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EXECUTIVE INTELLIGENCE REVIEW

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IN THIS WEEK'S ISSUE —

The latest \$2 billion plus monthly **trade deficit**... the crumbling **U.S. steel industry**... a weak **dollar**... a sagging **U.S. stock market**... Leading **economic indicators** point relentlessly **downward**... and the massive overhang of unpayable **dollar indebtedness** threatens to bring the world economy crashing into history's worst **depression-collapse** by the end of the **third quarter**. Our **International Report** reviews the grim picture... reprints excerpts from the **Wall Street Journal** and others now beginning to lay the blame where it belongs... on the shoulders of the **Carter-Mondale Administration**.

* * *

"Lancegate" has become **Cartergate**... as the Washington Post, Baltimore Sun and other **eastern establishment** U.S. press have acknowledged that **the Presidency itself may be at stake**. For an assessment of the political infighting over who will control Cartergate see **International Report**... for excerpts from the broad spectrum of **attacks** on Carter in the press... see **National Report**.

* * *

David Rockefeller's **Chase Manhattan Bank** is at the **top of the list** of those financial institutions slated to come **crashing down** this fall... and their **Citibank** competitors are apparently willing to speed the process with a **few hard shoves** over the edge. Our

Economics section brings you the lowdown on the **financial warfare**... including the scramble for Arab petrodollars ... as **OPEC** signals it is preparing an imminent **break with the dollar**.

* * *

"If one big bank goes, they all go," runs a popular refrain on Wall Street echoed in last week's **Journal of Commerce**. U.S. Labor Party Chairman **Lyndon H. LaRouche, Jr.** takes on the myth with a detailed explanation of the **precise financial policies** which can **prevent catastrophic collapse** ... send world production and trade soaring to unprecedented heights of **prosperity** ... see **Economics**.

* * *

Rockefeller and New York investment houses typified by Felix Rohatyn's **Lazard Freres** are desperately trying to use the **Lance affair** to pave the way for a sweeping **fascist banking reorganization**... and a full-scale slave labor economy on the model created by Hitler's Finance Minister **Hjalmar Schacht**. See **National Report** for an account of their doings in Congress...

* * *

Not surprisingly, **LaRouche** has moved to the **top** of the Carter-Mondale-Rockefeller "**enemies list**"... his **assassination** has been targeted for **Sept. 8**. **LaRouche** identifies the

INTER-NATIONAL
NATIONAL
ECONOMICS
ENERGY
MILITARY STRATEGY
COUNTER INTELLIGENCE
EUROPE
MIDDLE EAST
ASIA
LATIN AMERICA

men to be held responsible if the projected "hit" is successful in this week's **International Report**. A complete account of directly coordinated **Justice Department conspiracy** to eradicate the **Labor Party** is featured in this week's **National Report**.

* * *

The zero-growth **environmentalist movement** is central to providing the **belief structure** for radical **terrorism** and "anti-capitalist" political assassinations. **Interviews** with **top environmentalists** in this week's **Energy Report** show these controllers are determined to **wipe out** the world's **nuclear power industry** by any means...if unsuccessful in making nuclear power "**economically unfeasible**," they look to a "**calculated nuclear catastrophe**."

* * *

The **Buckley family** is Rockefeller's trump card for use against U.S. conservatives. This week's **Counterintelligence Report** carries Part II of our four-part expose of their seamy Fabian career...For account of their most recent success...the orchestrated **Panama Canal debate**...see **National Report**...

* * *

Kissinger, Carter and friends went all-out to suppress the **Collins report** on U.S. and Soviet **defense preparedness**. This week's **Military Strategy** section presents **blacked-out excerpts** from the report...together with comments by our own military specialists which identify the points which should serve as the

basis of a **competent national debate** on defense strategy ...

* * *

France has launched a **diplomatic offensive** in Africa...aimed at short-circuiting Carter Administration war provocations...see **Europe** for the story...plus excerpts from an extraordinary radio **address** by French Foreign Minister **Guingaud**...and a report on the **Anglo-American countermoves** to wreck the French initiative...

* * *

With Israel's **Begin** in **Rumania** ... heavy **Soviet diplomatic intervention** in the Arab countries...and all sides unwilling to accept the multitudinous promises of the Carter Administration...**prospects for peace** in the **Middle East** are still alive. But the **Lebanon** flashpoint for full-scale Syrian-Israeli conflict is **near the point of explosion**...

* * *

The policies of U.S. Treasury Secretary **Blumenthal** have driven **Japan** into an unmanageable **liquidity crisis**...this week's **special economic survey** details the extent of the damage to Japanese production and trade...analyzes the **attempts at a solution** from Japanese business...

* * *

Venezuela's **Perez** target of **assassination attempts**...this week's **Latin America** report exposes the **Rockefeller terror apparatus** in Venezuela...reports on new outbursts of terrorism elsewhere on the continent...

Carter Presides Over Collapse Of World Economy

The announcement Aug. 25 that the U.S. racked up another huge trade deficit in July — “only” the fourth largest on record at \$2.33 billion — together with other fresh evidence of the collapse of the world economy, sets the seal on the Carter-Mondale Administration’s over-proven incompetence on national and international economic policy. It is this central issue upon which the entire U.S. Administration — including the de facto new members Henry Kissinger and Mondale-ally Felix Rohatyn of Lazard Freres — deserves to be Watergated and indicted.

Rohatyn and his “liberal” New York investment bank friends are standing by with a depression “100 days” program based on “energy development” projects and ghetto “rehabilitation,” the essence of which is to turn the clock back on capital-intensive, high-technology U.S. industry and agriculture in favor of unproductive make-work jobs programs.

As everyone knows who watched the found-out sinner virtually decompose in front of the nation at his press conference on Aug. 23, Jimmy “Hoover” Carter has been reduced to the status of a limp puppet, unfit to do anything but passively preside over the worsening economic mess that he and his ventriloquists have helped to create.

The Carter Administration and all of its financier prompters have, in fact, brought the world economy to the verge of a new depression. That reality is now widely recognized throughout U.S. business and financial circles and accounts for the 15 percent, 150 point drop in the stock market since Carter took office last January. Reflecting the growing discontent, the *Wall Street Journal's* Aug. 26 editorial, “White House Shadow-boxing,” runs through the economic crimes of the Administration to date and criticizes the incompetence of the “liberal” pushers of Humphrey-Hawkins full employment bill as well. The fact that only the U.S. Labor Party has made public a programmatic alternative to the Administration’s economic incompetence — crash development of nuclear energy and recapitalization of U.S. industry in the context of generalized debt moratoria and worldwide development — has made it the Administration’s number one enemy.

Fed Flip-Flops

Since the beginning of this year, the U.S. Federal Reserve has alternated between a policy of pumping out liquidity to roll over international debt and one of raising interest rates as a token gesture to check inflation and stabilize the faltering dollar. The effect of Fed Chairman Arthur Burns’ flip-flops has been to destroy beyond repair confidence in the dollar at home and abroad.

After allowing the basic money supply to grow at an annual rate of 18.5 percent in July, Burns slammed on the tight money brake at the end of the month in the name of stabilizing the inflated dollar in the world foreign exchange markets — leaving up in the air the survival of the worst-off New York banks. Last week, in response to the howls that Burns was about to crumple the U.S. economy ahead of schedule, the Fed took a respite from jacking up interest rates. However, this has left the future of the dollar an open question.

The July trade figures released by the Commerce Department on Aug. 25 revealed another gaping hole in the country’s trade balance. The only reason the dollar didn’t plummet in response was the fact that forecasters had expected a much bigger deficit than the \$2.33 billion reported. In July exports continued to stagnate, while imports fell 3.5 percent from June due to a decline in the dollar value of oil and coffee imports. The decline on the oil account stemmed from the combined effect of the slowdown of the economy and growing inventories of oil stocks throughout the country. In the case of coffee, it was primarily collapsing prices that brought down the import bill. In the first seven months of the Carter Administration, the U.S. has recorded an unprecedented \$14.9 billion deficit, amidst Treasury Secretary Michael Blumenthal’s unconcerned predictions that the deficit could top \$25 billion for the year.

A New Menace Faces Carter — The Economy

The following is excerpted from a syndicated column by Rowland Evans and Robert Novak published in the Aug. 25 Washington Post.

A key Carter Administration economic policy-maker has privately acknowledged a menace facing President Carter that politically could be worse than the Panama Canal, Soviet relations and the Middle East put together: the economy slowing down.

“I would say,” this senior official told us, “that the economy for the rest of the year is tenuous at best.” What it may be at worst, he hinted, is a declining economy — in harsh words, a recession. The reason this forecast is so chilling is that it comes from a policymaker who publicly sounds only cheery optimism for the future...

Durable Goods Plummet

Within the U.S., factory orders for durable goods dropped 4.4 percent in July, the sharpest month-to-month drop in two and a half years. Contrary to the claims of the Commerce Dept. that one-month "aberrations" such as the government's cancellation of its B-1 bomber contract accounted for the drop, the figures reflect an 8.7 percent fall in orders for new plant and equipment and a 16.4 percent drop in transportation equipment orders. The latter figure hints that the consumer debt-fed auto sales "boom" may have popped.

In response to the spreading worldwide depression conditions, the steel industry — the backbone of U.S. industry — has, under orders from Wall Street, started the process of eliminating unprofitable capacity. According to Blyth Eastman Dillon, the brokerage house with which former Treasury Secretary William Simon is now associated, the recent moves by Bethlehem Steel to shut down 10 percent of its capacity are only the beginning. Under present slump conditions 7-8 percent of U.S. steel capacity is excess and obsolete, says the brokerage house, and is going to have to go — along with the jobs of some 42,000 steel workers.

Business and consumer confidence has been collapsing even faster than the economy itself. Albert Sindlinger reports that the decline in consumer confidence last week was so sharp that it was exceeded only once before

in the 22 years that he has been conducting his survey. Sindlinger blamed the plunge on the recent passage of Carter's anti-industry no-energy program by the House, rising interest rates, and the downward trend of the stock market.

The European Economy

The effects of the U.S.'s debt collection economics have, to date, had a more devastating impact on Europe's export-oriented economy. The U.K. again looks like "the sick man of Europe." U.K. unemployment reached a post-war high of 1.41 million in July, according to reports released last week. The number of jobless has increased an average of 33,000 a month for three months running.

