Prime Minister Rabin, has aptly summed up the response of the Carter Administration to the new Likud government of Menachem Begin: "The U.S. doesn't like Begin and will try to topple him," writes Golan in the liberal daily *Ha'aretz*, known to reflect the views of war-

hawk Moshe Dayan. And says Golan, "The U.S. knows how to topple governments."

For all his dogmatic positions, Begin himself represents a formidable obstacle to the Carter Administration and its Rockefeller controllers. For one, "Begin hates Kissinger's guts," revealed a Mideast insider. "He is violently opposed to a return to step-by-step diplomacy."

Second, although Begin is not likely to jump into a Mediterranean peace pact with the Arabs and Soviets, the Likud leader, who is by no means under the thumb of the White House, has the option of striking a deal with the

Soviets, the Europeans, and the Arabs; if he is able to successfully overcome the subversive influence of Rockefeller agent Dayan. The release last week of an energy policy by the Likud-linked Zionist Organization of America shows that that option is by no means ruled out. The statement called for expanded nuclear energy development, acknowledging Soviet superiority in energy research over the U.S.' dismal nuclear energy program.

Third, the Begin regime puts U.S. relations with Israel in an awkward position. Some Mideast observers are forecasting that Washington will act to get rid of Begin since support for a Likud government in Israel will drive the Persian Gulf and Arab nations straight to the Soviet Union.

Meanwhile, top Likud leaders, including Ezer Weizman, Dayan's brother-in-law, have projected the possibility of a U.S.-Israel military alliance against the Soviets and Arabs. *Pravda*, the Soviet daily, warned June 12: "The Likud bloc hopes for the support of those circles in the U.S. who are interested in preserving a continuing hotspot of tension in the Middle East." The National Security Council-deployed Rabbi Alexander Schindler, head of the American Jewish Lobby, has been publicly pressing the Carter Administration to accept Israel's hardline position.

#### *Begin Asserts Independence*

The Carter Administration worries over the Begin reg-

ime could not have been assuaged by Begin's announcement this week that Brzezinski associate Yigal Yadin, archaeologist and head of the Democratic Movement for Change, will not be part of the Begin cabinet. Yadin, not as dependent on his following and his party members, as Begin, is considered freer to carry out explicit Rockefeller policies.

In another unexpected move, Begin made clear that General Ariel Sharon, a warhawk associate of Dayan, will not hold the super-cabinet post of Coordinator for Internal Security, but will instead become Agriculture Minister.

In addition, Begin's closest political ally Shmuel Katz arrived in the U.S. this week on a mission, he said, to clarify Likud policy from the reports of that policy in the *New York Times*. According to Katz, Begin intends to adopt economic and other policies that will make Israel less dependent on the U.S. Katz unequivocally termed the step-by-step diplomacy as leading to the destruction of Israel. This contradicts the recent claim in *Ha'aretz* that "only a renewal of the step-by-step diplomacy of Kissinger can avoid a new war in the region." Katz strongly attacked Carter for interfering, and blocking, the Likud's effort for Arab-Israeli negotiations with his provocative talk of homelands and refugee compensation.

## Lebanon Crisis Builds

The unresolved political situation in Lebanon seriously worsened this week, as Israeli units and Israeli-backed Lebanese extremists launched new attacks in the south of Lebanon. *Al Baath*, official daily of Syria's ruling Baath Party, warned June 13 that the Israelis are readying a preemptive strike against the Arab states through southern Lebanon. According to the next day's *Christian Science Monitor*, Syrian Foreign Ministry officials are expecting an "all-out push by Israel into the Arkoub regions." Special Israeli engineering units have begun to build roads and communication networks towards the strategically vital Arkoub region in southeastern Lebanon, at the same time that Israeli forces and their rightist allies shelled numbers of villages in the south, including forays toward the central town of Nabatiyeh.

Israeli leaders have expanded contacts with rightist Lebanese leaders, in one case conducting a secret meeting on the island of Cyprus. Israel's likely next Defense Minister, Ezer Weizman, recently met with Bechir Gemayel, son of Falange Party leader Pierre Gemayel.

Lebanese fascist militiamen have also reportedly received special training in Israel, a deployment coinciding with the activation of fascist networks in Europe for fighting in Lebanon. The Greek Communist Party newspaper *Rizospastis* reports that several hundred West German mercenaries have recently surfaced in the southern Lebanese fighting.

In a June 15 dispatch from Beirut, Cuba's *Prensa Latina* news agency reported a "steady intensification"

of the fighting in Lebanon over the prior 48 hours and assessed that a major crisis was virtually inevitable during the next few days. *Prensa Latina* cited a report appearing in Kuwait's *Al Qabas* newspaper that the U.S. ambassadors to Syria and Egypt are aware that Israel is planning aggression into southern Lebanon.

To deal with the crisis, Palestine Liberation Organization External Affairs Minister Farouk Kaddoumi rushed to Egypt from Italy June 14 for meetings with the Egyptian leadership. Before leaving Rome, Kaddoumi stressed to the newspaper *Corriere della Sera* "If the Israelis want to elect a fanatic to head their government, that's their business... Israeli extremism won't lead to Palestinian extremism."

#### *Syrian Dilemma*

Israel's actions have caused grave dilemmas for Syrian President Hafez Assad. If he sends his army into southern Lebanon, Israel will regard this as a violation of the "red line" limitation placed by Israel upon Syrian troop movements and will undoubtedly strike directly at Syrian territory. (Syrian failure to act will allow Israel to continue its operations.) Syria has wanted to stabilize Lebanon by establishing set Palestinian strongholds in the South.

Assad is under intense pressure to do *something*. The Syrian economy has been badly depleted by the costs of maintaining an occupying army in Lebanon and various army factions are fearful lest the 30,000 soldiers in Lebanon detract from Syria's ability to defend its vulnerable



Golan Heights flank. This latter fear has been exacerbated by intemperate warnings from Israeli Chief of Staff Mordechai Gur and from the newspaper *Haaretz*, mouthpiece of ex-Defense Minister Moshe Dayan, against any Syrian move to reinforce its Golan Heights regiments.

According to the British press and observers in Beirut and Damascus, a serious factional split is developing in Syria over how to deal with the Lebanese crisis.

The group of superhawks led by Assad's brother, Rifaat, controller of the elite 25,000-man "Praetorian Guard," are demanding an immediate show of force against the PLO in Lebanon in order to "pacify" the situation. This group's strength was demonstrated by the June 13 hanging in Damascus of two men accused of being "Iraqi agents" and by the June 10 murder in Lebanon of Fayez Mansour, a top commander of the pro-Iraq Popular Front for the Liberation of Palestine, by pro-Syrian units.

In opposition to Rifaat, is a group financially backed by the Saudi Arabians, who late last month substantially cut back funding for Assad's government in protest against Syrian military crackdowns against the PLO in Lebanon. The most pre-eminent spokesman for this grouping appears to be Prime Minister Abdurrahman Khleifawi. Khleifawi, who just spent a week in Belgrade, where he attacked the New York banks, is rumored to be resigning in protest over Assad's Lebanon policies.

In a delicate balancing act, Assad has been encouraging the forging of Lebanese national institutions based on the old "Chehabist-Deuxieme Bureau" secret police network that ran Lebanon in the 1960s. His Foreign Minister Abdul-Halib Khaddam recently worked out an ar-

range whereby Palestinians would be sent to Lebanon's south for temporary settlement, an arrangement which Assad hopes to exploit to build up defenses against any planned Israeli attack against Syria through Lebanon. The danger in this arrangement would be an Israeli attempt to use it as a pretext for further intervention into Lebanon.

#### *Lebanese Instability*

Assad's moves are being undercut by Lebanon's fascists, led by former President and Interior Minister Camille Chamoun. Four hundred Chamounists this week staged a stormtroop march through Beirut on the same day that 17 pro-Chamoun Lebanese Army officers suddenly resigned from the army.

Lebanese President Elias Sarkis' attempts to work out "urgent political reforms," and reconstitute the Lebanese army and police force as sound national institutions are being sabotaged by the pro-Chamoun right. Chamoun's son Dory is insisting on "political decentralization," i.e., partition, making a "recurrence" of Lebanon's civil war quite possible.

A May 30 *Baghdad Observer* feature revealed a recently declared "right-wing alert" of Chamounists and the Falange party in preparation for renewed military action to impose partition on the country. On May 18, the *Observer* reports, the Falange Politburo discussed a "new formula" for reorganizing Lebanon. However, says the *Observer*, to postpone renewed military action to an unspecified future date, while the Chamounists insist on "going ahead with the projects without any delay."



# South Africa Exposes CIA Terrorism, Takes Aim At Carter's War Scenario

## SOUTH AFRICA

The conservative Nationalist Party regime in South Africa, led by Prime Minister John Vorster, is locked in a bitter power struggle with the Carter Administration and its chief internal South African henchman, Anglo-American Corporation Chairman Harry Oppenheimer. At stake is the eruption of a continent-wide race war and the explosion of racial tensions in the United States and Britain, and the emergence of a Cold War climate throughout the West that could topple the pro-development regime of Helmut Schmidt in West Germany and James Callaghan in Great Britain.

The trigger for the conflict is the unleashing of the potential violence just below the surface among South Africa's hideously oppressed working class and youth. The explosion of that tinderbox in 1976 led to hundreds of deaths in virtual civil war conditions that lasted for months in South Africa.

What is less well known is that the "black nationalists" who led those riots and demonstrations against well-armed police and military forces are entirely the product of a subversive, Fabian-style political network among South Africa's black population whose many branches are created and sustained by Oppenheimer and his New York and London banking allies. The following report lays out the map of that network and traces its connections through the secret channels of Rockefeller "private diplomacy."

On June 13, three young blacks armed with machine

guns and grenades staged a violent terrorist incident in Johannesburg, that left two whites dead and a third wounded. That incident, which threatened to touch off a repeat of the 1976 Soweto riots — already there are angry rumblings and bloody clashes with the police in South Africa's black suburbs — was the direct product of the Rockefeller-Oppenheimer networks run out of Zbigniew Brzezinski's National Security Council.

But the same day that the attacks were staged, the South African *Citizen*, a daily newspaper which has links with American conservative circles, published a broadside attack on the U.S. destabilization of South Africa. In an article headlined, "Secret War by the U.S. Against South Africa," *The Citizen* reported that the U.S. CIA, via the U.S. embassy in Botswana, is providing funds to black nationalist groups including the Pan-Africanist Congress and the Soweto Students Representative Council. The article — which was later carried by *L'Unita*, the newspaper of the Italian Communist Party — accused the "international progressive faction" of the CIA and State Department of backing the Fabian radicals.

Earlier, *The Citizen* had given editorial support to Prime Minister Vorster in a direct confrontation with Harry Oppenheimer. Speaking before Parliament late last month, Vorster departed from his prepared speech to challenge Oppenheimer: "The time has come for you to say where you stand and what you are playing at." The attacks on Oppenheimer followed the latter's role in inviting U.S. Ambassador to the United Nations Andrew Young to visit South Africa and arranging his itinerary, for which Oppenheimer visited Washington to meet with Secretary of State Cyrus Vance.

