

Soviets Link Carter Posture To Dollar Crisis

In a blistering propaganda barrage from the pages of *Pravda* and *Izvestia*, the Soviet Union has linked the collapse of the dollar with the latest war provocations from Washington.

The articles appeared July 9 and 10, coordinated with the announcement by Italian officials of pending major East-West deals financed in the socialist sector's transfer ruble (see *Economics*). Moscow is doing everything to aid and abet Western Europe's revolt in progress against the sinking dollar and Jimmy Carter's lunatic military policies.

Pravda's July 10 weekly international review column (excerpted below), written by the paper's top commentator Georgii Ratiani, juxtaposed an incisive summary of the dollar's precarious state with his indictment of Carter for war-mongering. Following Ratiani, several Tass releases continued to lambast the administration's decisions on the cruise missile, neutron bomb, and MX mobile missile. Tass commented July 13 that Carter's endorsement of neutron bomb production could bring the SALT negotiations to total failure and that the U.S. Administration will bear full responsibility if that occurs.

A *Novosti* commentary reported in the Italian press July 14 scotched presumptions that the anti-personnel

neutron bomb is an ideal "tactical weapon." *Novosti* commentator Kislov said that the weapon was part of a "campaign to create myths to legitimize nuclear war... Even if the Americans were to attack using this pseudo-humanistic pretext, nothing could prevent the Soviet Union from using all its weapons."

The Soviets are broadcasting the urgent need for Western Europe to separate from Carter in short order — on economic and military strategy matters alike. The Soviet government daily *Izvestia* July 9 predicted fierce clashes upon West German Chancellor Helmut Schmidt's arrival in Washington July 13.

The paper's Bonn correspondent reported Western European concern about the "insufficiently responsible approach of Washington on the most important questions of relations with the USSR." Europe has three fundamental interests in saving detente with the Soviet Union, he wrote: to prevent a new war, to unite the economic and scientific resources of the continent: and to make the best of European culture everyone's property.

There is no room on this side of the Atlantic for "evangelical sermons and Pharisaical teachings," concluded *Izvestia*, "...There is danger of a possible split between Western Europe and the United States."

'Chronic Illness'

The following is excerpted from "Chronic Illness," by F. Goryunov, appearing in Pravda July 9. Mr. Goryunov is a leading Soviet observer of international economic trends, and recently contributed an article to the weekly New Times in which he linked the bankruptcy of the IMF and the Wall Street banks to the war situations in Zaire and elsewhere.

Now even bourgeois economists are forced to admit that the so-called "floating" of currencies, which replaced the Bretton Woods system of fixed currency rates when it went bankrupt four years ago, has clearly not achieved its purpose. The "floating" rates...were supposed to stabilize the situation. The reverse occurred....

Even a "strong" country like the U.S. cannot boast that its currency is reliable. The dollar as well is subject to all the weaknesses of the Western currency and financial system...And it is important that the official U.S. foreign debt (\$164 billion) does not reveal its entire indebtedness, since it does not count the so-called "Eurodollars" and "petrodollars", controlled by multinational (American and Western European) corporations and banks. By modest estimates, approximately 280-300 billion dollars are circulating abroad. These are in actuality foreign obligations of the U.S. — approximately 15 times exceeding the country's gold reserves and three times the value of American annual export of goods and services. The dollar, we see, has neither full gold nor commodity backing....

In recent years, the U.S. has made serious efforts to strengthen its currency, and restore its prestige as the main international reserve — after the 1971-1973 dollar crisis. This is the context in which to view the U.S. efforts to "demonetize" gold...The "anti-gold" policy of the U.S. is counteracted not only by the growing industrial demand for the yellow metal, which is the basis for the growth in its price. In spite of the IMF agreement on "demonetization" of gold, several Western countries still consider it the most reliable defense against financial woes.

Pravda: Dollar System May 'Blow Up'

The following is excerpted from the "International Week" column by Georgii Ratiani in Pravda July 10:

...In Washington in recent days there have been verbose press conferences at the White House and even more loquacious ones on the other bank of the Potomac — at the Pentagon. Sessions of committees and sub-committees have also been held on Capitol Hill. All of this was excellently orchestrated to create the impression that it was with great difficulty ...that the White House made the "agonizing decision" to direct all its forces and means to the earliest possible production of cruise missiles, and therefore to temporarily put aside mass

production of the new B-1 bomber, while continuing research and work on it.