On Aug. 25 *Handelsblatt*, the daily of West German industrialists, announced: "The Upswing is Dead." Last week all of the West German economic institutes issued equally bleak reports on the outlook for the export-oriented West German economy. In July orders from the Third World and Comecon failed to fill the gap left by the decline in orders from the industrialized countries. In response, the Felix Rohatyns of West Germany, SPD party leader Willy Brandt and the pro-public jobs wing of the party, are making a renewed call for public service employment, including programs to get the unemployment into the woods Nazi Labor Front style.

Wall St. Journal Finds Carter-Mondale 'Overwhelmed' By Economic Problem

The following is excerpted from the Aug. 26 lead editorial in the Wall Street Journal.

One of the clearest signs of trouble in an enterprise public or private is when the management feels so overwhelmed by the fundamental problems facing it that it turns its attention to secondary issues...It's like the old joke of the fellow who drops his keys in the middle of a dark street, but looks for them on the corner to have the benefit of a street-light.

The keys the Carter administration has dropped are those to the economy. Mr. Carter was lucky enough to inherit a mild recovery...But his administration has been frittering away its legacy — through the \$50 rebate mistake, by jawboning the Fed for faster money growth, by talking down the dollar and above all by almost unwittingly proposing massive tax increases in an energy program and Social Security reform.

...Leading indicators have been down two months running. Durable goods orders are off. Final demand is on a slowing trend. Despite the tightness of the last four weeks, money growth remains out of bounds.

...The sensitive financial nerve ends are sounding alarms of a Carter recession. The dollar continues to fall...the stock market is down more than 125 points.

The administration finds its energy absorbed, meanwhile, debating how many angels can dance on the head of Bert Lance. And judging by leaks to the press, the administration is falling into internal feuds...

The liberal crowd, unhappy because the Carter economic team has been stymied by the economic puzzle so far, wants to further expand the Humphrey-Hawkins idea, i.e. having the government hire another several million people. Messrs. Califano and Marshall are not hostile, which makes them good administrators. Messrs. Schultze and Blumenthal are hostile, making them bad administrators.

It's true that Messrs. Blumenthal and Schultze are guilty...in the economic mistakes so far...Their biggest fault is not being strong enough; in particular they should especially have shouted that the energy bill would make it impossible for them to discharge their responsibility for economic management...

The only way they can avoid (the Lance treatment) is to assert themselves on behalf of policies that will keep the economy healthy...freeing the energy market...insisting on tax reform that promotes growth instead of "equality," resisting megabuck welfare work schemes, and arguing for a monetary policy tight enough to stabilize the dollar...

Enter Felix the Fixer

With the psychologically weak U.S. president effectively out of commission as a result of the spreading Lance scandal and his bad press, the social fascist Mondale crowd has taken up the reins of economic policy. On the Op Ed page of the *New York Times* Sunday, Aug. 21, investment banker Felix Rohatyn, who as chairman of the Municipal Assistance Corporation is the individual most responsible for destroying New York City over the last two years, laid out his Schachtian program for destroying the whole country's economy.

As detailed by Rohatyn, the "Mondale" program involves broad welfare "reform," the expansion of the present CETA public employment program, the creation of a federally financed Urban Youth Corps "to get unemployed teenagers off the streets and put them to work restoring or rebuilding devastated ghetto areas," and involvement of the private sector in such programs by offering it tax incentives and "trainees" at "possibly less-than-minimum wage scales."

The fulcrum of Rohatyn's depression program is, in his own words, "a 1970s version of the Reconstruction Finance Corporation of the 1930s" to finance ghetto "revitalization" and domestic energy "development." But Rohatyn effectively announced the Mondale crowd's bankruptcy to pull off such a grandiose fascist plan in demanding that OPEC be the major source of financing for such slave-labor projects to make the U.S. energy-independent!

Get Rid of Industry

Rohatyn's program goes hand-in-hand with Wall Street's ongoing strategy of cartelizing the depression-wracked world economy through mandatory production limitation agreements and shutdowns — following the model of Nazi finance minister Hjalmar Schacht to a tee. This week the Gallagher Presidential Report, an economics newsletter with wide circulation in corporate circles, says that the U.S. steel industry is "too mature," as is the auto industry, and both will have to be rationalized into semi-public corporations like Conrail or Amtrak in the period ahead.

This Schachtian "solution" to the depression-induced worldwide glut of commodities is being posed for virtually every sector of the economy. U.S. sugar refiners and their Wall Street bankers are in the process of resurrecting the 19th century Rothschild sugar trade — favoring imports of sugar from plantations in the West Indies, the Philippines and other debt-strapped Third World countries, while allowing U.S. producers to be driven into bankruptcy by falling prices, drought, and the deliberate destruction of irrigation projects.

Typifying the situation in the copper industry, Asarco, Newmont Mining, and the other U.S. companies which jointly own Southern Peru Copper have doubled output of copper from their Peruvian mines over the last year, as part of stabilizing the country's debt position and "recovering our capital." Meanwhile, they are shutting down their capital-intensive U.S. operations by 15 percent.

Lancegate Becomes Cartergate — September Constitutional Crisis Likely

Washington sources are predicting that go-go banker Bert Lance will be gone from his post as the Carter Administration's Budget Director by Sept. 1, as the national press last week ran almost daily demands for his resignation. Among the new "Lancegate" scandals to receive heavy play were the revelations that Jimmy Carter himself had accepted campaign "free rides" on an airplane owned by Lance's bank; that Carter too had followed the Lance practice of "routine overdrafts" on his personal account," and that Lance had used the same collateral for two separate bank loans. As the press repeatedly noted, Carter's own defense of Lance, both in person and almost daily through his press spokesman Jody Powell, was only getting the President in deeper. "If this had been Nixon, impeachment would have been demanded," the Aug. 25 *Baltimore Sun* noted pointedly. "Inevitably... White House tactics... are beginning to draw comparison to the way Richard Nixon's staff dealt with Watergate."

Moreover, "Lancegate" has proceeded amidst a barrage of open attacks on Carter's handling of foreign policy, and most significantly, the U.S. economy — including blasts from widely read syndicated columnists Evans and Novak and the *Wall Street Journal*. (see National Report for extended excerpts from U.S. press attacks).

Sources close to the Republican National Committee, however, are saying that the anti-Administration offensive will stop short of a full-scale Cartergate. Indications are that both forces associated with Ford Administration Treasury Secretary William Simon, and the Lazard Freres-Felix Rohatyn investment banking crowd associated with the *Washington Post* are still figuring on using the Lance scandals to bludgeon Carter into accepting their diverging views of economic policy. The Rohatyn crowd is pushing hyperinflationary make-work jobs programs through the Humphrey-Hawkins bill, through regional development banks, and through a federal banking reorganization along the Mussolini-style lines proposed by the Proxmire-Reuss FINE bill in Congress (see National Report); the Simon-Wall Street Journal grouping is relying on traditional Republican tight-money recipes, tax breaks for business, etc., while dropping hints that they are ready to pursue a hard-commodity credit policy on behalf of economic growth. The continued mention of Chase Manhattan international advisory board member Henry Kissinger as "the alternative" to Administration foreign policy, together with trial balloons in the press on "energy development projects" reminiscent of Nelson Rockefeller's Project Independence schemes, suggests that the Rockefeller forces,

facing the imminent collapse of Chase, are maneuvering to save their own necks by using their still immense political clout in both Republican and Democratic parties. Their goal — to piece together a fascist economic package — including a massive bailout for the New York banks — either under a figurehead Carter presidency or a Mondale Administration. In short, a Kissinger-Mondale deal.

Given the pace at which the international economic collapse is now unfolding, however, it is unlikely that the

present instability of the Carter-Mondale Administration government can be controlled even through September — a major constitutional crisis is all but inevitable. The question now is whether a centralized political command of the saner anti-Administration forces can be pulled together quickly enough around the economic policies laid out by U.S. Labor Party chairman Lyndon H. LaRouche, Jr. (see Economics) to forestall total depression collapse, political chaos, and general war.

Sept. 8 Set As New Date For LaRouche Assassination

The following statement was issued on Aug. 25 by Lyndon H. LaRouche, Jr., U.S. Labor Party Chairman and Presidential Candidate.

In an effort at graveyard humor, highly placed circles planning the assassination of U.S. Presidential Candidate Lyndon H. LaRouche, Jr., have tentatively set LaRouche's fifty-fifth birthday, September 8, 1977, as a revised alternative date for his murder by U.S.-based elements of the Institute for Policy Studies' international terrorist network.

The key element in the new scenario is the Federal Election Commission's (FEC) initiative of August, 22, which attempts to prefix LaRouche's physical location and movements on Sept. 8 in such a way as to facilitate a pre-planned assassination operation. The assassins, working through the Chairman of the FEC, a long-standing Rockefeller stooge, are attempting to compel LaRouche's physical presence in Washington, D.C. Federal District Court on that date, thus creating an ideal opportunity for the terrorists.

Therefore, there will be strenuous efforts by accomplices of the assassins on relevant Federal judges to facilitate this murder operation.

Counter-Measures Planned

A highly-placed European banking officer, referring to the general situation — and not the Sept. 8 assassination scenario — playfully inquired, "Why doesn't the Labor Party organize a hit-squad and get rid of Zbigniew Brzezinski?" We have no such capabilities or plans; such counter-measures would be very poor strategy, in any case.

Soviet-style "breakthrough" operations have their place. However, even the "breakthrough" tactic is primarily a way of creating vulnerable flanks among the enemy's forces. Properly understood, the principle of the flank is the essence of strategy and tactics, with lawfully determined analogs for military applications in politics generally.

In that way, and according to those principles, we are indeed holding certain notorious individuals personally accountable for illegal "plumbers" operations FIST,

SWEEP and the projected LaRouche assassination, with the Chairman of the FEC prominently on that list. How those accountable individuals will be dealt with we leave to their imagination; we merely add the information that none of the means they might consider obvious will be employed.

Categories of Accountables

The international fascist alliance chiefly responsible for attempted massive subversion and weakening of the United States and imposition of genocidal forms of Nazi-modelled hyper-inflationary austerity upon many nations are the following.

1. The group of so-called Rockefeller financial interests centered around both Chase Manhattan Bank and Exxon, with Henry Kissinger, Chase's International Affairs staffer, the principal luminary in this circle.
2. The group of Manhattan investment banks, centered around Lazard Frères and Lehman Brothers, typified by the "Hermann Goering" of the New York City "Big Mac" operation, Nazi-economist Felix Rohatyn.
3. The British financial and political circles associated with the modern "Ramsay MacDonald," Roy Jenkins and his factional cronies.