## Who Runs 'Left' Terrorism In South Africa?

*The Citizen*, run by fertilizer magnate Louis Luyt, charged June 13 that the racial disturbances in South Africa over the past year were supported by the U.S. State Department and the CIA. The truth is that Kennedy-Rockefeller intelligence networks both in and out of the State Department and CIA not only supported the disturbances, but consciously built up the riot and terrorism capability that fed the violence over a period of years. They have triggered different levels of the capability at points of time of their own choosing. The original deployment of the Rockefeller-Kennedy networks for rioting and terrorism in South Africa came in the 1960 wave of violent racial confrontations known collectively as "Sharpeville." In the wake of those

disturbances, foreign capital fled the country and Rockefeller banks rushed into the void to secure a better grip over the country. The attempted assassination of South African Prime Minister Verwoerd in 1960, and the second, successful attempt in 1966, were also run by the Rockefeller-Kennedy networks.

The anchor point for these networks in South Africa is the staid Institute of Race Relations (IRR), around which a variety of liberal-radical organizations are clustered. Another anchor point is the government-run National Institute for Personnel Research (NIPR), which has been headed by Rockefeller agents since its founding in 1946.

The political machine of mining magnate Harry Op-

penheimer maintains oversight of the full range of "left" riot and terror deployments for Rockefeller through Oppenheimer lieutenants such as Zac de Beer. In the U.S., influence and control over these South African operations is exercised by Rockefeller operatives such as J. Wayne Fredericks, who was President Kennedy's top adviser on Africa. Fredericks' role is both direct, through visits to South Africa, and indirect, through the Washington, D.C. Institute for Policy Studies — and its satellites, the Center for National Security Studies and the misnamed Communist Party USA — as well as through a network of U.S. academics headed by Professor Gwendolyn Carter.

For two generations, the constellation of Fabian net-

works in South Africa has been headed by a small core of seven top agents, working at first principally for British Rothschild interests, but increasingly from the mid-1950s for the Rockefellers (see box below). Among the seven are Simon Biesheuvel, a personal protégé of British military psychiatrist, brainwasher and Rockefeller client Dr. John Rawlings Rees (See *The Campaigner*, April 1974); Ernst G. Malherbe, the head of South African military intelligence during World War II; Ian D. MacCrone, formerly Vice-Chancellor of the University of Witwatersrand, who earned his academic credentials with psychological profile studies of racial groups' attitudes toward each other; and Gideon F. Jacobs, Biesheuvel's closest associate and a personnel

## South Africa's Fabian Controllers

*Ernst Gideon Malherbe*, MA and PhD at Columbia University, New York, 1920s; Chief investigator, Education Section, Carnegie Poor White Research Commission, 1928-32; Director of Military Intelligence, Union Defence Forces 1942-45; Principal and Vice-Chancellor, University of Natal 1945-65. One of the consultants to the Spro-cas Education Commission.

*Leopold Marquard*, Member, Order of the British Empire, awarded for military service; Founder and President (1924-30), National Union of South African Students (NUSAS); at the end of World War II a Lt. Col. in the South African Forces, in charge of Army Educational Services; represented South Africa at UNESCO inaugural conference, 1945; Served on the Spro-cas Political Commission; died 1976.

*Edgar H. Brooks*, Delegate for South Africa to the Assembly of the League of Nations 1927; Senator representing Natives of Natal and Zululand 1937-52; Chairman, Foreign Affairs Group, Empire Parliamentary Association 1943; Professor, University of Natal 1959-62; served on the Spro-cas Political Commission.

*Oliver Deneys Schreiner*, Judge of the Supreme Court of South Africa; Chancellor, University of the Witwatersrand; educated at Inner Temple, London, and Trinity College, Cambridge. Died 1975.

*Gideon François Jacobs*, Biesheuvel's closest associate from the end of World War II; commando officer in Sumatra; awarded Officer, Order of the British Empire for his role in evacuating the inmates of internment camps in Japanese-held Sumatra. Senior Research Officer, NIPR under Biesheuvel 1951-53; since then, personnel consultant, Anglo-American Corp.; Deputy Leader, United Party in the Transvaal. Served on the Spro-cas Economics Commission, and as a consultant to the Spro-cas Political Commission.

*Ian D. MacCrone*, Author of *Race Attitudes in South Africa* (1937), the pioneering study in the psychological profiling of South African race groups; Principal and Vice-Chancellor of the University of the Witwatersrand; served as the first chairman of the Spro-cas Education Commission.

*Simon Biesheuvel*, Protégé of British military psychiatrist John Rawlings Rees; author of unpublished paper, "The application of military personnel research to industry" (1946); Rees described him as having "devoted his whole life to the personality problems of Africans," while Biesheuvel described himself as having studied African behavior "to determine the extent to which it is modifiable." Officer Commanding, Aptitudes Tests Section, SAAF 1941-46; awarded Member, Order of the British Empire for this wartime services; Director, National Institute for Personnel Research 1946-62; Director of Personnel, SA Breweries 1962-73.

Biesheuvel was joint author with G.F. Jacobs and William Hudson of *Anatomy of South Africa* (1966) which psychologically profiles South African whites and then proposes a series of Fabian reforms which still represent Fabian policy today. According to the *Anatomy*, "Notwithstanding the desirability of ensuring the maximum degree of (racial) separation, South Africa is and will remain a multi-racial country. Economic factors make it so. Our task is to create harmony from this diversity. How could this be achieved? Probably by ensuring that in social affairs each group is given the maximum degree of self-determination; that in economic matters there is full utilization of all human resources and that in political affairs there is established the greatest degree of polarization of interests, consistent with stability of the total political structure."

Biesheuvel was Director, Graduate School of Business Administration, University of the Witwatersrand 1973-76.

consultant to Oppenheimer's Anglo-American Corp. Of the seven, six have been president of the Institute of Race Relations for one or more terms, while Beisheuvel is a member of the IRR Council.

The Institute of Race Relations is the institutional anchor of the full range of Fabian organizations. It is funded partly by the Ford and Rockefeller Foundations, and receives policy input from the Rockefeller hothouse for terror and riot operations, the Institute for Policy Studies in Washington D.C. President Kennedy's top Africa adviser, J. Wayne Fredericks, who is today International Relations Director for the Ford Motor Company, is a member of the IRR Council (see box).

Attacks on the IRR have always been blunted by the image of liberal respectability which it cultivates through its social work and research and publication activities, ostensibly "to further interracial peace, harmony and cooperation." More importantly, the IRR operates under the protection of Harry Oppenheimer who, for example, has personal charge of the IRR fund-raising campaign for 1975-79.

Grouped around the IRR are such institutions as:

\*\*The *South African Council of Churches* (SACC); a conduit for World Council of Churches operations including the WCC's CIA and State Department input.

\*\*The *National Union of SA Students* (NUSAS), the student organization on white, English-speaking university campuses which was founded in 1924 by Leopold Marquard, one of the top seven Fabian agents. NUSAS has received funding in recent years from two CIA conduits, the International Universities Exchange Fund (Geneva) and the World University Service (WUS, New York and Geneva). The latter financed and partially ran the NUSAS Leadership Training Program.

\*\*The *Progressive Reform Party* (PRP), the political party created and controlled by Harry Oppenheimer's Anglo-American Corporation.

The IRR and the institutions immediately around it in turn create a supportive environment within which narrower, more radical groups which tolerate or encourage violence can exist. These break down into the black power groups and white groups supporting black power. The leading such groups are:

\*\*The *South African Students Organization* (SASO), founded from within the interracial University Christian Movement in 1968 as a black NUSAS on the basis of "black consciousness." The nurturing of SASO was especially successful at the University of Natal Medical School, with the help of Rockefeller agents on the staff. Some of the SASO cadre there received medical scholarships offered by the World University Service and became active in the WUS-funded Health Services and Literacy Program. In 1972 the then Secretary-General of SASO, Nyameko Pityana, was invited by the U.S. State Department to tour the U.S. under the State's Education Travel Program, but was refused a passport.

Together with the parallel organization for high school students, the *South African Students Movement* (SASM), SASO provided the main organizational basis for maintaining conditions of provocation and riot for a period of months after the first exchange of violence between Soweto youth and police on June 16, 1976.

In Soweto, the ad hoc organization formed to lead the

## Who Is J. Wayne Fredericks?

Analyst, aircraft division, U.S. Strategic Bombing Survey, Germany and Japan 1946; with Dept. of Defense 1951-54; Ford Foundation public affairs program 1956-58, overseas development program for Asia 1958-61, head of Middle East and Africa program 1967-73; Deputy Assistant Secretary of State for African Affairs 1961-67 and President Kennedy's top Africa Advisor. Chase Manhattan Bank, Director of International Relations 1974-75. Ford Motor Company, Director of International Relations 1975 to the present. Prevented from accepting appointment by President Carter as Assistant Secretary of State for African Affairs in June, 1977 by a serious auto accident. Member, Council on Foreign Relations.

insurgency was the *Soweto Students Representative Council* initially led by 19 year-old Tsietsi Mashinini. In December Mashinini toured the U.S. principally under the sponsorship of the American Committee on Africa (ACOA) based in New York and its affiliate, the Washington Office on Africa. The Executive Director of the ACOA is George Houser, a "former" State Department adviser who scouted for potential opposition to the newly formed Popular Movement for the Liberation of Angola (MPLA) in the late 1950s, discovered Holden Roberto, and helped prepare him for his 1975-76 role as the butcher of Angola.

\*\*The *Black People's Convention* (BPC), founded in 1971 to bring together organizations of national scope on the basis of common "black consciousness" ideology. Its leadership includes figures from SASO, some IRR-connected figures such as W.F. Nkomo and Mrs. W.M. Kgwane, and others from the Citibank-funded *Association for the Educational and Cultural Advancement of African People of South Africa* (ASSECA) led by M.T. Moerane.

\*\*The *Christian Institute* (CI), founded in 1963, is a largely white support group for the black power movement which has officially stated its support for SASO, SASM, the BPC and others, while maintaining an appearance of principled interracialism and non-violence. The CI purveys the Fabian ideology of ending capitalism through a redistribution of wealth.

\*\*The *Study Project on Christianity in Apartheid Society* (SPRO-CAS) was a temporary organization (1969-73) which played a crucial role in preparing for the current phase of confrontation operations. Indeed, the first experiment with controlled confrontation in the current phase — the Durban strike wave of 1972 — was launched during the period of existence of SPRO-CAS. It was the function of SPRO-CAS to bring together every arm of the South African Fabian networks to prepare the entire machine to function in support of black power ideology. While it was constituted chiefly of whites, SPRO-CAS interfaced with the black organizations through its sponsorship of the Black Community Programmes, whose leadership was drawn heavily from SASO.

The final SPRO-CAS report, *A Taste of Power* (1973), declares, "the South African social system is in urgent need of radical change, in the sense of a fundamental redistribution of power and resources...(it) will be initiated by blacks, and the white oligarchy...will increasingly have to respond to black initiatives...conflict and confrontation have now become inevitable in the process of change...The potential for major conflict is very great." As early as 1972, young South Africans connected to SPRO-CAS were in New York and London making inquiries about the availability of explosives. The Director of SPRO-CAS was Peter Randall, who had been an assistant director of the IRR, 1965-69. He was joined on the original four-man steering committee by two other IRR officials and C.F. Beyers Naude, the Director of the Christian Institute. Five of the seven top Fabian agents participated in SPRO-CAS.