What has evoked such a hullabaloo with military preparations at a time when the barometer of international life is pointing to detente? In the United States there are forces who, like the French aristocrats returning in the train of Louis XVIII to Paris, "have forgotten nothing and learned nothing." They imagine that with one more round of the arms race, the USA will be able, if not to return to the time of the American atomic monopoly, at least to achieve a certain superiority to dictate their conditions, in violation of the principles of equal security and parity. The arms race is being continued to a new level for this purpose. Also characteristic in this regard is the racket raised in the American press about the "invulnerable" mobile missile the "M-X" and the neutron warhead approved by the Senate...

Of course, the ideological foundations of American and Soviet policy have always differed fundamentally, but over the recent years, in the determination of the goals and tasks of U.S. policies, there have been sober views taking into account the realities of the modern world. The ignoring of the historical experience of Soviet-American relations presently observed abroad, and the forgetting of everything positive which was achieved with such difficulty cannot help but evoke anxiety and alarm all countries who recognize the full significance of relations between the USSR and USA for the fate of the general peace.

The task is not only to preserve and strengthen what has been achieved, but also to go further, towards new

agreements and accords. The Soviet Union, as in the past, is ready for this, It is up to the American side...

Underground Tremors

...Bourgeois researchers are more and more often coming to the conclusion that the financial and economic difficulties of recent years were no ordinary cyclic phenomenon, but the harbinger of a whole epoch of profound economic and social changes.

Banking circles in the West are particularly alarmed by the extraordinary confusion of financial transactions and the colossal balance of payments deficits of individual countries, hundreds of billions of "Eurodollars" in circulation solely by whim of the printing press. This whole system may "blow up" one fine day, say financial experts....The largest private banks of the U.S. are also in a difficult position. The dramatic bankruptcy of one bank or the whole financial system of a country could cause a chain reaction....

The magazine *Newsweek* in a June issue published a quarterly review of the economic situation in the capitalist world....*Newsweek* especially emphasizes that "political instability" creates stagnation in private capital investments, and this in turn worsens the economic conjuncture and causes a growth of dissatisfaction.

One thing brings on another, creating a situation of general crisis, which causes an activation of extreme right elements in some countries, heats up the arms race, hardens foreign policy positions in others, and leads to a general sharpening of imperialist contradictions all along the line....

Carter Purges Opposition In CIA

In a move analogous to Hitler's 1937 pre-war purge of key figures of the German General Staff, President Carter and Nelson Rockefeller's intelligence chief, Admiral Stansfield Turner last week launched a clean up of the CIA and top personnel throughout the intelligence community. Coming up is a wave of forced resignations coinciding with Turner's call for a Congressional investigation into alleged CIA abuses.

The purge is a pronouncement by the Rockefeller forces that they intend to "officially" suppress all factional opposition within the Administration and government bureaucracies, including Congress. The CIA agents purged, including Deputy Director of the CIA, E. Henry Knoche, involve personnel from the CIA's Clandestine Services section and many analysts who opposed the "official" CIA energy report to the nation, a report actually prepared by White House energy czar James Schlesinger. According to one intelligence source, these individuals were explicitly anti-Carter and were opposed to the Carter war push and plans for deindustrialization. Also slated for ouster are officials of the National Security Agency. Although most of the press accounts state that only two agents have "resigned," other intelligence sources place the number of agents being forced to retire at 60, and say a housecleaning potentially in the hundreds is underway. Turner plans to institute an investigation

into the alleged misconduct and illegal activities of the agents involved.

A major feature of the purge is its removal of "safety valve" channels of communication between the U.S. intelligence community and the USSR intelligence community. Shutting down "hotline" channels on this level, of course, sharply increases the chances of a major U.S.-Soviet confrontation.

Nelson Rockefeller, an experienced hand at conducting such operations, is the guiding force behind the scenes aiding Turner in the moves to clean out the "old boy" network within the intelligence community. One of Nelson Rockefeller's leading intelligence operatives, Lyman Kirkpatrick, a former Inspector General of the CIA, is being proposed by Turner to replace Knoche.

In the case of Knoche, a career intelligence officer with the CIA for over 24 years who had been appointed by President Ford to the Deputy Director post in January 1976, intelligence sources revealed that the ousted official was in a constant struggle with CIA Director Turner over U.S. strategic policy. Turner, despite his denials to the contrary, forced Knoche to resign and is moving to implement a major reorganization plan which will place Turner at the helm of the entire intelligence community, excepting the Defense Intelligence Agency. In eliminating Knoche and other personnel, Turner is banking on a