The notable USA political expressions of that financier faction include the Trilateral Commission and the Foreign Policy Association, as well as the terrorist networks of the neo-Fabian Institute for Policy Studies.

The principal international channels of the same Nazi-economics-guided faction are the Bilderberger group of finance and politics (the Manhattan plus Anglo-Dutch forces typified by Roy Jenkins crowd in England), plus the allied international networks of the Institute for Policy Studies, plus the faction within the Socialist International associated with Olof Palme, François Mitterrand, Bestino Craxi, and political cretin Theodorakis: generally associated with Willy Brandt's "left"-wing enthusiasts with the Socialist International.

Eliminate those elements of pure evil from world affairs and the business of ending depression, terrorism and imminent threat of war is readily accomplished,

or accomplished with no more than an ordinary degree of difficulty.

Typical USA Accountables

Henry Kissinger
Walter F. Mondale
Felix Rohatyn
Irving Bluestone, UAW
Marcus Raskin, IPS
The Rockefeller Brothers
Zbigniew Brzezinski
Richard Vigueries
Lane Kirkland, AFL-CIO
Richard Barnet, IPS
Gus Hall, CPUSA
Ramsay Clark, IADL
Noam Chomsky, RAND Corp.
Ford Foundation
Barry Sheppard, SWP
B'Nai B'rith leadership
Russell Sage Foundation
Rubin Foundation (Faberger)

Plus, all those corporate executives, government officials and contaminated networks within Michigan, New Jersey and other states' governors and state police offices, plus contaminated neo-Fabian judges complicit in aiding operations FIST, SWEEP and other harassment against the U.S. Labor Party, including the publishers of the *New York Times* and *Washington Post*. The World Watch Institute and Natural Resources Defense Council are also typical of the accomplices to be brought to account.

British Accountables

In Great Britain's Labour Party, as distinct from the parliamentary, traditional Fabians identified with Ian Mikardo et al., there is a wicked, essential neo-Fabian circle around Roy Jenkins, Denis Healey, and Healey protégé David Owen, which is closely interfaced and overlapped with the world's leading brainwashing and other black operations thinktank, the London Tavistock Institute. This interfaces with the worst elements among professed conservative circles, including Eunuch Powell and the National Front crowd.

The distinction between the current running through Jenkins and the traditionalist Fabian parliamentarians is historically centered in the former Independent Labour Party, the spin-off of the Fabian Society which created the British fascist movement of the 1930s, and which ran the network inclusive of Willy Brandt's SAP during the 1930s for that side of British intelligence. This group around Jenkins is not only actively interfaced with the London Tavistock Institute but also the Institute for Policy Studies' European affiliates, the London Institute for Race Relations and the Amsterdam Transnational Institute. It also directly interfaces and overlaps the networks of the evil Bertrand Russell, of which, in fact, the USA's neo-Fabian networks of the Institute for Policy Studies are historically a by-product and off-shoot.

French intelligence identifies this British circle as having created and operating the Basque and Corsican

terrorist-separatist movements. It was these circles which create the "Mods" and "Rockers" scenario in England, the "skinheads" (fascist white slum youth who specialize in beating up "coloreds" under the cover of being hoodlum gangs of football fans), who stand behind the Beatles' operation, the Rolling Stones operation, and who operate the ugliest "wetwork" murder operations in the world today.

In France, these British fascist-terrorist operations include Rocard (of *Le Nouvel Observateur* and the PSU), the associates of Ernest Mandel's Fourth International, the terrorist-siding lawyers tied to Santiago Carrillo; Michel Crozier, Michel Foucault, *Le Matin*, Paris *Libération*, plus certain key inputs to Paris *Le Monde* are also most relevant subjects.

In West Germany, Hamburg is the principal base of operations for British Tavistock-linked wetwork and related operations, with Hannover a prominent second major center. The football fans in the Ruhr, slum-youth modelled upon the "skinheads" operation in England, and politically linked to the neo-fascist NDP are another British intelligence creation within the British-occupied zone of West Germany. The Bertrand Russell networks into Scandinavia, West Germany, Austria, Italy and Yugoslavia are also part of the same apparatus, centering around "peace and conflict studies" associations, which are significant parts of the terrorist-operations planning network.

In general, although there is decisive USA-based controlling political input into terrorist and other fascist hoodlum operations in Western (and Eastern) Europe, the substructure, technical coordination and immediate coordination of those operations is run largely through Britain and British-centered continental black operations networks.

Italy, which was allowed to become a nation within the limits ordained by British intelligence operations, the Italy whose Mussolini was placed in power on orders of London with aid of British networks (including Einaudi, Berlinguer and Amendola — fathers of the present prominent individuals of that same surname), is another case of British and Anglo-American black operations and allied intelligence networks largely controlling politics in that nation. Terrorist-supporting "Trotskyist" Livio Maitan, a collaborator of British agent Ernest Mandel, is part of that spectrum.

It is this element of British politics which motivated General Charles DeGaulle's efforts to exclude Britain from the Common Market until it had purged itself of these despicable prominent features of its national infrastructure.

The Full List

The Labor Party security staff in the USA and Europe has detailed lists of proven accomplices of the networks behind the FEC-centered FIST and SWEEP operations and the projected Sept. 8 assassination of U.S. presidential candidate LaRouche. These lists are being circulated currently to all relevant governmental and other circles, including Eastbloc circles.

The basis for the circulation of that list is as follows.

If the U.S. Labor Party were to be crushed and

LaRouche assassinated (or imprisoned, for easier assassination), the nature of the political situation in the United States is such that, contrary to the misperceptions of former Governor Connally and his supporters, there would be a lack of the essential catalytic element in U.S. internal politics to prevent a countdown by Henry Kissinger et al. to thermonuclear total war by way of hysteria-driven gross miscalculation.

In that case, every force which wishes to avoid total war must resort to all means of last resort to wipe out the elements identified on the indicated listings.

I do not wish to be unfair to Governor Connally and his present and prospective allies. I merely state that they have so far exhibited two potentially fatal defects: (1) they lack a competent strategic overview of the situation, as shown by their poor sense of timing, a propensity for delaying actions under persuasion of a more cautious policy which means their early containment and defeat; (2) they manifest elements of a correct perception, but understand, so far, neither the

necessary strategic approach nor the associated dispositions and postures for a winning fight.

As for the majority of "name" conservatives, every informed circle in the United States knows that Richard Viguerie is the fifty-cents-on-the-dollar political whore for pot-puffing Rockefeller sidekick William F. Buckley, and also knows that Viguerie professed himself to have campaigned for and voted for Jimmy Carter and Walter F. Mondale, as well as working under guidance of the Carter "transitional" administration in neutralizing Republican resistance against the Nov. 2 massive vote-fraud for Carter-Mondale. Yet, many of these conservatives permit themselves to be manipulated once again and yet once again by the same Viguerie, the fifty-cent political whore for an off-shore pot-puffing pimp of a Buckley.

If the Labor Party goes under and LaRouche is assassinated, there will be early thermonuclear war unless the enemies of humanity are eliminated from influential positions immediately.

U.S. Press:

'More At Stake Than Bert Lance'

Washington Post, *Wednesday, Aug. 24, Rowland Evans and Robert Novak, "Now there's more at Stake than Lance's Fate"*

...Although Lance may yet fall, the fact remains that the president did not abandon his friend as widely expected. Carter thereby changed his presidency, sacrificing its sanctimonious aura for a more mundane creed of loyalty to subordinates that will be better appreciated by politicians than by Common Cause...But a more sinister formulation of that principle, suggested on the fringes of the Administration, is that the Carter high command also worried that the President's intimacy with Lance, particularly with political financing, almost made him an accessory before the fact. So, even if partially caused by self-preservation, Jimmy Carter's decision to stand by "a man like Lance" — a conservative Southern banker widely distrusted by this Administration's dominant ideological strain — involves much more than the fate of Bert Lance."

Washington Post, *Wednesday, Aug. 24, David S. Broder, "Boomerang Effect Prolongs the Ordeal"*

...No stranger can imagine how desperate the embattled Budget Director is for relief from the continued controversy over his private finances. But a measure of that desperation can be gained by the pitiable eagerness with which Lance embraced as "very favorable" a report on his banking practices by the Comptroller of the Currency that was in most respects embarrassing and in some downright damning. But Carter is reluctant to fire Lance or allow him to withdraw as Sorenson did because Lance is a friend — one of the very few men his own age with whom Jimmy Carter feels at ease. Walking together, relaxing after tennis, eating lunch off trays — a political contemporary with whom this president can talk openly and frankly, unburden himself, share the decisions he must make. But that dependency, now dramatized in the Lance affair, is of fateful consequence for Carter. He has shown his enemies where he is vulnerable. That dependence could be Jimmy Carter's Achilles heel.

New York Times, *Wed. Aug. 24, James Reston, "Carter, Panama and China"*

...The emerging issue is not about his motives or his ethics, which are not in dispute, but about his judgment — specifically about handling of the Lance case, and more important, about his tactics and timing in dealing with the Soviet Union, China, Israel, Panama and Cuba. He has proposed a peace settlement in the Middle

East that is opposed by both the Israelis and the Arabs, and he has sent Secretary of State Vance to Peking at precisely the point when even his own aides in the Cabinet agree that there is no chance of agreement on the main problem of Taiwan. Why the Carter Administration agreed to take up the Taiwan question when it is staring at a critical battle over the future of the Panama Canal is not quite clear...In short, it raises again the question of judgment. It was the wrong mission, on the wrong subject at the wrong times and everybody in Washington knew it.

Chicago Sun Times, *Loye Miller, Washington Bureau Chief*

Although he virtually never loses his composure in public, you can usually tell when Carter doesn't like a question. A steely look appears in his blue eyes.

But even that blue was absent Tuesday as he calmly and carefully fielded the most difficult set of questions thrown at him since he became President.

It was such a striking performance that a local physician watching the conference called a network television news bureau here to say, "I think the President's on tranquilizers."

...By the end of the press conference Carter had dug himself in deeper than ever in defending his long time friend. While most President watchers around Washington seem to think Carter can tough it out in defense of Lance if there are no damaging questions raised about the OMB head in the future, Carter has now so stoutly stood up for Lance that he will be severely embarrassed by any new problems concerning Lance.