Another arm of the Fabian machine, suitable for handling the technical, psychiatric aspects of preparing riots and terrorism, has the protective coloration of being a South African government agency. This is the *National Institute for Personnel Research* (NIPR), whose director from its founding in 1946 until 1962 was Simon Biesheuvel, the protégé of British military psychiatrist and brainwashing advocate Dr. John Rawlings Rees. Since 1965, the director has been D.J.M. Vorster, who left his position as personnel manager for Oppenheimer's Anglo-American Corp. to take the post. Biesheuvel remains as one of the NIPR's scientific advisers, while his closest collaborator, Gideon F. Jacobs, the personnel consultant to Anglo-American in the late 1960s, is a member of its Advisory Committee. The NIPR cultivates a capability for profiling elements of the population for manipulability on racial issues and for the selection of personalities with psychopathic potential. It has an extensive interface with the universities of Witwatersrand, Natal, and Fort Hare, which have played a key role in developing the conditions and personnel for rioting and terrorism, and with the South African military. The NIPR carries on a Defense Research Program of confidential work for the South African Defense Force.

Prior to the wave of rioting which began one year ago, the South African Fabian machine served explicit notice that its terrorism capability was in place. As early as August, 1975 the South African monthly *Management* — then published by Oppenheimer's *Financial Mail* — put the business community on notice that the Rockefeller interests were prepared to resort to terrorism on the Northern Ireland model if they could not achieve the reorganization of the South African economy for new levels of labor-intensive looting and outright genocide by other means.

The *Management* article on terrorism argued that although South Africa had been spared the serious attention of terrorists so far, this was likely to end. Reviewing at length the case of Northern Ireland, it claimed that terrorists often made demands upon companies pertaining to the way the workplace is run, citing examples remarkably parallel to the "worker participation" proposals put forward in SPRO-CAS circles.

In concluding, *Management* assured its readers that

terrorism isn't all bad. "Every situation throws up its own opportunities. Situations of civil unrest are no exception, and any manager worth the name should be aware of this. In Northern Ireland disturbances have produced a war psychology. Productivity tends to go up and strikes, stoppages and disputes decline."

The senior member of *Management's* Editorial Advisory Board at the time was Dr. Simon Biesheuvel.

This was not the earliest such statement of the Rockefeller Fabian capabilities, but it was surely the most explicit. Under the caption, "Terror now closer," the *Johannesburg Star* weekly for January 25, 1975 had reported threats issued from the IRR annual council meeting in East London. IRR President Bernard Friedman "warned that a revised constitution was the only way to avoid revolution in South Africa" and Prof. André du Toit demanded a major political reorganization to avoid a "direct Black challenge."

When violence was triggered June 16, 1976, it was preceded by numerous shrill threats from IRR-connected spokesmen.

The circumstances surrounding the Soweto rioting illustrate the role of the Fabian networks in diverting black rage from the genocidal economic measures advocated by the Rockefellers and onto impotent side issues. The Soweto riots — over the relatively trivial question of whether black students would be taught certain classes in Afrikaans or English — erupted when South Africa's blacks were rightly enraged by the so-called Transkei Bill.

The Transkei Bill deprived blacks deemed to belong to the economically undeveloped Transkei "homeland" of all citizenship rights in the rest of the country — a convenient way to be rid of the rapidly increasing number of unemployed blacks in the urban townships and de facto genocide. Soweto students started their boycott on the language issue on May 17; May 18, at a London banquet of industrialists and financiers Oppenheimer signalled his agreement with the Transkei bill by calling for a truce with the South African government on the homeland issue, but not on "racial discrimination." About the same date former State Department staffer Anthony Lake detailed a scenario for terrorism in South Africa to a seminar at the invitation of Marvin Holloway of the Institute for Policy Studies in Washington.

Popular outrage against the Transkei Bill was nevertheless so great that the black daily, *The World* editorialized on June 11, "The stripping of the people of their citizenship is the most devilish scheme devised"; it may mean "the final parting of the ways between the black and white...Nothing has caused so much anger and bitterness in the hearts of our people in recent years."

Yet on June 15 *The World* headlined the story that Leonard Mosala, militant member of the Soweto Bantu Council, had warned that "enforcing Afrikaans in schools might result in another Sharpeville shooting incident if the matter is not dealt with immediately," in a speech in the course of an urgent meeting called to discuss the language issue. Indeed, in the succeeding weeks of violence, the homeland issue was further buried through provoked battles between black urban workers and homeland blacks on temporary contracts in the urban areas.

Rockefeller terror and riot operations are usually — as in this case — conducted from both sides. That is indicated by the interface between the Rockefeller-controlled National Institute for Personnel Research and the military. But the Rockefeller interests succeeded *during the wave of violence* last summer in putting their man, Gen. Magnus Malan, at the very head of the entire South African Defense Force. Gen. Malan replaced traditionalist Admiral H.H. Biermann, after an exceptionally rapid rise to the top.

Malan is unusual among South African military men in having had a period of study at the U.S. Command and General Staff College at Fort Leavenworth (1962). After his appointment as Chief of the Army in 1973 (aged 43) he was hailed by the *Financial Mail* as a “psychological warrior.” The paper quoted him as saying, “It is important to develop beyond the purely military, to educate the population as to what the threat is all about... We must make a total onslaught on the large uncommitted majority not by weapons but by changing the true disposition of the population.”

During the 1976 wave of violence, Malan followed the Rockefeller script, warning that “The South African population might have to live with a battle against insurgency and terrorism for a long time.” Malan is a student of the methods for subverting civilian populations pioneered by British General Frank Kitson (see *The Campaigner*, April 1974).

Minister of Police Jimmy Kruger is also a part of the

Rockefeller penetration of South African security, earning favorable treatment from the *New York Times* in a biographical profile published during the wave of violence last summer. This past week, after the terrorist murder of whites by blacks with submachine guns, Kruger played the Rockefeller-Carter script to the hilt, claiming provocatively to the press that the terrorists were trained in Angola.

Rockefeller liaison to the military and police is run principally by the CIA's Lt. Gen. William Yarborough and Dr. Ernest Lefever, formerly of the Brookings Institution but now covertly working for the Carter Administration, carrying on a one-man South Africa project from the Kennedy Institute of Georgetown University in Washington.

Hints of even a “liberal” military coup in South Africa were made last August in the *Christian Science Monitor* and the *New York Times* the following January. But the rapid collapse of South African confidence in the Carter Administration in the wake of the Vorster-Mondale meeting May 20 now apparently rules this option out.

Any such coup would require extensive cooperation from networks within the all-inclusive Bureau for State Security (BOSS). While clearly complicit in setting up and sustaining the 1976 wave of violence, BOSS has lately thought again about such methods of “controlled conflict” used at the expense of South Africa's national interest.

## Rockefeller's Control Of Southern African Raw Materials

EXCLUSIVE

Last week's attempted coup in Angola and Rhodesia's provocations against Mozambique were launched with an included purpose of protecting the Rockefeller-dominated, U.S.-based mining companies and the allied Rio Tinto Zinc (UK) and Anglo-American Corp. of South Africa, which control all significant mining operations in Southern Africa and a vast network of agents, engineers, and corporate officials. These mining-banking networks also ran the Chilean coup and similar monstrosities. They directly evolved out of the model established by Cecil Rhodes, Lord Rothschild, and Sidney and Beatrice Webb during the 1880s.

As developed below, the intricate and comprehensive interlocks between the bank, mining and intelligence fronts not only facilitate the looting of the Third World for raw materials and debt collection, but thereby control critical choke points to blackmail the European and Asian economies. This role of the bank-mine interlock is revealed in the various commodity price-support schemes, specifically devised to increase the export value of the raw material assets of the mining companies, to thus facilitate Third World debt repayments to compensate for the deteriorating values of the banks' financial assets.

### *Rockefeller Control of the Mining Companies*

AMAX and Newmont Mining Co., the predominant U.S. mining interests in Southern Africa, epitomizes Rockefeller control. AMAX, which is owned 20 percent by Standard Oil of California and 11 percent by A.C. Beatty's Selection Trust (UK), includes four members of Rockefeller's Council on Foreign Relations on its Board of Directors including the evil George W. Ball, who is also a member of the Bilderberg Society, and squats on the Trilateral Commission with another AMAX director, William T. Coleman, Jr., a Rand Corporation Trustee. Wall Street's Manufacturers Hanover Trust Co. has its chairman, Hauge, and director, Burden (both in CFR), on the AMAX board. Ball's experience in planning the terrorist fire-bombing of Dresden with the Strategic Bombing Survey, the nuclear bombing of Hiroshima and Nagasaki, and his open advocacy of “triage” in the Third World have qualified him as a Rockefeller African policy maker.

Newmont Director Andre Meyer is a Director of Rockefeller's Chase International Investments Co. and Senior Partner in the Wall Street investment house of Lazard Freres, long one of the dominant influences in Newmont and which includes the notorious Felix

Rohatyn, who coordinated the Chilean coup with now U.S. Secretary of State Cyrus Vance. Newmont Chairman Malozemoff is a director of the Rockefeller-allied Bankers Trust; while the Lehman Brothers investment bank is represented in AMAX by George Ball and in Newmont by William B. Moses, Jr. AMAX Chairman Ian MacGregor reportedly will soon leave AMAX, redeployed by Ball to head up a new international banking subsidiary of Ball's Lehman Brothers, to organize against U.S. Labor Party Chairman LaRouche's proposal for a private International Development Bank.

*Anglo-American Corporation* of South Africa (and its DeBeers Consolidated Diamond Mines and Charter Consolidated financing house) is the largest mining company based on the African continent producing over 40 percent of the Republic of South Africa's gold, and effectively controlling all diamond production, with large coal and industrial interests. Anglo-American was founded in 1917 by Newmont Chairman William Boyce Thompson with Morgan's Thomas Lamont and future President Herbert Hoover under the Chairmanship of Ernest Oppenheimer. Ernest's son, Harry, the present Anglo-American Chairman, was responsible for bringing Rockefeller's Trilateral Ambassador Andrew Young to South Africa to organize race riots. Harry also personally established, along with direct Rockefeller financial assistance, the Institute for Race Relations which coordinates Institute for Policy Studies-Transnational Institute terrorist activities from London, including racial riots in Africa, Europe, and the United States.

*Rio Tinto Zinc* is the largest British-based mining company. Its director, Sam Harris, headed Wall Street Lawyers for Carter and his law firm represents the Rothschild-dominated RTZ. RTZ Chairman Marc Turner is extremely close to a small cabal of Anglo-American intelligence operatives among the Harris — Andre Meyer — Denis Healey group, and was one of the sponsors of British Foreign Minister David Owen. RTZ director Guy de Rothschild, Chairman of the giant French Imetal Mining Co. (Imetal is owned 11 percent by AMAX), and whose bank was headed by Georges Pompidou, has operated as controller of various "Gaullist" networks in support of Giscard's intervention in Africa on behalf of Rockefeller interests.

The U.S. based *U.S. Steel*, *Phelps Dodge*, and *Union Carbide* have significant mining operations in Southern Africa. Union Carbide, whose Board includes two Citibank, one Morgan, and one Chase directors as well as Lehman partner James Hester, a CFR member who sits on the Irving Trust Bank board, has major investments in the important Rhodesian and South African chromite mines, and in Rhodesian gold.