Washington Post, *Tuesday, Aug. 23, by Marquis Childs, "Futile Diplomacy"*

Once again Secretary of State Cyrus Vance is on the road, and once again he is traveling with an empty briefcase. Even if the administration had been able to make up its collective wavering mind over what to do about the People's Republic of China and the island of Taiwan, Vance in Peking would be powerless to do more than make a gesture of goodwill toward an ultimate solution.

...It is fair to ask why Vance was sent on what is officially described as an "exploratory" mission. Because the trip was planned long in advance, the dilemma of Panama may not have been foreseen. But that is another way of saying that the foreign-policy planning of the administration is lamentably weak.

It is unfair to Vance to send him on a mission as futile as his recent tour of the Middle East. That tour ended with merely a promise of more talks in this country with

the foreign ministers of Israel and the Arab states in the fall...

Carter had insisted before his election that his Secretary of State would not be flying all over the world, that the Carter diplomacy would owe nothing to the Kissinger shuttles of the past. Vance has already traveled as far in his first six months as did Kissinger in the time he was working out the Sinai agreement between Israel and Egypt.

The Secretary of State keeps a low profile. He has none of the spectacular Kissinger qualities of performance and persuasion. It is perhaps his misfortune that he had to follow such a conspicuous performer.

Washington Star, Tuesday, Aug. 23, op-ed by Carl Rowan, "Vance's Failures of Self-Promotion"

Cyrus Vance had better either stay home or learn how to flamflooze and bedazzle the press corp, or he'll wind up labeled as one of this country's worse Secretaries of State."

He's just back from a Middle East trip that was a failure and he had an earlier mission to Moscow for disarmament talks that turned out to be a bust.

Already, some of my press colleagues are whispering that Vance doesn't have the "smarts" needed for the job, that he goes off poorly prepared on ill-conceived missions...

Vance has got to learn that if you are a traveling Secretary of State, you determine that your trip is a "success." You are, in large measure, what you have the ego to tell the press you are. Kissinger had the ego to say, in so many words... "I came over here and talked these Israelis and Arabs out of committing joint suicide" — and for a while he had even the Israelis and Arabs believing him.

I remember from my days in the State Department that "modus operandi" was a much-used phrase. Someone had better tell Vance that Kissinger had a method of operation, while Vance seems to have none at all."

Washington Post, Monday, Aug. 22, "Cyrus Vance... Guarding Foggy Bottom"

Secretary of State Cyrus Vance is telling his friends in New England on the QT that he is sometimes inclined to depart Foggy Bottom because he is "constantly playing catchup ball" in the Jimmy Carter-Andy Young league. It is believed that this kind of talk reflects his bureaucratic troubles within the administration rather than serious intentions to walk.

Newsweek Magazine, Aug. 24 (issue dated Aug. 29), Peter Goldman and Washington Bureau

He (Carter) pronounced his embattled old chum "a man of complete integrity," proclaimed his "complete confidence" in him — and so mortgaged a piece of his own simon-pure reputation to Lance's still uncertain future...

And now Carter himself has edged perilously close to the line of fire, justly or not, by the very warmth of his embrace of his best friend in Washington...

Carter's effusion of support last week no doubt shored up Lance's defense and certified his continuing authority in the government... But it also tied Carter's own fortunes to those of the go-go banker he hired on faith and casual examination as his budget director. The further trials of Bert Lance in Congress and the press are likely to run on for weeks. If he should finally be driven from office, it will be perceived as Jimmy Carter's defeat as well. If Lance survives solely on the finding that he has done nothing quite bad enough to be indicted for, it could prove a Pyrrhic victory for his friend the President.

Chicago Tribune, Wed., Aug. 24, lead editorial:

The best thing that can be said of President Carter's decision to reimburse the National Bank of Georgia for some campaign trips made in 1975 and 1976 is that it is better made now, with a semblance of voluntarism than it would be later under the compulsion of an investigation...

...It is illegal for a corporation to make a campaign contribution "or expenditure" in behalf of a candidate for federal office. It is also illegal for the candidate for federal office. It is also illegal for the candidate to "knowingly accept" such help. Mr. Carter had announced his candidacy for the Presidency on December 12, 1974.

Accepting a free plane trip from a friendly banker is not the sort of thing that is likely to scandalize very many people. The embarrassment of Mr. Carter's belated acknowledgement lies rather in the other questions that it raises.

For example, Mr. Carter has made almost a fetish of purity in political financing. If one transgression went overlooked, how many others did, too?

Mr. Carter is known to have been impatient for the Comptroller of the Currency to make his report on Mr. Lance's affairs and get it over with. When issued last Friday, the report made a point of saying that there were questions about the three plane trips in 1975 and others in 1976 that it had not had time to investigate. Was the White House eager to go on record with a "voluntary" admission and payment before a full investigation made it mandatory?

Nor is the White House announcement likely to help Mr. Lance. It amounts to an acknowledgment that an illegal act was committed by Mr. Lance's bank, presumably on Mr. Lance's authority. It will strengthen the image of Mr. Lance as a wheeler and dealer who is not overly concerned about legalities or proprieties. It will strengthen the position of those who feel that he is not the man to be responsible for running the United States budget. If the White House move was made in the hope of forestalling the Senate investigation of Mr. Lance we doubt that it will succeed.

St. Louis Globe Democrat, Aug. 25, editorial, "Lance Should Go":

The more that is learned about the past banking activities of Budget Director Lance, the more it becomes apparent that he is not competent to hold this critically important post. While head of the Calhoun National Bank, it

is charged that Lance failed to take action against Bill Campbell, a V.P. of the bank who embezzled 904,000 dollars of the bank's money even though Lance had been warned repeatedly during a 5 year period of Campbell's fraudulent and dangerous activities.

...In spite of all this, Lance on February 18, 1975 in his new capacity as president of the National Bank of Georgia appropriated a 100,000 dollar unsecured loan to Campbell and on July 14, 1975 two weeks before Campbell's dismissal from the Calhoun bank, the National Bank of Georgia at Lance's authority loaned 250,000 dollars to Campbell to repay the Calhoun loan, make pay-

ments to other lenders and make up \$43,470 in overdrafts at the Calhoun Bank.

The bonding company (that gave the information to the *Globe Democrat*, ed.) says the bank knew of and condoned the bank officer's fraudulent activities substantially before he was fired. If Lance can't refute this, he should resign or Carter should oust him. President Carter is making a serious mistake by continuing to defend Lance by claiming no one has shown that his Atlanta Banker friend is guilty of anything illegal or even unethical. Mr. Carter can't launder the record. It is there and it reeks. Lance should go and the sooner the better.

Lance Scandal To Push Fascist Banking Laws

Investigations into the questionable banking practices of Office of Management and Budget Director Bert Lance, which could still bring down the entire Carter Administration, are now being used by Wall Street agents to push for a fascist reorganization of the U.S. banking system.

While the press continues to play up the "fine line" between legal and illegal banking practices in coverage of the Lance scandal, "Deacon" Carter stated during a press conference yesterday that Lance had complied with "common loan practices among bank officers," none of which are against the law. "Now, it may be..." Carter sanctimoniously went on, "that as a result of these investigations...stricter requirements should be implemented by law and also by the Comptroller in his standard operating procedures."

On cue, several congressional committees will be holding hearings on the scandal as soon as Congress reconvenes — which will mainly be used to rally support for banking reorganization legislation. The chairman of the Senate Banking Committee, Sen. William Proxmire(D-Wis.), plans to use his committee's hearings to push the FINE bill (Financial Institutions and the National Economy), which he cosponsors with Rep. Henry Reuss(D-Wis.), the chairman of the House Banking Committee. The FINE bill would provide for the centralization of banking regulatory agencies — the Federal Reserve, the Federal Deposit Insurance Corporation, and the Comptroller of the Currency's office — into one large agency which would slice away at regional banks. As part of the internecine "lifeboat economics" now prevailing on Wall Street, the superagency would streamline the banking system by shutting down regional banks in order to use their assets to bail out the Wall Street banks.

Lance Volunteers

The press first reported that Proxmire's hearings would center on Lance's banking practices, but Proxmire issued a statement early this week that his committee will focus its investigation on the "ethics and soundness of American banking" and the "unsolved

questions raised by the Comptroller of the Currency's report." The committee hopes to "find out how widespread these kinds of practices are and what kind of regulatory and-or legal reforms are needed to end the abuse." Veteran banker Lance himself, in an interview to the *Washington Star*, offered to testify at the hearings in order to "resolve what's normal and acceptable banking practices"!

The Senate Government Operations Committee, chaired by Abraham Ribicoff(D-Conn), and the House Banking Committee's Subcommittee on Financial Institutions Supervision, Regulation and Insurance, chaired by Rep. Ferdinand St. Germain(D-RI), will also hold hearings on the Lance affair and banking regulations after Congress reconvenes.

St. Germain's committee hearings will push legislation to expand the powers of the financial regulatory agencies to specify penalties for banks which engage in unsound banking practices and to extend penalties in such cases not only to the offending institutions, but also to individuals.

A bill with these provisions already passed the Senate August 5, and is expected to be sent to Reuss's House Banking Committee as soon as Congress reconvenes. The bill, the Supervisory Act Amendment(S-71), provides for the expansion of existing banking regulatory agencies' powers and allows for penalties to be applied to individuals as well as to institutions. Such penalties, although presently allowed, have rarely been imposed. Instead, the Comptroller of the Currency audits the bank in question and issues a reprimand if unsound practices are discovered. The Comptroller's current authority to audit or reprimand does not extend to individuals within the offending institution.

The amendment would expand the ability of existing banking regulatory agencies to knock away any bank or individual within a bank who opposes a bailout of Wall Street. Proxmire and Reuss's FINE bill would then create a command and control center for using these expanded powers against the regional banks, putting in place the mechanism for fascist top-down control over the U.S. banking system.

Conservatives Suckered Into Rocky's Panama Canal Diversion

Richard Viguerie, the Rockefeller-Buckley axis's "conservative" Judas-goat, is at it again.

For the last two weeks Viguerie has been energetically fanning conservative hysteria about the proposed Panama Canal treaty, in his latest effort to sidetrack U.S. Whigs from any effective fight against the Carter-Mondale Administration and its Rockefeller policies. Working through the American Conservative Union, the Conservative Caucus, and his own direct-mail fundraising outfit, Viguerie has put together a propaganda drive that has succeeded in suckering Ronald Reagan and Senators Jesse Helms and Strom Thurmond into the center of the completely bogus Canal squabble.

Prodded by Viguerie, the duped Helms and Thurmond, and the numerous Rockefeller submariners on his staff, Reagan has fallen hook, line and sinker for the Canal gambit after deliberately holding back on this divisive issue since last year's Republican primaries. With star billing in the *New York Times*, Reagan has sworn to do "everything I can" to rally conservatives for opposition to the treaty.

Following a briefing by Linowitz and Bunker on the treaty in New York Aug. 25, Reagan gave a jingoistic speech that evening at the Young Americans for Freedom Conference in which he declared: "I do not think that we should ratify this treaty ... Will turning over the canal be seen as yet another sign of America's longing to withdraw? Will it create a power vacuum in the Caribbean which Fidel Castro and his patron, the Soviet Union, will seek to exploit? What does this say to our allies around the world about our leadership intentions, our international role, about our own view of our national defense capability?" Lest any YAF member be left in doubt, Reagan concluded with a parable from the days of Teddy Roosevelt's "Big Stick" Gun Boat Diplomacy, ending: "America has for too long sought to be loved ... We've been the pussycats of the world. What we need now is respect."

Reagan has been manipulated on this issue by Buckley agent Lyn Nofzier, head of Reagan's Citizens for the Republic, and by Viguerie crony Bruce Eberle who handles mailings and fundraising for this organization, to raise the Panama Canal issue in a way that will further fissure the Republican Party. According to an Aug. 24 issue of the *New York Times*, Citizens for the Republic has already sent out a memorandum to California Republicans urging them to "protest" the decision by Senator S.I. Hayakawa to endorse "President Carter's proposed giveaway of the Panama Canal." This stab in the back attack against Hayakawa, an emerging anti-Wall Street leader, shows precisely how Buckley and

Viguerie's "conservative" plumbers crew plan to use the Panama Canal issue to divert and destroy Whig forces.

What is astonishing is that honest conservatives continue to give Buckley protégé Viguerie even a scrap of credibility. Not only did Viguerie organize for Rockefeller's own Jimmy Carter in last year's presidential elections — and publicly admit it. Reliable sources report that this crook skims off the first 50 percent of all funds he raises for conservative causes to go to the only "cause" he has any loyalty to, namely his own pocket. Yet for all his flagrant piggery, "50 percent" Viguerie is now successfully leading conservatives into the Carter crew's Panama Canal trap.

Acting the liberal Dr. Jekyll to Viguerie's right-wing Mr. Hyde is Sol Linowitz, one of the two negotiators of the Canal Treaty. Linowitz was deployed directly out of Coudert Bros., the main Wall Street law firm handling the Buckley family's international oil interests. Coudert Bros. has also been identified by knowledgeable insiders as a coordinating center with the apparatus known as the "left CIA" (the Institute for Policy Studies nexus) for the same right- and left-cover terrorists that may be let loose at any moment to further fire up the Panama issue, in the U.S. and internationally.

Fanning the Fire

With Rockefeller standing behind both sides of the liberal-conservative Panama fight, it isn't surprising that still another Rockefeller employee has been trotted out to preview the terrorist scenarios that are doubtless already on the drafting boards. In the Aug. 22 *Wall Street Journal*, Roger Fontaine, the author of Nelson Rockefeller's Commission on Critical Choices report on Latin America, made a bid to provoke maximum paranoid reaction from U.S. conservatives by painting the following grim possibilities: "The potential does exist for small urban terrorist squads, recruited from Panama's large student population, to make lightning raids into the zone...U.S. military and police units would find it tempting to chase these raiders back into Panamanian territory...(raising) the spectre of another Vietnam."

Any such scenario would probably call for terrorists "sheepdipped" through left-CIA penetration networks into Cuba, to give a suitable "Communist-backed" tone to the project. But Cuba's Fidel Castro has recently shown himself to be more "conservative" on this issue than the U.S. Whigs, urging Panamanian leader Torrijos to play down the whole Canal issue just as Cuba does the continued presence of the U.S. military base on Cuba's Guantanamo Bay.

Bare 'Fist', 'Sweep' Plots To 'Terminate' USLP

According to highly placed sources in Washington, D.C., the Carter Administration has stepped up its massive illegal intelligence conspiracy against the U.S. Labor Party and is operating on a timetable to shut down the organization within the next two months. Detailed operating instructions for the assault on the USLP are contained in a two-and-a-half-inch thick file in the possession of the FBI, the sources say.

The file reportedly details two tactics to break the Labor Party, code-named Operation Fist and Operation Sweep. Both are being run through the FBI in coordination with other agencies.

Smash and Grab

Operation Fist (Financial Intelligence Specialists to Terminate the USLP) is a blackmail and arm-twisting campaign to prevent the party's current and potential financial supporters from contributing funds and to panic Labor Committee and Labor Party creditors into demanding instant payment on all outstanding accounts. The line being put out through Operation Fist is that "the Labor Party is finished" and that contributions to the USLP are "money down a sinkhole."

Operation Sweep, set to take off as the Fist financial warfare operation is having maximum effect, involves slander and harassment tactics coordinated with so-called penetration operations. The goal of Operation Sweep is to split the party into warring factions and bring it under intelligence agency control.

Carter, Kissinger Named

Informed of the Carter Administration's latest moves against the USLP, party chairman and presidential candidate Lyndon H. LaRouche, Jr. identified Fist and Sweep as "the work of the Rockefellers, the Lazard Freres and Kuhn-Loeb investment bankers, and their minion, Henry Kissinger. These are the same circles scheming to impose fascist economic controls on the USA and Western Europe."

Col. Thomas McCrary, leading conservative and chairman of the National Coalition of Independents on Issues, denounced Fist and Sweep as the beginning of a Carter Administration "drive to eliminate the third party movement...all independents should recognize that this is a pioneering operation aimed at all participants in the Coalition of Independents... (which is) to be extended to independents who cannot be controlled within the two major parties."

New Assaults

Within 48 hours after USLP officials were informed about Fist and Sweep, the following financial warfare and harassment attacks hit the party:

*Trans World Airlines, United Airlines, and the law firm of Anes, Friedman and Leventhal, using a default judgment obtained against the Labor Committees for a back debt owed on account of air freight shipments, placed a lien on the NCLC bank account and seized \$6300,

despite a clearcut commitment to retire the debt. TWA is almost wholly owned by a combination of Rockefeller and Lazard Freres interests, mediated in part through the Equitable Life Assurance Corporation. TWA is mortgaged to various bankers for over half its assets' value.

*A major creditor on NSIPS communications lines suddenly escalated its demand for payment on account this week by some \$3,000, a more than 50 percent increase of the previously agreed upon payment.

*The Federal Election Commission, deployed in "plumbers' jobs" against the USLP for nearly a year, obtained a show cause court order to force the Labor Party, its vendors and the Committee to Elect LaRouche to "open the books" and provide the FEC with ammunition for additional financial warfare operations. The judge who issued the order is the brother of New Deal braintruster Tommy Corcoran, widely known as "Mr. Fixit" in Washington legal circles.

*A spokesman for the United Auto Workers, which is currently suing to shut down New Solidarity and destroy all copies of the newspaper, announced that the UAW was in possession of creditors' bills to the USLP and expects to drive the "deeply financially troubled" Labor Party into bankruptcy by Sept. 23. Paid FBI agent Gregory Rose is the UAW's star witness in the suit. UAW ex-president Leonard Woodcock is Carter's ambassador to Peking. Observers speculated that the UAW's willingness to "name the date" of the USLP's demise meant that UAW officials were hoping to "get a fix-in" with the court to stop publication of this newspaper before a trial decides on the merits of the UAW's phony claim it has exclusive trademark rights on the word "solidarity."

*A series of break-ins occurred against the homes of USLP members and supporters, including one who was making arrangements to give a substantial donation to the party. Simultaneously, a pattern of racial assaults and frameup arrests has targeted black USLP members including Detroit mayoral candidate Mel Brown and New Jersey candidate Charles Mack. Reached for comment on the Fist-Sweep operations, a representative of Interpol, Rockefeller's private terrorist-running international police network, responded, "Some people in our office don't think terrorism is criminal."

Build the USLP War Chest

Even before the USLP learned the details of Operations Fist and Sweep, the party had announced a full "war chest" mobilization to raise the funds required to torpedo the FBI-FEC's ongoing financial warfare strategy. It was estimated that income of \$75,000 this week would put a large hole in plans to bankrupt the USLP; an additional \$75,000 would allow the party to restore the operating publications and communications capability lost through financial warfare since Carter was installed in office. The \$150,000 total is still the overall war chest target.

In addition to its fundraising mobilization, the party is also counterattacking with a battery of legal and political actions against every organization and individual who appears wittingly complicit in Fist and Sweep operations. Legal action has already been announced against Alanthus Corp. (formerly Leasco) which removed NSIPS communications equipment from a dozen U.S. locations last week after rejecting reasonable offers of payment on its account.

Broad exposure of the "get the Labor Party" conspiracy has resulted in a 13 percent increase in NCLC-USLP field income this past week and rise in overall income to the \$40,000 level. The increase has come

largely from increased sales of publications and from contributions by workers, their families, and local trade union officials, generally reporting they "don't want to see the Labor Party die."

Because of the TWA and additional attacks, however, the \$40,000 level is no longer, as was projected, sufficient to stabilize payments, and the USLP and its affiliates are facing the weekend with approximately a \$7-10,000 shortfall in necessary income. Unless this deficit is rapidly made up, further cutbacks in vital publications and communications services will occur.

— Don Baier

UAW Officials Caught In Collusion With Carter Administration's 'Operation Fist'

Aug. 25 — Sources very close to the United Auto Workers Union leadership, outraged over that union's direct complicity in the FBI-run "Operation Fist" against the U.S. Labor Party, have turned over to the Labor Party's Legal Division damning evidence against UAW and Democratic officials in Michigan involved in these illegal operations. These sources have provided the following documented information revealing that the UAW, in collusion with the Federal Bureau of Investigation, is running a state-wide "war-room" for the FBI's Operation Fist (Financial Intelligence Specialists to Terminate the USLP):

* UAW Public Relations Director Jerry Dale is in direct liaison with FBI Special Agent Knapp, the Detroit bureau agent "in charge of all activities regarding the U.S. Labor Party." Through this liaison, Dale has been provided by the FBI with up-to-the-minute information on all Labor Party financial accounts—including actual copies of Labor Party bills. This UAW-FBI relationship also provides the UAW with the FBI's "target list" of Michigan Labor Party members whose names have been run through the Michigan State Police "LEIN" computer for ongoing harassment and intimidation.