Phelps Dodge owns the Republic of South Africa Aggenys copper mine. Chairman George Monroe is a member of the CFR, and the company includes two Citibank, one Morgan and two Manufacturers Hanover Trust directors. Cleveland H. Dodge, two of whose heirs sit on the Phelps Dodge board was a dominant force in the Russell Sage Foundation, forerunner of the CIA, and precipitator of the First World War. He then made Southern Africa safe for the Anglo-American cabal

through his role in negotiating the Versailles Treaty, terminating Germany's interest in the region. Monroe, a Rhodes scholar, had worked for the Rockefeller law firm of Cravath, Swain and Moore before joining J.J. McCloy's Allied High Commission in Germany (1951-53) with at least 12 other members of that firm. He subsequently worked for Rockefeller's personal firm Debevoise, Plimpton, while McCloy went on to be President of Chase Manhattan.

U.S. Steel, with a 46 percent participation in the Republic of South Africa's major Prieska copper mine has directors placed on its board by Citibank, Chase, Morgan, Manufacturers Hanover Trust, and Chemical Bank, as well as a representation from the CFR and Foreign Policy Association.

#### *The International Game of Raw Materials Production*

The international copper complex exemplifies the modus operandi of the Rockefeller machine. With the same interlocks outlined above existing in Kennecott and Atlantic Richfield's Anaconda, two of the world's leading copper producers, complete control of world copper production outside of the East Bloc is assured. In the additional case of the U.S.-based Inspiration Copper Co., for example, Oppenheimer's Anglo-American Corp. maintains controlling participation through its 38.5 percent holding of the Canada-based Hudson Bay Mining and Smelting Co., which in turn holds 18 percent of Inspiration, and through the Bermuda-based subsidiary Minorco, which holds another 12 percent. Three of the ten Inspiration Directors are Hudson Bay officers and a fourth, George E. Kruger, is a Chase Manhattan Vice President.

This provides David Rockefeller with direct fingertip control over the economies of Third World nations and, through them, the advanced sector economies. Private decisions to shut down part of the (in this case) copper production, or invest in the opening of new mines in countries of his choosing, is a significant power.

During the recent period other variables have been manipulated for similar effect. In 1973, these networks arranged the sale of 86 percent of the U.S. strategic stockpile of copper, in an attempt to drive down the price as part of the destabilization of Allende; and in 1976, the U.S. dramatically increased its purchases of refined Zambian copper from 5 tons up to 125,000 metric tons (!) in order to support the regime of Kenneth Kaunda whom the Rockefellers considered the most "sympathetic" of the front-line states. Vance's lies in early 1977 that Zaire copper mines were threatened by Cuban raiders from Angola incidentally lent artificial support to the international copper price, as have repeated warnings of an extended U.S. copper miners' strike when the current contracts expire this July. Most informed sources admit that given the global recession and the drop in the copper demand, only such a U.S. strike can save the price. These same sources also admit that if such a strike is carried out, it will be with the complicity of the corporate executives.

Indeed, at the present time, most copper in the world is produced at costs above the selling price — with the Wall Street need for the Third World to pay their debts as the determining factor in continued sales to get foreign ex-



change. The differential in the production and sale prices is made up through cannibalizing the local work force. (See also Executive Intelligence Review No. 1, "Anatomy of the GE-Utah Merger").

#### *Mining Company Control in Southern Africa*

##### **ZAIRE:**

According to the *Congressional Record* of July 16, 1971, Rockefeller agent George W. Ball has had a long and dirty history of interest in Zaire. This source reports that in the 1959-60 period Ball and Marcus Wallenberg, then vice chairman of the Stockholm Enskilda Bank, together advanced the interests of a joint American Swedish combine, the Grangeberg Industries Complex, to cover for their take over of what was then the Congo. The President of Grangeberg was Bo Hammarskjold, brother of the late Secretary General of the UN. Bo relied on the financial support of Wallenberg and the legal footwork of Ball's law firm (Cleary, Gottlieb — which presently represents the Asian Development Bank — ed.) to "reshape the structure of power" in the Congo. The prize was the mineral-rich Katanga Province whose mining industry was under the control of the Societé Général de Belgique. Utilizing a UN "rescue" mission, the Bildérbergers achieved their imperialist designs, forcing the Belgian interests to grant major concessions to the Rockefeller and Swedish GIC.

Atlanticist Giscard's more recent incursions into the area recently prompted the Belgian Foreign Minister M. Van Elslande to warn Giscard "and the interests he is fronting for" to stay clear of Belgium's traditional interests in the region, a reference to the increased French BRGM explorations in the area and the AMAX, Imetal, RTZ and others lurking in the background.

In 1974, \$1.2 billion, or 90 percent of Zaire's export earnings came from minerals, with 68 percent or \$836 million of this copper, \$144 million in cobalt, \$60 million in diamonds, and \$49 million in zinc. Zaire presently produces 57 percent of the world's diamonds. Last year Zaire was the world's sixth largest copper producer with 442,000 metric tons.

The expropriation of the Union Minière du Haut Katanga in 1967 began the period of "Zaireanization" which facilitated the debt collection process by the Wall Street and allied banks by centralizing the export earning industry under the control of Rockefeller puppet Mobutu. Zaire's diamond operations were nationalized in 1974. Although the state has a monopoly over most operations, it has granted approval for two private foreign copper consortia: Societe de Development Industrielle et Minière de Zaire (Sodimiza) led by Neppon minerals and composed of eight Japanese companies, and Societe Minière de Tenke-Fungarum (SMTF) with Amoco (US) 28 percent, Mitsui 14 percent, BRGM (FR) 3.5 percent, Charter Consolidated (controlled by Anglo-American) 28 percent, Leon Tempelman and Co. (US) 3 percent, Omnimines (FR) 3.5 percent and Zaire 20 percent.

Zaire's 100 percent owned Generale des Carrieres et des Mines du Zaire (Gecamines) produces 90 percent of the nation's copper, and according to World Bank sources, in spite of nominal independence from Belgium, nearly 100 percent of the Zaire copper product is shipped

to the Societé Générale de Minière at Antwerp, which held the original Congo Francise. Gecamines still actively recruits skilled mining technicians from SGM. The military situation has resulted in a suspension of SMTF operations since January 1976, which was scheduled to produce 150,000 tons per year.

Gulf Oil, which has come under increasing pressure from Rockefeller networks led by John J. McCloy, Jr. in the U.S. partly as a result of Gulf's agreement with the Angola government to continue paying royalties for its oil operations in Cabinda, leads a consortium in Zaire's first productive offshore petroleum field.

The internal economic situation in Zaire continues to deteriorate, with even the 40 percent devaluation having little effect on export earnings. The IMF, in collaboration with several Wall Street and European banks, effectively runs the internal economy, which at this point is held together largely through Rockefeller's French and Chinese occupying armies aided by various CIA operations.

##### **ZAMBIA:**

The Zambian economy, although since 1970 51 percent of all mining has technically been nationalized, is completely dominated by AMAX and the Anglo-American Corp. of South Africa. Copper and its mining derivative, cobalt, represented over 90 percent of Zambia's 1974 export earnings of nearly \$1.5 billion. All copper mining in Zambia developed from concessions granted in 1922 to Anglo-American and Roan Selection Trust (now wholly owned by AMAX). The Nchanga and the Roan Consolidated Mining Companies produced four-sevenths and three-sevenths respectively, of Zambia's 709,000 metric tons of copper in 1976 ranking fifth in world production. Nchanga is owned 49 percent by Oppenheimer's Anglo-American Group interests, while Roan is held 20.4 percent by AMAX, 12.25 percent by the Anglo-American Group, and 16.75 percent by various allied private investors. Zambia's 709,000 metric tons of copper in 1976 ranked fifth in world production.

With copper ranging from 46 cents per pound in 1970 to a record \$1.52 in April 1973, then back to 53 cents in early 1976, but presently at approximately 60 cents, Zambia is directly at the mercy of this precarious international commodity price (largely determined by Rockefeller manipulations *outside* of Zambia) and an international demand which has been crippled. Thus, there were current account surpluses in 1970, 1973, and 1974, and deficits in 1971, 1972, and 1975. Significantly, the 1970 export of 684,000 tons was valued at 681.4 million k., with 1974 exports of 673,000 tons representing only 471.1 million k. The 20 percent devaluation in July 1976 with the dramatic rise in U.S. purchases of refined copper in that year helped stabilize the crisis in the internal economy, somewhat increasing the Zambian ability to service Wall Street's debts. Meanwhile the comparative production figures for Zaire and Zambia indicate a decision to triage and militarize the former, while attempting to salvage the latter.

##### **NAMIBIA:**

Minerals represented 60 percent of Namibia's \$600 million 1974 export earnings, with diamonds, wholly

produced by Oppenheimer's controlled DeBeers Consolidated Diamond Mines, representing most of the value. The Tseumeb mine, the second largest export earner from zinc, lead, and copper production, is owned 30 percent by AMAX, 35 percent by Newmont, and 14.5 percent by Selection Trust. The Rossing uranium mine, controlled by RTZ's 45.2 percent participation, is the world's largest deposit of uranium, although concentration in the ores is low. In addition, Falconbridge operates a copper-silver facility at Oamites; Consolidated Gold Fields (UK) manages the S.W. Africa Co., Ltd.; and the Anglo American Group's Johannesburg Consolidated Investments (S. Afr.) operates the Otjijase copper mine.

#### RHODESIA:

Since the Unilateral Declaration of Independence in 1965, specifics of Rhodesian mining operations are difficult to obtain. The industry is generally comprised of numerous small private companies and subsidiaries of a few large corporations, most of which are incorporated outside of the country. Most of the coal operations are controlled by Anglo-American, with RTZ reportedly operating a coal liquefaction project to enable the country to be independent of oil imports. Chrome is produced by Rio Tinto (Rhodesia), Union Carbide Rhomet, African Chrome Mines, and Rhodesia Chrome Mines, Ltd. Copper is produced largely by Lonrho (through the Coronation Syndicate); Messina (partly controlled by the Anglo-American Group through Messina Transvaal Development and Messina Rhodesia Investments). Gold is mined by Union Carbide; Anglo-American Corp.; the Coronation Syndicate; and Falconbridge. Nickel production is controlled by Rio Tinto (Rhodesia), Anglo-American's JCI, and the Rhodesia Nickel Corp.

#### BOTSWANA:

Originally brought under British control by Cecil Rhodes in the late 1880s to secure the "Cape-to-Cairo" route from threats by Germany to link S.W. Africa to the allied Boer Transvaal State. Botswana is relatively insignificant in terms of mineral production, with mining representing 40 percent of 1974 GDP, or \$78 million. The most significant export in 1974 was diamonds valued at \$44.8 million exclusively controlled nearly 50-50 by DeBeers and Botswana. The other significant mining operation, the Banangwato Concessions is held by Botswana RST 85 percent, which in turn is owned 29.8 percent by AMAX, and nearly 40 percent by the Anglo-American Group. Most of the copper-nickel-cobalt matte is shipped to AMAX's Port Nickel in Louisiana for refining.