* Further evidence provided to the USLP shows that Dale has a prearranged date, Sept. 23, where he expects the UAW to win a \$20 million law suit against the Labor Party—indicating that he has

knowledge of a judge to be brought into the case who will "rule" in favor of the UAW. The UAW suit was and is designed to shut down the Labor Party's newspaper, New Solidarity.

* According to these sources, total day-to-day UAW operations against the U.S. Labor Party are being handled out of the UAW's Washington, D.C. office of Stephen Schlossberg. Schlossberg has not handled any UAW legal work, ostensibly his job, since 1973, and instead has been instructed to concentrate solely on the U.S. Labor Party.

* Bruce Miller, head of the Wayne County, Michigan Democratic Party and "troubleshooter" attorney for the UAW, is coordinating all "legal aspects" of Operation Fist. Miller is being directly supervised by Emil Mazey, the "policy advisor to the UAW Executive on the USLP" and in charge of "overall policy" regarding the USLP. Miller is currently acting as an "advisor" to the UAW's \$20 million law suit against the Labor Party for using the word "Solidarity" (the name of the UAW's newspaper) in the Labor Party's newspaper, New Solidarity. One of Miller's employees, Duane Ice, was counsel to UAW local president of Detroit Deisel, Hillman Green, who was charged last year with assaulting Labor Party organizer Ivy D'Urso. Mrs. D'Urso, now a full-time coordinator for the Mel Brown Detroit mayoral campaign, and her husband Joe D'Urso are on the FBI's "target list" and have, over the last month, come under numerous incidents of State Police harassment, including fines, detainments and arrests.

The Mondale Option

The direction now taken by the Bert Lance scandal opens up the very real possibility that Vice President Walter "Fritz" Mondale may soon step into Jimmy Carter's ill-fitting presidential shoes.

Such a development would be a Pyrrhic victory indeed for the vast majority of Americans who have come to despise the Carter administration. As Mondale's past and present political record conclusively demonstrate, a Mondale presidency would actually *accelerate* the course toward economic suicide and thermonuclear war inaugurated by the Carter Administration in January, 1977.

U.S. Labor Party chairman Lyndon H. LaRouche observed recently that while Carter is dangerous for what he *isn't*, Mondale is dangerous for what he *is*. Exactly who is Mondale, where does he come from, and whose policies does he represent?

Fritz: Humphrey's Boy Wonder

Like the other political products of the Minnesota-Wisconsin Fabian colony, such as his longtime mentor Hubert Humphrey, Mondale's entire political existence has been dedicated to serving the interests of Lower Manhattan banks, especially through the advocacy of numerous "fascism with a human face"-type schemes.

The Rockefeller Family and friends have obviously been instrumental in Fritz's career. Not only is Mondale a member of the exclusive Council on Foreign Relations, the Trilateral Commission, and the Bilderberg group, but his succession of political offices, from the Attorney Generalship of Minnesota through the vice presidency (and next, perhaps, the presidency itself), has been bought and paid for by Wall Street — over widespread popular opposition.

Fritz got his first taste of politics in the late 1940s when Hubert Humphrey (then Mayor of Minneapolis) recruited him to help purge the Minnesota Democratic-Farmer-Labor Party of all foes of the Truman Administration's monetarist Cold War-Marshall Plan policies — under the cover of "getting rid of the Reds." Mondale was so good at the dirty tricks side of this operation, including blackmailing his victims with "secret" FBI dossiers — that doors began to swing open. First Mondale was named head of the student wing of the liberal anti-communist Americans for Democratic Action (ADA), where he helped ADA chairman Humphrey extend the Minnesota red-baiting to the national level. After a stint in Orville Freeman's law firm, Mondale was appointed Minnesota Attorney General in 1960, when the previous office holder conveniently resigned. Four years later, Freeman, by then governor of Minnesota, appointed his former law partner to the U.S. Senate to fill the seat their mutual friend Hubert Humphrey had just vacated to become Vice President.

Domestic Policy A La Modale

Once in the Senate, Wall Street's investment in Mondale began to pay off, as Fritz emerged as a leading

national spokesman for the New York financial community. Insinuated into pivotal committees (Banking, Finance, Agriculture, Joint Atomic Energy) Mondale — under Humphrey's guiding hand — began to develop certain areas of "expertise," concentrating on labor policy, energy and "electoral reform."

As the international monetary crisis deepened in the late 1960s and early 1970s, Mondale started to put forth the openly fascist "solutions" which his Lower Manhattan stringpullers were counting on to save themselves. The cutting edge of these was the notorious National Employment Priorities Act of 1974 (NERA).

Written by Trilateral Commission member Leonard Woodcock's United Auto Workers, NERA — or the "Boxcar Bill" as it soon became known — called for *forcibly* relocating unemployed workers, giving them a pick and shovel, and setting them to work at below minimum-wage levels in "Project Independence" type energy "development" projects. For workers who refused this enslavement, the bill provided that all government benefits be terminated.

An intensive organizing campaign by the U.S. Labor Party helped to kill NERA at the time — forcing Mondale to withdraw from the contest for the Democratic presidential nomination in the process. But Mondale by no means abandoned the scheme: his team on the White House Domestic Council is currently drawing up a revised version of NERA with every intention of forcing it through this time around.

Dovetailing with the overall intent of the NERA bill, Mondale simultaneously became one of the most rabid promoters of Lower Manhattan's industry-killing "energy conservation" line. With the Rockefeller-engineered Arab oil embargo as his pretext, Mondale took to the hustings for slashing energy consumption. In an early 1974 campaign statement outdoing anything the Carter Administration has proposed publicly so far, Mondale demanded that the U.S. "Lead an international effort to cut back on oil consumption next year by at least 10 percent ... and adopt the hard sacrifices ... like rationing ... needed to cut back on oil consumption for some time to come."

At the same time, Mondale urged adoption of the full Rockefeller "energy development" program, from federally-funded development of retrograde coal gasification and oil from shale methods through breaking up the independent energy producers through divestiture.

To insure that the population had no choice but to accept his energy conservation prescriptions, Mondale desperately attempted to halt construction of the Alaska pipeline, leaving little doubt that the current spate of "accidents" which have plagued the pipeline since it opened would increase mightily if he were to become President.

Mondale's "Human Rights" Campaign

Senator Mondale played an equally insidious role in the foreign policy domain. In view of Mondale's "soft" image,

especially with regard to the Soviet Union, one example of Mondale's foreign policy orientation — his own "human rights" campaign — is particularly relevant.

In the early 1970s, Mondale spearheaded the liberals' sudden turnaround on U.S.-Soviet détente, a shift which more than anything else signaled that the U.S. was seeking a nuclear confrontation with the Soviet Union. Fritz suddenly emerged as the champion of "human rights" and "Soviet dissidents" — years before Jimmy Carter even knew what they were! In 1973, he succeeded in pushing through the Senate an amendment which denounced alleged Soviet repression of dissidents and called on President Nixon to "pressure" the Soviets by stalling on trade and disarmament negotiations, echoing the provocative policy line of the newly-formed Trilateral Commission under Zbigniew Brzezinski. And early the next year, Mondale published an article in the CFR's *Foreign Affairs* magazine widely rumored to have been written by Brzezinski. Entitled "Beyond Detente," the article called for outright economic warfare against the Soviet Union.

Tory Mondale and the Subversion of the Constitution

It's not surprising to find that the man who issued the contemptible admonition to "Vote early, vote often" just before stealing the last election has long been in the forefront of nearly every major scheme aimed at destroying the constitutional principles and processes for which the American Revolution was fought — including that of free and fair elections.

Among other evil doings, Mondale was the original sponsor of the bill to provide federal financing of presidential campaigns, a contrivance intended to prevent any anti-Wall Street faction from mounting a successful electoral challenge. This initiative led directly to the creation of the Federal Election Commission (FEC) which Carter and Mondale are now wielding, "plumbers unit" style, against the Labor Party and other Administration foes.

While in the Senate, Mondale sponsored many of the so-called internal reforms such as mandatory retirement, strict rules against filibuster, rotating committee chairmanships, etc., designed to extend Wall Street's grip even tighter around Congressional policymaking.

And You Thought Nixon Was Corrupt

Mondale's own political past is virtually littered with the most sordid kinds of money-grubbing scandals, two of which deserve special note — and investigation by the proper authorities.

The most damaging case occurred when Mondale, as Minnesota Attorney General, inexplicably refused to investigate charges that a local insurance company was illegally dumping its securities. The reason for Mondale's reluctance came to light when the company finally went bankrupt and an inspection of its books revealed that Mondale had been on the take — receiving at least \$2,000 in illegal campaign contributions from the company! Not only was it illegal under Minnesota law for Mondale to have received any contributions from any corporation, the implication that he was being paid for covering up the company's illicit financial activities could hardly be discounted. In fact, Mondale escaped the full impact of the scandal only because he had by then taken refuge in Washington.

A similar scandal broke in January 1975 when the Minnesota Mining and Manufacturing Company revealed that it had made illegal campaign contributions not only to Maurice Stans, head of Nixon's reelection apparatus, but to Mondale and Humphrey as well. Though Stans was convicted of these charges, no legal action whatever was taken against the Minnesota twins.

Who Wants Fritz?

As Vice President, Mondale has been credited with the Administration's Nazi-imitation "work or starve" welfare package, the purge of the intelligence community under the guise of "reorganization," the push for slave-labor "full employment" programs and drug decriminalization, as well as the miserable Africa and Mideast policies. "President Mondale" is so grim a prospect that even his wife Joan admitted last year, in explaining why Mondale dropped out of the race for the Democratic presidential nomination in 1974, that "The American people just didn't want him as their President."

—Kathy Murphy

Citibank Out To Humble Chase

BANKING

New elements of Citibank's strategy to humble David Rockefeller's Chase Manhattan and thereby emerge "on top" in the developing depression-crisis have come to light during the past week.

First, the rift between the largely conservative, industry-influenced Citibank management and Chase's "utopians" has come to a head over the issue of Third World indebtedness, particularly in the cases of Peru, Turkey, and Zaire, where Citibank recently made high-profiled interventions. In all three cases, Citibank has attempted to impose a relatively long-term strategy of economic stabilization, including moderate austerity measures, loan refinancing and consolidation of short-term into medium-term debt, and political support for existing centrist regimes. But Chase Manhattan, due to its highly insolvent condition, has insisted on immediate debt repayment and stringent austerity, even if this requires Chilean-model political coups, regional wars, and places the world on the threshold of nuclear confrontation.

Second, Citibank is deliberately encouraging OPEC investors, particularly the Saudis, to "diversify" away from short-term deposits at Chase and towards increased equity investment in the Third World and such hard-hit industrialized countries as Italy. According to an intelligence community source close to top Citibank management, the bank's staff has been directed to draw up a "Marshall Plan for the Third World," in which Saudi petrodollar "recycling" will be a major component. Although Citibank itself stands to lose substantial OPEC deposits, one bank economist characterized diversification as "in the long run, a development which the U.S. and Citibank would welcome. It's going to promote world stability and that's more important than the possible detrimental effects such a shift might have." Chase, on the other hand, has suffered severe deposit base erosion in recent months and bank analysts doubt the institution could withstand a sudden interruption in the flow of Saudi deposits.

On still a third level, informed sources report that Citibank and allied West German banking interests were behind the Bank of England's decision to let the pound float upwards against the dollar at the end of July. This temporarily braked the Deutschmark's speculative rise against the dollar, which had been set into motion by U.S. Treasury Secretary and David Rockefeller associate Werner Blumenthal, in an effort to force West German reflation — a policy which Citibank economists have openly questioned in recent weeks. Citibank and its conservative co-factioners forced Federal Reserve chief

Arthur Burns to jack up short-term U.S. interest rates instead, to "save" the dollar and put a further squeeze on Chase's thin profit margins.

The unprecedented rise of Federal Reserve member bank borrowings to \$1.55 billion during the week ended Wednesday may indicate that Chase and its allies are already in extreme difficulty. Three major New York banks borrowed \$1 billion for Wednesday, the Fed's weekly settlement day. Analysts believe that Chase, without access to Arab money, may have been forced to the discount window, the lender of last resort. "The Fed, of course, could refuse to lend money to some banks," commented the Wall Street Journal, "if it felt a bank to be abusing the privilege."

Rate War Accelerates

As the *EIR* reported last week, an immediate effect of the sharply-higher dollar sector interest rates enforced by Citibank was to drastically lower the spread between the rates at which commercial banks acquire funds and the rates at which they lend on the international markets. Due to heavy competition among international banks and the rapidly growing pool of idle Eurodollars, the banks have been forced to slash their rates for medium-term Eurodollar loan syndications all year. Last week, lending rates fell through the floor, as India, a newcomer to the Euromarkets, raised a \$50 million loan of seven-years maturity with a spread of only 1 percent over the London interbank rate — unprecedented for a non-oil producing Third World country. The *International Herald Tribune* further reports that the spreads paid by heavily-indebted Mexico and Brazil (now at 1.5 and 1.8 percent respectively), could also come down sharply, while prime borrowers can expect spreads of only 0.5 percent — hardly enough to cover bank operating costs.

Bank analysts are relatively confident that Citibank can ride out this period of reduced margins, but believe it could ruin Chase. One Texas banking source pointed out that West German and Swiss banks were the first to break their Eurodollar lending rates below 1 percent earlier this year, in order to make use of the excess dollars pouring into Europe. Chase then followed suit, in a desperate attempt to make up for their reduced earnings through sheer volume of syndications they participated in. Citibank, however, did not feel the need to lower their rates until about six weeks ago.

Showdown in Third World

The Citibank-Chase tussle over Peru's debt crisis could set the pattern for the rest of Latin America and the entire Third World. According to State Department sources, Chase Manhattan has a total of \$220 million in loans extended to Peru, virtually all of which falls due this

year. This "sets Chase apart" from all the other bank creditors, including Citibank, whose loans generally do not mature until 1979. As a result, Chase has been the most adamant in demanding austerity from Peru and called on the country to step up its copper exports as debt "collateral," even though Peru has no copper stockpiles available.

All indications are that Citibank Senior Vice President Irving Friedman pulled off a major "coup" by working out a deal with Peruvian Central Bank President German de la Melena which heavily penalizes Chase. Following Friedman's visit to Peru earlier this month, Melena briefed a gathering of 20 U.S. banks at Citibank's New York offices on Aug. 19. According to the *Journal of Commerce*, Melena—who was widely feared by the attending bankers as a monetary expansionist and leftist—presented "his strategy" for zero economic growth in Peru in exchange for a \$611 million long-term capital inflow into the country and debt-refinancing. Praising Melena's partial austerity program, Friedman stated that it "leaves little doubt of their desire and capability of servicing their debt." Although the *Journal* notes that some bankers would have preferred negative growth, they understood the "political restraints" acting on Peruvian President Morales Bermudez.

That the axe had fallen on Chase in this deal became clear when Melena announced that, while Peru would pay \$211 million in debt service due on long-term capital account, \$420 million of the \$500 million in debt due on short-term capital account would have to be replaced with new credits. Thus, Chase, with most of its debt holdings on short-term account, receives scarcely a copper penny!

A similar Citibank-Chase split is apparent over Turkey. According to Chicago banking sources, although Chase and Citibank each have about \$250 million tied up in Turkish convertible lira deposits, and the bankrupt Turkish government has fallen behind in its payments, Chase is deeply worried about getting its money out while Citibank is not. Citibank has "good exposure" in Turkey and believes Prime Minister Demirel's austerity package will work, the Chicago source noted.

Citibank's general strategy for containing the in-

ternational debt crisis appears to be aimed at converting their position as an external debt holder into that of an *internal* claim on local industry; that is, taking an equity stake in the country's real economy in the event that paper holdings become useless. Citibank is ideally situated for this because of its hundreds of branches around the world, and its practice of making loans in local currencies—a rarity with Chase.

Recently, U.S. multinationals and insurance companies gobbled up several Argentine companies, and even bought up Argentine Treasury securities so as to stabilize the government's internal debt—an operation some observers believe was coordinated by Citibank. Citibank, Bank of America, Grindlay-Brandt's of London, and five other international banks just announced a \$50 million syndication for an Argentine electrical project, which is to be co-financed with the World Bank.

Banking Community Freaks

The mainly covert internecine banking warfare has now even surfaced in the U.S. press. An Aug. 25 *Journal of Commerce* editorial, entitled "Falling Dominoes," raised the alarm that Citibank would not be able to secure its own debt holdings. "Bankers with a disposition towards pessimism were convinced in recent weeks that either Peru or Turkey would be the domino setting the whole stack of developing and poorer developed countries tottering to the severe detriment of the banking system," the editorial began. The *Journal of Commerce* noted that Citibank had yet to get the Zairean crisis completely under control, and that, in the case of Peru, "even Dr. Friedman admits that it will be a tight fit." The editorial concluded with the not-so-subtle warning: "The commercial banks are also well aware that they have a vital role to play to keep the dominoes from falling.... They are all in it together and they know it."

The *Journal of Commerce's* fears were seconded by a source at Schroder's Bank in London, which is closely allied with Citibank, who commented on Citibank's strategy of squeezing out Chase: "If you start playing that kind of game, it's a knife edge. You can come out on top or collapse as well."

OPEC Prepares Break With Dollar

INTERNATIONAL FINANCE

The leading members of the Organization of Petroleum Exporting Countries (OPEC) are now visibly preparing to break with a falling dollar before their December meeting in Caracas, Venezuela, according to the here included article from the August 25 Baltimore Sun. What is at stake is a new way of calculating oil prices, which is already the battleground for a post-dollar factional struggle opposing Citibank and other related conservative interests to pro-gold West European bankers

led by the French.

At this point, OPEC members with large surpluses—Saudi Arabia, Kuwait, and the United Arab Emirates (UAE)—have begun to review their large foreign investments to assess the damage from the dollar depreciation, a first step in the preparation of a break.

Both Citibank and the West European bankers know that such an evolution cannot be stopped except through a disastrous military intervention which would immediately lead to a thermonuclear confrontation with the Soviet Union. This is precisely what Chase Manhattan and the desperate David Rockefeller are looking for—a show of force as a "solution" to their financial problems—but the saner group around at Citibank still

OPEC Nations Concerned About Sliding Dollar

The following excerpts are from an article published on the first page of the Aug. 25 Baltimore Sun. Well informed sources note that it was sent from Cairo by Michael Parks, a journalist linked to "traditionalist" right-wing networks usually reflecting the views of the most conservative New York banks:

"If the dollar continues to slide or just fails to hold firmly, OPEC members will have to find another way to calculate oil prices, perhaps on the basis of the International Monetary Fund's special drawing rights, or raise prices to compensate," an ambassador from a leading oil exporting country said. "Most probably, they would do both."

OPEC members with large surpluses — Saudi Arabia, Kuwait and the United Arab Emirates — have begun to review their sizeable foreign investments to assess the damage from the dollar's depreciation, according to banking sources.

"Very little official money has moved, but private funds are beginning to flow into relatively stronger currencies," one European banker said. "Arab investors no longer are convinced that this is just temporary, and they are beginning to move protectively."

Saudi Arabia and Kuwait, meanwhile, have come under renewed pressure to revalue their currencies and to permit them to be used in international reserves, but both are resisting so far.

Preliminary contacts now are under way, accord-

ing to Arab diplomats here, on calling a special OPEC ministerial meeting next month to discuss a switch from dollars to special drawing rights or another, more stable means of calculating oil prices.

"If the dollar settles by the end of August, the matter will be put off until the regular December meeting," a senior official of one OPEC country said. "If not, then a September meeting is certain."

...Mana Saeed al Oteiba, the Arab Emirates' oil minister, believes the special drawing rights formula may prove too cumbersome and proposed recently the creation of an "OPEC dollar," another artificial currency unit, to replace the U.S. dollar, if necessary...

"The Saudis are reluctant to change the system as it would add to the instability," a European banker with close Saudi ties said. "But a faction there — a very nationalist group — is winning support in arguing that now is the time to cut away from the dollar as much as possible. Saudi interests must come first, they say, and there is much distrust to the dollar."

Not all of that suspicion is economic, much is politically based.

Some Saudis are coming to share the general Arab suspicion that the United States is deliberately allowing the dollar to decline, hoping to reduce the world's oil bill in real terms as well as better its international trading position.

believe that they can come on top of a well managed stabilization in alliance with the traditionally conservative Arab forces.

The general game plan of Citibank, Bank of America, and some U.K. banks is to replace the dollar either by the International Monetary Fund's special drawing rights or by a basket of currencies labeled "OPEC dollar." Although such a choice would definitely destroy Chase as a policy-making institution, it would not significantly weaken the position of Citibank. The reason is that Citibank has the best world network of direct branches, which lend money on the basis of local currencies. In other words, Citibank is already "diversified" into a "basket of currencies," and hopes to capitalize its financial organization into political leverage.