#### SOUTH AFRICA:

In 1974, mining industries represented 17 percent (\$5.9 billion) of SNP and 57 percent (\$4.9 billion) of export earnings, with gold exports representing \$3.8 billion, or 44 percent of exports. Over 40 percent of the gold is produced by Oppenheimer's Anglo-American Corp. In 1974 South Africa produced 23 percent of the world's antimony, 25 percent of the chromite, 20 percent of the diamonds, 64 percent of the gold, 19 percent of the manganese ore, 35 percent of the platinum group metals, 13 percent of the uranium, and 43 percent of the vanadium.

Anglo-American Corporation produces approximately 40 percent of the gold and dominates the diamond and coal production among other significant ores. The giant Palabora copper-uranium mine near the Mozambique border which is owned 38.9 percent by RTZ and 28.6 percent by Newmont produces nearly half of all the Republic's copper, from which Newmont alone made sales of \$51.5 million in 1976. The remaining copper production is largely shared by O'Kiep (Newmont. 57.5 percent, AMAX 18 percent), Prieska copper (U.S. Steel 46.15 percent), Anglovaal 50.15 percent, and Phelps Dodge's mines near Aggeney. Chrome is dominated by Union Carbide, General Mining (S. Africa), British Steel Corporation and Anglo-American's JCI, with manganese production controlled by Anglovaal (S. Africa) Associated Manganese. Consolidated Gold Fields of South Africa (also a major gold producer), which is owned 49 percent by Consolidated Gold Fields (UK) and 11 percent by the Anglo-American Group's Anglo-American Gold Investments, controls the major Rooiberg Tin operation.

#### *Marching to Pretoria*

#### *The Strange Case of Mr. Sam Harris*

Mr. Sam Harris, head of Wall Street Lawyers for Carter, and a director of Rio Tinto Zinc which his law firm represents, provides a useful referent for the geometry of the corporate-private intelligence networks which coordinate Rockefeller policy in Southern Africa.

Harris served in Military Intelligence during WWII where he interfaced the operations of the Rockefeller-funded Tavistock Institute's H.V. Dicks. With the German surrender, he was deployed under the aegis of John J. McCloy to Nuremberg as part of the U.S. legal staff charged with protecting the Anglo-American intelligence networks within the Nazi High Command around the old British agent, Admiral Canaris.

From his base as senior partner in what was shortly to be called Fried, Frank, Harris, Shriver and Kampelman, he functioned as counsel, coordinator and liaison for networks allied to the so-called Die Spinne Nazi network and related Rockefeller-Rothschild "black" operations.

Sargent Shriver, who directed the CIA's soft-cop Peace Corps, and Peace Corps General Counsel William Josephson joined the Harris firm in the late 1960s. The Peace Corps had actively participated in the fascist Chile coup, coordinated by Nathaniel Davis and Felix Rohatyn, and had set up an elaborate network in Asia and Africa. Josephson was later to testify in favor of Davis' nomination to be Under Secretary of State for African Affairs. The appointment of this South American butcher to head African operations was so tasteless that even the chief of Zaire's cannibal armies, Joseph Mobutu, revolted, and Davis was sent off to be Ambassador to Switzerland.

On November 14, 1976 the Yugoslav newspaper *Vjesnik* endorsed Italian accusations against Davis charging him with channeling hundreds of millions of dollars into Italy and other European nations in support of NATO's fascist "Ustashi" gangs. The article specifically targeted an October 30, 1976 meeting in Berne where plans were hatched by Davis for a Chile-style coup in Italy. According to this same source former U.S. Ambassador to Italy John Volpe was coordinating the on-the-spot operations.



Through Josephson, Harris was sent to act as legal advisor to the notorious Kaplan Fund, which *Newsweek* had identified as a CIA conduit in 1967. The Kaplan Fund recently conduited thousands of dollars to an environmentalist group, Friends of the Earth — which was established through the World Federalists, an Anglo-American intelligence structure set up earlier by Norman Cousins (OWI) and CIA London station chief, Cord Meyer, Jr. It was through FOE that Harris chose to leak the internal documents of RTZ's Australian subsidiary, Kathleen Uranium, which detailed the now-famous uranium conspiracy (See EIR No. 4). This operation, which according to papers filed in court by the Westinghouse Company was specifically coordinated by Sam Harris out of RTZ, was an elaborate international plot to regulate production of uranium, raising the international price by 800 percent from 1972 to 1976 and shutting off Australian and Canadian uranium exports, thus channeling enormous revenues to the Republic of South Africa uranium exporters, including RTZ, funding its war economy. Imports of South African uranium into the U.S. for domestic use, in violation of the AEC ban, and the eventual lifting of that ban, were arranged through Felix Rohatyn's Engelhard Minerals Company, largely owned by Anglo-American Corp. of South Africa. Additionally, the Australian FOE was used to penetrate the Australian mining and railway unions to organize against uranium production and exports.

To protect the RTZ ownership of the world's largest uranium mine, Rossing in Namibia, and Rockefeller interests generally in Southern Africa, Harris deployed the Congress of Racial Equality (CORE), which his law partner Robert Prieskel had represented and helped organize, to actively recruit mercenaries to fight with the CIA's UNITA and Zaire's cannibal FNLA gangs in Angola against the MPLA. CORE, which evolved out of the Fabian "pacifist" Fellowship of Reconciliation, had

earlier run race riots in the U.S. during the halcyon days of the 1960s "Civil Rights Movement" and, under SNCC cover, launched racist agent Stokely Carmichael on a career which was to take him to Guinea to profile African leaders.

Immediate intelligence cover for the RTZ-AMAX-Newmont-Anglo-American investments in Namibia is consolidated under the supervision of former IRA terrorist and Anglo-American intelligence agent Sean McBride who until January 1977 headed the U.N. Commission on Namibia. He worked very closely with Thomas Frank (a member of the Tavistock Institute, a NYU Law Professor, and head of the Carnegie Endowment's International Law Program), along with the Institute for Policy Studies' Peter Weiss, and Leonard Boudin (Weather Underground controller and head of the terrorist attorneys in the Emergency Civil Liberties Committee, which is funded by Corliss Lamont, son of Morgan Bank's Newmont associate and Anglo-American Corp. founder, Thomas Lamont). Boudin represented *Race and Class* editor Eqbal Ahmad when the latter was charged with terrorist activities during the 1970s in the U.S.

Sam Harris' law partner Patricia Harris, Carter's Secretary of Health, Education and Welfare, a black soul-sister of Stokely's and director of Chase Manhattan Bank and IBM (IBM makes most of the identification cards which must be carried by all black South Africans), is also a director of the Twentieth Century Fund along with Columbia professor Charles V. Hamilton. Hamilton authored *Black Power* with Carmichael. Carmichael is presently deployed to build a "Pan-African National Socialist" (sic) movement of American blacks to set up race rioting in the U.S. in programmed reaction to the slaughter Harris is preparing for "brothers and sisters" in Africa.

—Alfred Ross

## Japanese Businessmen Turn To Soviets And Europe

A major delegation of Japanese industrialists arrived in Washington Tuesday for meetings with U.S. business leaders and key Carter Administration officials including Energy Chief James Schlesinger and Treasury Secretary Blumenthal. The Japanese, led by Toshio Doko, head of Japan's big business federation, are using the meetings to deliver a firm warning to the U.S. — either the Carter government stops trying to sabotage Japan's independent development of atomic energy or Japan will look to other nations for help. The first nation on that list will be the Soviet Union.

Doko made his intentions clear by announcing that immediately after leaving America he would spend three days in Moscow beginning June 21. "Informed sources in Tokyo," reports the June 14 *Asahi*, said that Doko is expected to negotiate with the Russians on the conclusion of a *private* atomic energy agreement between Japan and the USSR. The proposed agreement is aimed at the exchange of technology, information, and specialists in connection with the peaceful use of atomic energy. An energy agreement would greatly promote the export of Japanese atomic power generating equipment to the USSR. Even more significant, the *Asahi* reports, "the Russians are said to be considering supplying Japan with enriched uranium as collateral for the Japanese equipment." Japan now depends solely on the United States for its enriched uranium — the threatened cutoff of which the Carter government has used as a gun at the head of the Japanese in the joint negotiations.

What is especially diabolical about Doko's Moscow trip is the Japanese emphasis that the energy agreements be kept on a private level, effectively blocking the strong pro-American elements in the Fukuda government from sabotaging the talks. Doko is attending the Moscow meetings officially as the vice-president of the private business group, the Japan Atomic Industrial Forum. Together with Kazuhisa Mori, secretary general of the Forum, Doko will confer with Russian leaders in the energy field including Chairman Andronik M. Petrovskyants of the Soviet State Committee for the Use of Atomic Energy. Doko will also attend an international congress on electric sciences — one of whose main topics will be the development of fusion power. Along with the energy issue June 10 *Asahi* reports, Doko will also discuss "economic cooperation centering around the development of Siberia" with Soviet leaders, including quite possibly Brezhnev who Doko met with last fall.

Doko's planned trip to Moscow will come on the heels of the current visit to the Soviet Union by Japanese Labor Minister Hirohide Ishida, who is also head of the Japan-Soviet Parliamentary Friendship Committee. Ishida, who is also in the Soviet Union on an "unofficial basis," was warmly received by Soviet Premier Alexei Kosygin

who met with Ishida for an hour and a half. Kosygin "who seldom jokes," according to the *Yomiuri's* Moscow correspondent, "often joked with a smile" when meeting Ishida.

During the meeting Ishida proposed the establishment of a joint Japan-Soviet ministerial conference which would discuss economic cooperation between the two nations, while the Soviet Premier reiterated the need for a peace treaty between Japan and the USSR.

Japanese political commentators, especially in the generally pro-detente *Yomiuri*, are now openly speculating that Ishida's trip could lay the basis for an actual peace treaty between Japan and the Soviet Union sometime very soon. Until now both sides have been deadlocked over a dispute concerning the ownership of four islands off the coast of northern Japan. Although the Soviet Union claimed during the recent heated fishing dispute with Japan that it would not discuss the reversion of some or all the islands to Japan, the Russians have made it unmistakably clear in the past that they are indeed willing to negotiate. The recent outcry in Japan's press over the issue has also convinced the Soviets that concern over the islands is not limited to only a few bitterly anti-Soviet rightists but that the problem has to be dealt with politically.

According to the *Yomiuri*, Ishida hopes to get an understanding with the Russians to return two of the four smaller islands close to Japan, while the other two islands would be governed under joint Japan-Soviet agreement. In return for a Soviet compromise on the issue, the Japanese would agree to a massive joint development of Siberia's vast economic resources. Not surprisingly, Ishida, before visiting Moscow, held a meeting with Doko.

*Kosygin: "Thank You Mr. Brzezinski"*

The Soviet Union's current interventionist policy toward Japan, which began immediately after the conclusion of the fishing agreement when Soviet Deputy Trade Minister Patolichev visited Tokyo, signals a major shift in Soviet thinking. The Soviets in the past have viewed the Japanese as virtual puppets of Washington. According to one U.S. Japan expert, "the Soviets see the U.S.'s relationship with Japan the same way we see Russia's relationship with Latvia."

The Soviet Union's sudden shift in its understanding of Japan is a direct result of the blundering of U.S. policy, particularly over the energy question. Japan's absolute refusal to back down in the face of U.S. attempts to stop Japan from developing independent nuclear reprocessing facilities has broken Russian myths about Japan's malleability. Equally significant, Japan's pro-U.S. pre-

mier Takeo Fukuda has been virtually stopped by big business from carrying out an anti-Soviet peace treaty with the Chinese this summer. Business opposition to the treaty means that the Japanese have rejected pressure from U.S. Secretary of Defense Brown, NSC strategists Zbigniew Brzezinski and James Schlesinger to use Japan's technology to develop the Chinese military capability. Small wonder Kosygin is now smiling.

#### *Other Options*

Besides the Russians, Japan is also making significant overtures to the Middle East and Europe. Under the leadership of Japan's strong pro-industrialist Ministry of International Trade and Industry (MITI) a consortium of Japanese firms from the Mitsubishi group and Saudi companies will build a \$1.7 billion petrochemical complex in Saudi Arabia. The Japanese government will supply one quarter of the funds for the project.

Japan's growing relationship with Europe was reflected in an interview in the June 11 *Mainichi* with Geoffery Owen, deputy director of the British banking-linked *Financial Times* of London. Owen, abandoning standard British hysteria over Japanese exports to Europe, stressed that Japan's success is not based on cheap dumping tactics but the highly capital intensive nature of Japanese industry, which Britain should try to match. After praising the role of MITI, the bureaucratic center of resistance to Rockefeller in Japan, Owen suggests that "if Japan imports some quite significant items such as airplanes and machinery from the United Kingdom or France instead of the U.S.," Europe would receive an enormous "psychological boost."

The European attempted "wooing" of Japan away from the U.S., combined with Japan's own initiatives with the Soviet Union and Saudi Arabia, has given Japan's big business leaders room to "outflank" the U.S. over the energy issue at the Washington talks. The head of the Japanese sub-committee on energy for the Washington talks is Sohei Nakayama, a senior advisor to the industrialist-linked Industrial Bank of Japan and the leader of every major business effort to develop independent Japanese oil consortiums and supply agreements free from any Rockefeller control. Nakayama is the major behind-the-scenes business leader in all of Japan's overtures to the Middle East and Saudi Arabia in particular.

#### *The Fukuda Question*

Japanese business's international moves are also reflected in the internal political situation in Japan — in particular in the way business is now viewing Japan's current pro-Rockefeller premier, Takeo Fukuda. In the

past two weeks Fukuda has been put on a tight leash, most evident in his virtual dropping of any talk about Japan concluding an anti-Soviet peace treaty with China. (Most business leaders badly want a Japanese peace treaty with both the Chinese and the Soviets, but until the Chinese modify anti-Soviet demands which they continue to want incorporated in a peace treaty, the talks will remain deadlocked.)

The results of the Upper House elections, now scheduled for July 10, are crucial for Fukuda and the big-business backed ruling Liberal Democratic Party. Should the LDP lose the elections badly, Fukuda could well be replaced. However if the LDP manages to maintain its majority or lose only a few seats, as is now thought likely, business, rather than risking a prolonged and chaotic struggle for a replacement for Fukuda, would prefer to keep Fukuda as premier but with a completely reorganized cabinet.

The key figure in such a reorganized cabinet would be LDP leader Yasuhiro Nakasone who has strong MITI support. Nakasone, a leader in Japan's effort to expand economic cooperation with the Soviet Union, especially in the energy field, is now sending signals to Fukuda that he may be willing to participate in a reorganized Fukuda cabinet.

Nakasone is also known to have extensive ties to Sohei Nakayama through their mutual ties to the Japan Line-Industrial Bank of Japan group, which has been at the center of the fight to create an independent Japanese oil multinational to pump and ship oil from the Mideast. Japan Line, a shipping firm, would deliver the oil to Japanese ports. It is believed that Nakasone, as MITI head during the Rockefeller-multi provoked "oil crisis" of 1974, used his influence with the U.S. multitis to stop them from interfering in the Japanese attempts to acquire access to oil sites in Abu Dhabi. It is speculated that Nakasone canceled a plan by MITI to regulate the price of all oil coming into Japan during the crisis — a move which would have cut off some big speculative profits the majors were then making — in exchange for an easing up of the majors' pressure over Japan's Abu Dhabi adventure.

Now, in a classic Rockefeller intelligence operation, the staff of the U.S. House Ethics Committee is using the cover of an investigation into the economic activities of alleged Korean influence peddler Tongsum Park to launch an investigative fishing expedition against the Japan Line and the Industrial Bank of Japan. Reportedly, the Ethics Committee will summon the two companies to surrender documents which it claims are necessary for the Tongsum Park investigation, according to the June 16 *New York Times*.

# Carter's Colombian Drug Bonanza

## COLOMBIA

*The following is the first in a series of articles on Colombian agriculture and industry.*

Colombia's principal foreign exchange commodity is no longer coffee, which during last year's so-called "bonanza" brought in a mere \$2 billion in revenues. The real bonanza is drugs, which in 1976 netted Colombia over \$3 billion, according to the *Latin American Commodities Newsletter*. As a result, acreage that was once feeding the Colombian working population with wheat and corn is now sown with dope, leaving the nation's agriculture on the brink of collapse, in an effort to pay Colombia's debts to U.S. banks.

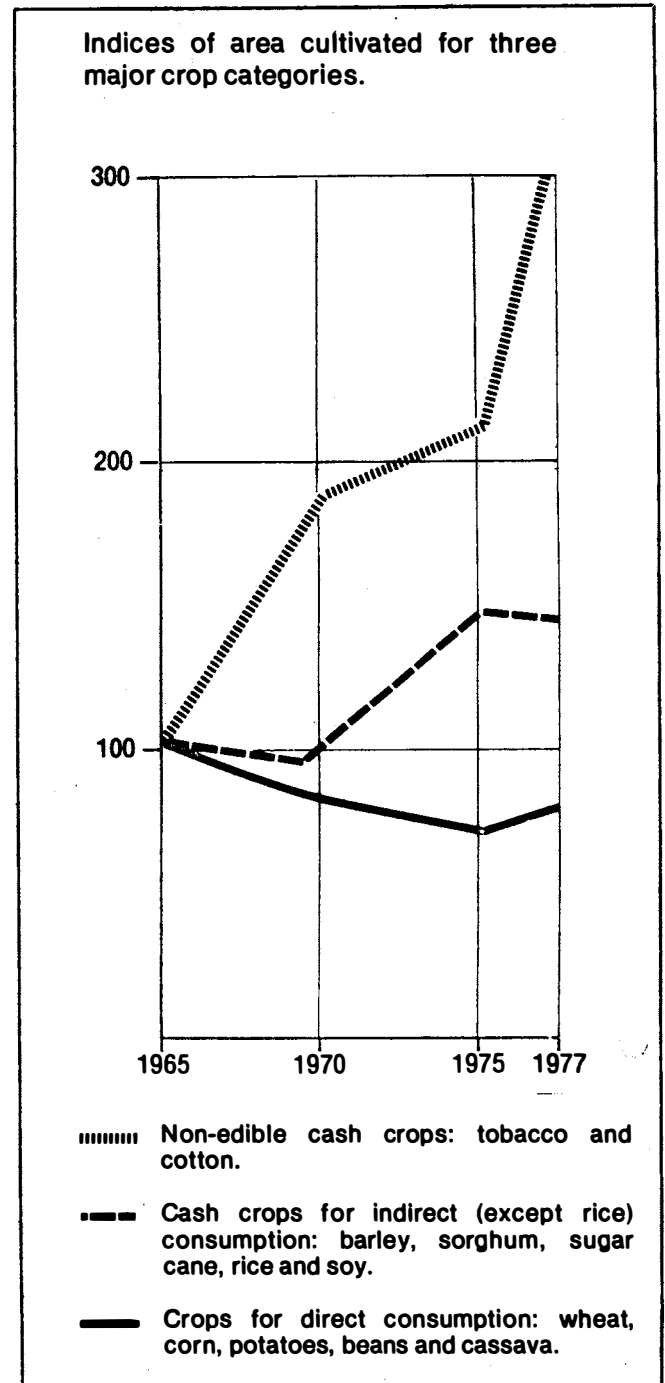
In response to the Carter Administration's drug-pushing policies, and in anticipation of the legalization of marijuana in the U.S., Colombia is now being swept with a rush into drug cultivation. According to interviews with peasants, a recent raid on a 1500-hectare marijuana plantation in the Guajira peninsula, which was equipped with modern sprinkler irrigation networks, was a mere drop in the bucket. The entire province is planted with the drug. Peasants are paid 200 pesos a day to work these pot farms, compared to the 80 pesos peasants are earning on the "highest-paying" cash crop farms. Even the fishermen along the northern coast have abandoned their vocation, using their small boats instead to transport tons of "yerba" to ocean-going freighters offshore. Throughout the northern part of the country, a reported 10,000 families are dependent on the drug traffic, and according to the *Commodities Newsletter* article, which was also reported in the *London Times*, the Colombian government itself is directly involved in the effort to transform marijuana into a major cash crop. Government researchers are reportedly developing a new "high-yield" strain of the plant in anticipation of massive, legal exports to the U.S.

This "pot boom" is the lawful conclusion of a process of Rockefeller-directed "triage" against the production of essential foodstuffs since the 1960s in favor of large cash crops, followed by a rapid shift during the past two years into non-edible produce — particularly cotton, tobacco, and now, drugs.

### *The Deliberate Destruction of Production*

From the Rockefeller perspective, the objective of increasing Colombia's output is not to feed people, but to pay the nation's debt to Wall Street banks. Under policies dictated by the Rockefeller Foundation, which set up the Instituto Colombiano Agropecuario (ICA), the govern-

ment entity responsible for *all* food crop research, the total area planted in five of the major food staples in the national diet declined by 25 percent between 1965 and 1975. (See graph.)



Total acreage sown in corn, for example, the mainstay of the average diet and by far the most extensively cultivated crop in Colombia, dropped by approximately one-third during this ten-year period, with total production diving by a similar proportion. The harvesting of wheat is rapidly being eliminated altogether, with output today almost 75 percent below 1962 levels.

The result has been a net deterioration in the average diet. The loss of almost 250,000 tons of corn and wheat per year is supposedly compensated by increased output of crops suitable for backwards minifundios and requiring no capital inputs, such as potatoes, frijoles, and yuca. The most rapidly increasing of these three substitute crops, yuca, which is now a major staple, is nutritionally worthless. Nor have imports compensated for the loss of corn and wheat, since foodgrain imports are only equivalent to about 5 percent of total production.

On the other hand, during the same 1965-75 period, the total area cultivated with five of the main food cash crops — rice, barley, sorghum, refined sugar, and corn — has increased by 40 percent. Although Rockefeller apologists point out that rice is an item of immediate consumption, in fact expanded rice output has not resulted in a higher nutrition level for the bulk of the population. To the extent it is not being exported or, even more widely, smuggled out of the country, it is being used as a wheat substitute in such commodities as flour — representing a net qualitative decline in the diet.

A third category of agriculture produce — non-edible cash crops — has enjoyed a similar boom at the expense of basic foodstuffs. While total area planted in coffee, a special case, has remained constant, cotton acreage multiplied by almost two-and-a-half times between 1965 and 1975. In 1976 it jumped by another 10 percent, as cultivated area in rice and soy fell off sharply. This year, cotton acreage is expected to soar by another 45 percent. Meanwhile, tobacco area is also reported up by 20 percent for 1977.

It is likewise cash crops that have received what little capital inputs have gone into Colombian agriculture. Cotton and sugar cane have the highest percentages of area mechanized, over 80 percent, in contrast to yuca, potatoes, beans and corn, which are less than 15 percent mechanized. Further, except for potatoes, food crops receive almost no fertilizer.

In 1975, even these meager inputs began to decline. Yields in rice, sugar, barley, and soy fell by 10 to 15 percent during 1975 and 1976, along with simultaneous drops in area planted, as Rockefeller began to force bankrupt growers into cotton and marijuana. The sudden leap in cotton acreage in 1976 and 1977 parallels a similar dash into the drug trade.

#### *The Black Market and Starvation*

The fomenting of Colombia's black market, one of the most extensive smuggling operations in the world, has been key to the monetarist looting of the agriculture sector. Millions of tons of produce are smuggled out of the country each year to generate the foreign exchange needed to finance the country's growing debt. Estimates on the extent of this operation have placed the value of smuggled produce — primarily to Colombia's two oil-producing neighbors, Venezuela and Ecuador — as equal

to that of goods *traded legally* throughout the whole economy. An estimated 3 million head of cattle are smuggled into Venezuela alone each year.

This is not the work of a quaint, indigenous mafia. It is an operation headed by local intimates of the Rockefeller family who have been running drugs through Rockefeller's "Black International" networks for decades. Above board, these same smugglers comprise what passes for the Colombian government, under the nominal patronage of Wall Street's stooge, President Alfonso Lopez Michelsen. The fact that the black market mafia and the major bourgeois parties are one and the same was revealed when alvarista Agricultural Minister Nognera recently attempted to assure the public that he knows for a fact that smuggling is not as widespread as reported; he is in a position to know, he said, since he is a close acquaintance of most of the smugglers!

Lopez officially abets the black market by making legal exports prohibitive, under the rhetoric of guaranteeing sufficient domestic supply. With his most recent measure, legal exporters are forced to freeze their foreign exchange earnings in Central Bank accounts for 90 days, leaving growers with no alternative but to turn to smuggling.

The ultimate result of this monetarist atrocity is the destruction of Colombia's most valuable resource — its labor power — through starvation. Even according to official statistics, which are constantly doctored, daily average caloric consumption has dropped from 2350 in 1957 to 2100 in 1974 — and this process has accelerated up to the present time, as FAO statistics continue to show a decline in absolute food production per capita. A study by the U.S. Department of Agriculture revealed that between 1950 and 1970, per capita annual consumption of

#### Present, short-term and long range potential yields with improved seed and modern technology.

	(Kg. per hectare)		
	Yield 1976	Potential 1979*	Long Range
cotton	1,500	2,100	3,000
rice, irrigated	4,300	5,000	7,000
barley	1,500	2,000	3,200
beans	700	1,000	2,000
corn	1,300	3,000	4,500
potatoes	13,200	15,000	30,000
sorghum	2,400	2,900	4,000
soya	1,900	2,600	3,000
wheat	1,300	2,000	3,500

Sources: USDA, Ministry of Agriculture, FAO and the Society of Colombian Agriculturists (SAC).

\* Defined by the SAC as "immediate goal"

beef fell by more than 25 percent, while consumption of pork plunged 30 percent. At the same time, the proportion of starches and carbohydrates in the average diet is increasing, as animal protein consumption continues its downward spiral. Already, unofficial estimates place per capita caloric intake at 1800 — the “Africa” level, at which normal biological resistance to most diseases is impossible.

#### Stopping It

The first step in putting a stop to destructive drug cultivation is to stop Carter. Colombians must make it clear to the White House that the intent to legalize marijuana and cocaine in the U.S., a flagrant violation of the 1961 Single Convention, will not be tolerated.

Simultaneously, the Colombian working class, peasantry, and farmers must be mobilized behind a broad agrarian development program. The driving conception behind such a program must be the eventual transformation of the country's peasantry into a modern, skilled, and culturally advanced industrial labor force capable of carrying out a long-range industrialization program on a regional basis, as outlined by the Comites Laborales Latinoamericanos in the recent draft titled, “Why Venezuela Must Double Its Oil Production.” Agricultural development is the *means* by which a decreasing proportion of the country's working population will supply the economy as a whole with a constantly improving diet, thus freeing labor power for industrial development.

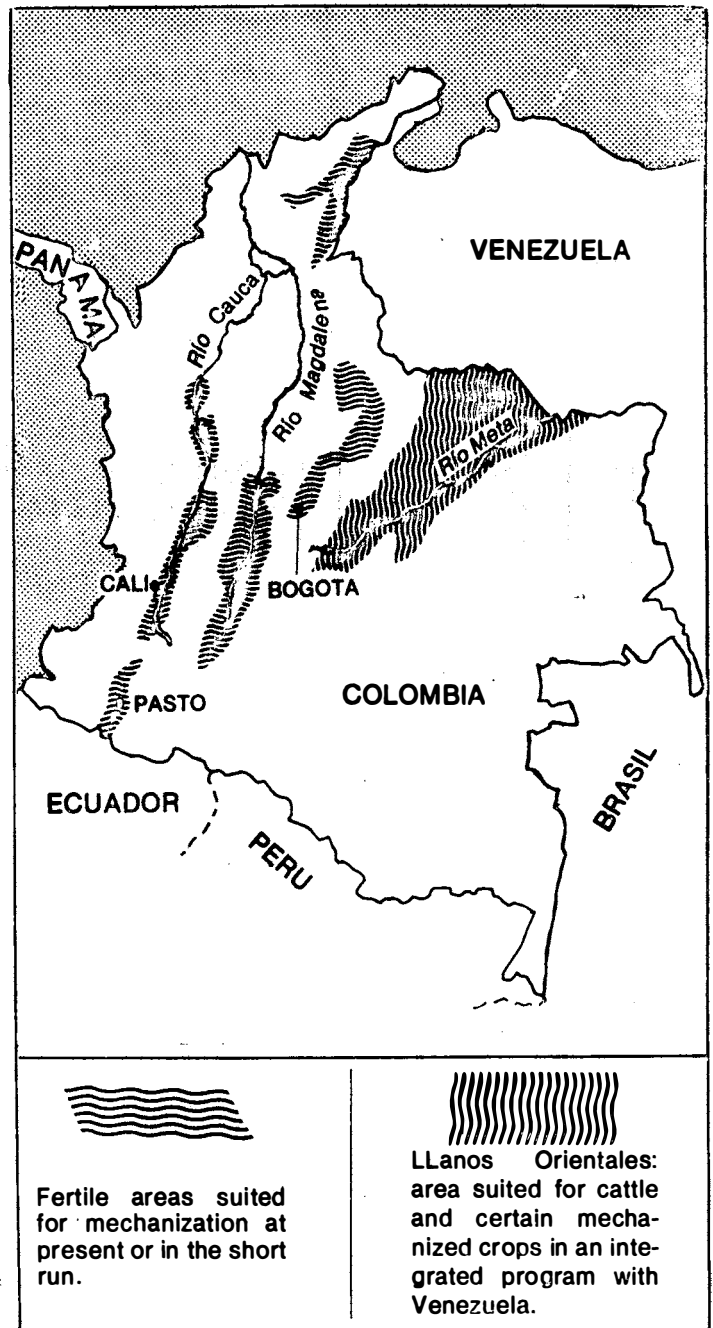
According to studies by the FAO, the U.S. Department of Agriculture (USDA), and the Sociedad de Agricultores de Colombia (SAC), measures within immediate access of the Colombian economy would permit an increase of total agricultural production by approximately 50 percent within roughly three years. The necessary steps are as follows:

- 1) A campaign for mechanization would very rapidly increase yields per hectare on presently cultivated land by as much as 50 percent. (See Table for potential yields.) To increase the present ratio of 1 tractor for every 150 hectares to 2 tractors-150 ha. would require an investment of about \$160 million, doubling the present total of 31,000 tractors.

- 2) Fertilizer consumption must be increased from the current 200,000 tons to 500,000 tons by 1979, through a program to develop Colombia's significant deposits of phosphates, and by accelerating the integration of the Andean Pact petrochemical sector.

- 3) All primitive minifundio farming, which now accounts for over 60 percent of agricultural produce, must be eliminated through a policy of encouraging modern cooperatives.

- 4) These policies will enormously increase productivity merely on the land that is now under crop cultivation. Beyond 1980, new areas can begin to be incorporated into total crop production. According to various studies, cultivated land can be almost doubled from the present 3.3 million hectares to approximately 6.4 million, through more efficient crop rotation and the conversion of 10 percent of the vastly underutilized 20 million hectares of pasture located in the central region of the country. These studies indicate that such expansion



could occur primarily in areas already classified as the most fertile and mechanizable. Particular emphasis must be placed on the upper Cauca valley (see map), the most advanced agricultural area in Colombia. With this increase in area, total production can be almost tripled provided adequate capital inputs.

- 5) With slightly modified practices beef production can be increased by more than 30 percent by 1980. By increasing the amount of artificial pasture — now only 30 percent of total grazing area — and implementing a concerted sanitation program, the vast plains of the Meta river area alone can eventually hold 11 million head of cattle, or 10 times the present amount. (See map.)

- 6) The Llanos Orientales, consisting of approximately 30 million hectares, must become part of an integrated cattle development program with Venezuela that will

undermine the production shortages which spur contraband.

7) Finally, credit for the agrarian sector must be dramatically increased and oriented exclusively toward increased production. Refinancing of accumulated debt must be stopped, and debts to farmers affected by floods and drought must be repudiated. Most urgently, not a further cent of Colombia's revenues from the coffee "bonanza" must be allowed to pay off dollar-denominated foreign debt, nor to support monetarist agencies

such as the World Bank, the IMF, and the BID. Lopez' traitorous policy of "freezing" coffee revenues — the same trick Wall Street agents have attempted in Venezuela with petrodollars — must be reversed.

An exclusively "agrarian" approach will not solve the agricultural problem. Nor will increased produce prices and police measures stop the cancerous growth of the black market. The only solution is regionally-integrated expanded production on the basis of the implementation of the most advanced agricultural technology.

## Rosalynn Takes Carter Diplomacy To Latin America

Of all the statements made by Rosalynn Carter during her tour through seven Latin American countries, the one, "I am glad I'm a woman," was probably the closest to the truth. If she weren't, her governmental hosts would never have tolerated the deliberate and provocative statements she issued on behalf of the Carter Administration. As it was, she managed to get — with the help of scurrying U.S. diplomats and the U.S. press corps — only meagre coverage and a response of toleration.

A shrewd Rosalynn did manage to extract the propitiation of, notably, the Peruvian government. The smile on the face of Foreign Minister Jose de la Puente remained fixed throughout Rosalynn's remarks that both she and the President were "concerned" about Peru's scheduled purchase of Soviet planes. She deftly used the issue to keep relations between Peru and Ecuador heated.

The decision to buy the planes from the Soviets was made last year on the economic basis of the extremely easy terms of purchase, a primary concern for debt-strapped Peru. Since the agreement however, the "ideological implications" imputed to the purchase have been one of the principal means the U.S. Administration has used to bludgeon Peru into imposing the economic austerity measures of the International Monetary Fund and the New York banks as conditions for debt refinancing. Following Rosalynn's departure, the military junta ordered troops into the streets and announced its final approval of those stringent measures. Any opposition will be answered with bayonets.

Rosalynn's comments on the Peruvian plane deal were also tailored to fit her declarations in Ecuador where she encouraged local rivalries with neighboring Peru. By stressing the U.S. Administration's insistence that Ecuador not purchase Israeli planes, she laid the basis for being considered "principled" in Peru. There, she noted to the press that the Ecuadorians — who are not

buying planes — were worried about the possible Peruvian purchase of military hardware. But in Ecuador, Rosalynn got stoned for her services.

In Brazil, Rosalynn was received according to diplomacy by government officials and the press. Prepared for her arrival, however, was a letter from several unspecified "students" for delivery to Carter, protesting the "lack of human rights" in Brazil. Brazilian student organizations and senators were quick to announce that they had no intention of allowing the U.S. to exploit their national problems in order to destabilize the government and limit Brazil's national sovereignty. It was soon widely reported that Terence Todman, who accompanied Rosalynn, had been responsible for "leaking" the information on the letter to the press. When asked about such interference in their internal affairs, Brazilian Foreign Minister Da Silveira stated that "if it is true, it is an extremely grave matter."

The sole purpose of her stay in Brazil was to remind the government, which has so far refused to buckle under to Carter's no-nuclear-energy demands, what U.S. destabilization capabilities are. She met personally with two hirsute missionaries who "protested" their mistreatment in Brazilian jails. Pictures of that meeting were widely publicized by the U.S. press. U.S. Ambassador to Brazil John Crimmins had earlier warned the Brazilians that he "could do nothing to prevent" such publicity from whipping up a large campaign to rectify Brazil's bad "human rights" record.

At the last stop of her journey, Rosalynn was met by Venezuelan President Carlos Andres Perez' wife Blanquita, who promptly complained of "nausea."

Mrs. Carter did not stop in Argentina, a country which reportedly decided that after its experience with Evita and Isabel Peron it had had enough of "women with a whip."



# U.S. Labor Party Report Documents Federal Harassment Of Political Opposition

*Preparatory to Congressional consideration of the new S-1 revision of the U.S. criminal code and proposed foreign intelligence surveillance bills, the FBI and Department of Justice are devoting a good deal of attention to some necessary public relations to the effect that they have "reformed" their earlier illegal tactics of surveillance and harassment of political opponents. The effort however, has been complicated by the fact that the Carter Administration is directing one of the most extensive efforts in recent history to eliminate its political opponents through harassment and Watergate-style frameups.*

*The U.S. Labor Party is one of the chief targets of this attack from the FBI, Justice Department, Federal Elections Commission and assorted other governmental agencies, as well as a cluster of "left," quasi-governmental intelligence networks like the Institute for Policy Studies. The activities of the Justice Department and the FBI are well documented in publicly available FBI files and other documents, which have been requested already by certain Congressional committees now investigating the effect of the "reforms" under the Levi guidelines. The Labor Party has made the following report available to interested investigators.*

## Memorandum On Official Investigation Of Illegalities Of the Carter Administration

Despite illusions to the contrary, the conduct of Executive agencies is far more lawless today than it was in the period before Nixon's resignation. Intelligence agencies were deliberately discredited then in the "Watergate" atmosphere, easing their reconstitution as the instruments of the Rockefeller-associated private intelligence networks. Following the revelations of years of "Cointelpro" operations, the FBI, in particular, was "born again" with a reformed image.

Today, 15 months after the "Levi guidelines" were issued, the FBI has become an outlaw federal police force, a branch of the "left-wing" Institute for Policy Studies (IPS).

The Attorney General and FBI's increasing official illegalities with respect to the U.S. Labor Party is exemplary. At the top of the Attorney General's list of "domestic security" investigations is the National Caucus of Labor Committees (NCLC), the core organization of the U.S. Labor Party. (1) The Attorney General and the FBI facetiously maintain that they do not investigate the U.S. Labor Party, only the NCLC, despite FBI Director Kelley's description of the U.S. Labor Party as "a front group for the NCLC, a violence-prone Marxist organization." (2)

How did the "violence-prone" characterization arise? The FBI first put out the "violence-prone" line in July 1974, trying to cover its tracks after the exposure of an FBI informant who had infiltrated the USLP and run for public office on the Labor Party ticket. (3) The FBI and Justice Department continue to admit no wrongdoing with respect to this incident — they only admit that their informant got caught. (As of June 10, 1977, the Justice Department was still defying a Federal court order to produce certain FBI documents relevant to this USLP case.)

The "violence-prone" slander has been circulated by the FBI to other federal agencies (Secret Service, ER-DA, Federal Elections Commission, State and Defense Departments), and to state and local law enforcement agencies. Through the dissemination of dossiers — much of it inaccurate and falsified information — the FBI has encouraged and justified local police harassment of U.S. Labor Party organizers, usually on such petty trumped-up charges as soliciting or trespassing.

The case of Alan Ogden, currently the U.S. Labor Party candidate for Governor of Virginia, illustrates this process. Ogden has been arrested at least 14 times in the past two years while engaged in lawful political organizing and campaigning in and around Richmond, Virginia. The FBI is known to have circulated a falsified dossier on Ogden to local officials who have carried out the illegal harassment. (4)

### *The "Levi Guidelines"*

After the hearings on illegal FBI activities held by Congress in 1975, then-Attorney General Levi issued a new set of "guidelines" governing domestic security investigations. It is under these "guidelines" that honest FBI officials have found their hands tied when they tried to investigate known terrorists. On the other hand, such restraint has not been present where the USLP-NCLC are concerned.

According to a Justice Department affidavit (5), "these guidelines have governed the ongoing investigation of the NCLC since April 5, 1976. Pursuant to the Attorney General's authorization of August 19, 1976, the current investigation of the NCLC, including the members of its National Executive Committee and National Committee, is a full investigation..."

The Attorney General's August 19 memorandum is a truly remarkable document. (6) Levi admits that the possibility of a violent overthrow of the government by the NCLC is "a very remote possibility" which "does not justify a domestic security investigation under the guidelines." How then does Levi justify the "full investigation" of the NCLC? What follows in the memorandum is a full recitation of the Institute for Policy Studies line



that the NCLC-USLP has attacked members of the Communist Party and Socialist Workers Party, and that the NCLC has conducted "reprogramming" of its own members, with the documentation being 1. a slimy *New York Times* slander article and, 2. as far as can be determined, the fact of exposure of FBI informants by the NCLC-USLP.

This justification is unique in the history of "subversive" investigations! For the first time, a group is being investigated for allegedly attacking "other left-wing groups" and for uncovering FBI informants in its ranks. The Levi memorandum demonstrates clearly the interface between the Justice Department and FBI, and the Institute for Policy Studies networks which are retailing the comparison between the U.S. Labor Party and the "Moonie" brainwashing cult. (7)

#### *Financial Warfare*

Since the 1976 elections, "financial warfare" has been the chief harassment tactic directed against the USLP and NCLC by the FBI, the Federal Elections Commission, and other official and private intelligence agencies.

According to portions of the 5303 pages of FBI files on the NCLC-USLP released under the Freedom of Information Act, the FBI closely surveilled the organization's financial affairs during 1975 and 1976. An FBI report makes note of when the Committee to Elect LaRouche (CTEL) opened a bank account in New York. (8) Another report from San Francisco reported the launching of the CTET matching funds drive. (9)

FBI investigative reports on the NCLC-USLP routinely include financial surveillance, FBI interviews with landlords, telephone companies, the U.S. Postal Service, and other creditors. (10) What the files reveal is a widespread FBI practice of encouraging creditors to put the

financial vise on the USLP or to cut off services altogether.

Closely coordinated with this is the FEC's harassment of CTET contributors and creditors, which was renewed on June 15 with four visits by FEC investigators in Indiana.

#### *Subversion of FBI Functions*

The FBI's enthusiasm for their investigation of the NCLC-USLP is scarcely matched by its actions with respect to actual criminal terrorists. Under the Levi guidelines the FBI has refused to investigate such terrorist networks as the IPS-run July 4 Coalition, alleging that they cannot investigate until *after* a crime has been committed. The FBI's coverup of IPS terrorists networks has gone so far as to systematically expunge references to IPS terrorist networks from FBI reports of briefings provided to FBI officials by USLP personnel. (11)

In short, the FBI has been "reformed" into a tool for partisan political manipulation far exceeding the actions for which President Nixon was nearly impeached and his aides sent to prison.

The Labor Party since its founding has been committed to the notion of industrial progress, and opposed to all policies of austerity and zero growth. Today, the Labor Party is the most active and committed proponent of the Federalist-Whig principles of technological progress upon which this nation was built. It is such notions of progress that our modern-day Tories find so offensive and "subversive" that they are willing to rip the Constitution to shreds in order to attempt to contain the Labor Party's growing influence.

The Labor Party is fully prepared to assist in any investigation to bring to a halt such official misconduct and perversion of federal law enforcement. Full documentation is available to the appropriate Congressional committees and government agencies upon request.

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#### FOOTNOTES

1 1976 Annual Report of the Attorney General, p. 155.

2 For example, see the letter from Clarence Kelley to Congressman James Martin, Oct. 29, 1976; also the appendices to FBI reports.

3 The "violence-prone" characterization was issued in July 25th, 1974 (FBI files, NCLC serial No. 331), following a policy shakeup after the discovery of FBI informant Vernon Higgins in Detroit. The Higgins incident is the subject of the case *Ghandi v. Detroit Police Department and FBI*, (W.D. Mich.). See also, "Michigan Radical Party Lists Informer on Ballot," *New York Times*, Nov. 4, 1974.

4 The Justice Department has "flagged" Ogden's file and has disseminated information that Ogden is a terrorist, is violent, is a member of the SWP, etc. Ogden was jailed on June 15 on a two-year-old trumped-up "trespassing" charge in Richmond.

5 Affidavit of AUSA Nathaniel Gerber, dated September 1976, filed in case of *LaRouche v. Kelley*, (Southern District, New York).

6 Memorandum from Attorney General to Director, FBI;

dated August 19, 1976, obtained in discovery in case of *NCLC v. Banks*, (D.N.J.).

7 FBI report from Assistant Director in Charge, New York, to FBI Director, dated June 28th, 1976, pp. 34-39; see also FBI dissemination of *New York Times* slander article of January 20, 1974, "How a Left Radical Group Moved Toward Savagery," and "CounterSpy" article, sent by FBI to "Legat, Paris" (legal attaché at U.S. embassy), December 16th, 1974.

8 FBI memorandum, SAC New York to Director, January 22nd, 1976.

9 FBI case summary, San Francisco, March 4th, 1976, pp. 5-6.

10 For example, see the FBI telex, SAC New York to Director, July 8th, 1975, re: NCLC financial crisis and threatened phone cutoff; Philadelphia case summary, April 13th, 1976, pp. 12-13; Chicago case summary, June 7th, 1976, pp. 1-5; Seattle case summary, March 31st, 1976.

11 FBI memoranda, Assistant Director in Charge, New York, to Director, June 8th, 1976; HQ memorandum (names deleted), June 1st, 1976.

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