The other related angle of the Citibank strategy is the diversification of Arab funds into British, West German, and Japanese currencies for relending abroad. This would not only strangle Chase but coopt various layers of Western European bankers under the leadership of Citibank.

There are already various signs that mainly traditionalist interests in the City of London are cooperating with Citibank. Not only do they share a common outlook based on a "conservative" Anglo-American control of the world, but they are very often part of the same international networks which originated

during World War II. This is the case, among others, of Lloyds' Lord Aldington, who sits on the board of Citibank, and of Citibank's Senior Vice President Irving Friedman, whose first professional steps were made in a British-dominated colonial environment.

Evidence of that Citibank-City of London cooperation is reflected in various instances. First, in the "Saudisation" of foreign banks operating on the Saudi territory. Whereas the powerful French bank Indo-Suez, related to the interests of French president Giscard, accepted the 60-40 percent minority partnership proposed by the Saudis, both Citibank and the British refused the arrangement for fear of further fostering Saudi national interests. Second, in the monetary reorganization of the United Arab Emirates, where, according to an official at Brown Brothers, Harriman, an arrangement was finally made between Citibank and the British traditionalist interests related to the Bank of England. The story is the following: Citibank first engineered a speculative operation against the UAE currency, the dirham, using the Bahrein off-shore banking community as a platform for the operation. The British controllers of the Emirates resisted, and their key agent Scott, then head of the UAE's currency operations, threw all the weight of the Emirates' currency reserves into the battle. He succeeded, but "he had put a finger where he was not supposed to." In other

words, seeing the potentially dangerous consequences of an all-out confrontation for their respective monetarist interests, Citibank and the British made an agreement, stabilized the currency situation, drove in an IMF team as a cover to endorse the plans of the Bank of England, and fired scapegoat Scott.

Observers comment that the recent UAE's strong statements in the press for an "OPEC dollar" based on a basket of currencies reflect City of London thinking in connection with Citibank.

The problem for the Citibank-London axis is that more radical West European interests led by French bankers are strongly pushing for a gold-based monetary unit as a basis for calculating oil prices. To face these forces, Citibank has to play on a knife edge. It cannot attack them frontally, because of the too immediate dangers of a general financial destabilization. Citibank has therefore to control them from inside. This is the main reason why it is moving trust fund money into the French stock market, buying French equities that would come under nationalization plans should the French left win the coming elections. Citibank's operation is indeed very delicate: it has to express a display of confidence in the Giscard government to better control its moves. According to New York banking sources, Citibank is working out a deal with Saudi Oil Minister Yamani to bring in Saudi money as well.

But the French banking interests, beyond their marginally decisive position, have two significant trumps in their hands should they be decided to play the game of gold up to the end. First, as confirmed by the

Brown Brothers, Harriman source, the Kuwaitis are very strongly committed to a gold-pegged Gulf dinar, and are already engaged in triangular trade with the West Europeans and the Soviets. This brings in the equally gold-pegged transferable ruble, that according to other sources some Arab governments are presently accumulating through Swiss bankers.

The second trump of the West European pro-gold faction is what the Baltimore Sun calls "a very nationalist group" in Saudi Arabia which is "winning support in arguing that now is the time to cut away from the dollar as much as possible." This group, according to Brown Brothers, Harriman, is strengthening and controls the key Saudi source of funds, the Saudi Arab Monetary Agency (SAMA). "This is an emerging group of independent-minded people, committed to the defense of Saudi Arabia's national interests as expressed...by the industrialization of the country." Brown Brothers, Harriman identifies all the Saudi economic policy makers as leading figures in the "nationalist group": Oil Minister Yamani, head of SAMA Quraishi and Finance Minister Al Aba Khail. The source further commented that "they are some sort of civil service types," having more in common with West European civil servants or public sector administrators than with "cosmopolitan bankers." The Indo-Suez bank initiative "will further link up French interests with this group. And this group is running SAMA, even if London's Barings and Credit Suisse White Weld play a more important role. The banks are only advisers of SAMA and they advise only when they are asked for."

An Open Memo To The Journal Of Commerce:

Reject Self-Proving Pessimism!

The following statement was issued Aug. 26 by Lyndon H. LaRouche, Jr., U.S. Labor Party Chairman and Presidential Candidate.

Your publication yesterday aired the view that probably all the commercial banks will either sink or float together. That statement is true only on the condition that Citibank, Conti, "Manny Hanny," Dresdner, and others are conned into believing in that estimation. I, for one, can offer several workable gameplans under which Citibank, Morgan Guaranty, and "Manny Hanny" would hold up quite comfortably during the period that Chase Manhattan, Irving Trust, Bankers Trust, Chemical, and a group of Manhattan investment banks went into financial reorganization. However, those gameplans would benefit Citibank, Morgan, and others only on condition that they were operating on the basis the gameplan prescribes.

The "sink or float together" doctrine is not new. It originates, to the best of my information, with a circle of Manhattan investment banks and their restive allies in the City of London. Such misguided — indeed, hysterical — chatter from those sources dates from 1975 and was most energetically circulated beginning spring 1976. It is relevant that this was the basis for an alliance between the investment banks and a Chase Manhattan-cen-

tered group of commercial banks, the financial coalition behind the Carter-Mondale operation, as reflected in the Trilateral Commission and the New York Foreign Policy Association. Now, in the aftermath of the round of political-economic bid-and-ask centered last week in London, the boys from the investment bank side have insinuated the same argument again, this time obviously aspiring to spoil the nerve of Citibank and its allies.

The depressing thought you air in yesterday's outlook is in effect a sigh of despair, a Hamlet-like impulse for vacillation, abandoning a potentially winning fight before the fight has fully begun, a flight from the battlefield of a winnable war before the first clash of arms among principal forces.

The root of this self-defeating misestimation is of a sort classical among erring bankers. The banker, because of the character and habits of his experience over long periods of relative monetary stability, always tends to blunder in monetary crises by substituting the technical side of monetary-financial algebraics for political-economic fundamentals.

Example: July Trade Figures

According to the boosters of the Carter or Mondale side of Carter-Mondale, the foreign trade figures officially released yesterday show a slight improvement in foreign

trade balances. That is utter numerological nonsense; in fact, from the standpoint of economic fundamentals, they show an acute worsening of the value of the U.S. dollar.

The key datum is not the net of exports and imports as such, but the relationship of both export and import data to U.S. domestic durable goods production, with a sharp focus on the basic-steel parameter of overall trends in industrial production. That view shows the true picture.

In terms of fundamentals, the international value of the dollar is based on two, ultimately interconnected considerations: first, value of the dollar in the hands of foreigners for purposes of purchasing U.S. hard-commodity exports, against export bills of exchange; second, the value of the dollar in the hands of foreigners for investments in the U.S. domestic economy.

These two fundamental premises for the international value of the U.S. dollar correlate with the other problem, the financial position of the U.S. dollar. In this, the fundamentals are twofold: first, the ability of foreigners to convert a financial holding in dollars into either hard-commodity paper or gold from the USA, and, second, more immediately, the relationship between dollar financial obligations and hard-commodity trade levels over, respectively, the short, intermediate, and long term. In that latter, second, facet we view the relationship between financial liabilities of U.S. institutions and trade levels as a form of the overall debt-equity ratio.

In brief, if trade activity levels are rising more rapidly than financial liabilities, especially financial overhang, then the dollar is becoming stronger. If trade-levels are falling relative to the magnitude of the financial overhang, then the dollar is on course for a bust.

Part of the problem in properly evaluating the July figures is the fetishism associated with an incompetent National Product Accounting method (i.e., Wassily Leontief, et al.), the incompetent method of GNP accounting used. In present GNP accounting, a corporation is considered to be contributing to a boom if it compensates for a shutdown of its productive plant by rehiring its industrial operatives as office workers and salesmen, and the national economy is projected as overcoming the "recession" under conditions that half of present industrial output is shut down and the unemployed hired for public leaf-raking jobs. Although GNP accounting includes data which reflect fundamentals, the reports of the Council of Economic Advisors and of the congressional Joint Economic Committee are overall incompetent garbage, precisely because of the lunatic confusion between parameters of real output and mere indirect costs of government, administration, and services.

Freezing "Nonperforming Paper"

Anyone who imagines that the world will escape the deepest and longest depression in three centuries without a drastic financial organization of the "Western banking system" is most probably acting out of hysterical blindness toward economic and related financial fundamentals.

In terms of the objective preconditions for economic growth, the combined OECD and developing nations taken as a whole are currently operating below the breakeven point, such that apparent profits in some sec-

tors exist at the expense of increasing rates of negative growth in others. Under these economic conditions, the combined sectors' gross profit output, after deducting administrative costs exclusive of financial costs, is below zero.

Worse, the ratio of still apparently profitable corporate institutions to total corporate institutions is shrinking at an accelerating rate.

We are already and have been for some time in a depression, a world depression as the industrialists of West Germany have generally recognized during the past month, and as the recently unemployed steel workers in the United States understand.

Yet at a time that the net profit of the combined sectors as a whole is below zero, and falling at an accelerating rate, the ratio of financial obligations, current and term, is rising at an accelerating rate, largely through refinancing arrangements on old debt.

Worse, as long as the effort is maintained to keep up payments on current financial obligations as a whole under these conditions, the net flow of capital into production must be less than the effective net flow of capital out of production. Under the conditions of attempting to maintain current schedules of financial payments to the Eurodollar market and other essentially bankrupt institutions, there is no bottom nor end to the present world depression.

There are three alternatives to such a depression. (1) Wipe major portions of financial debt off the books. (2) Rewrite payments schedules on major portions of financial debt to a future dating, payments to resume after economic recovery has been established. (3) Let the automatic consequences of the depression wipe out the majority of financial institutions holding the largest ratios of nonperforming debt.

Technically, the first alternative is the cleanest and most efficient. However, that procedure would wipe out nearly all existing key financial institutions of both the OECD and developing nations. Therefore, in the interest of maintaining the most essential institutions of capitalist credit and deposit, the second alternative is the only practical solution.

However, there is a point at which banks such as Chase Manhattan and certain Manhattan investment banks have worked themselves into such an unsalvageable business position by inflating their books that those most-rotten institutions must be "triaged" as a way of reducing the financial community to a set of institutions which are viable as a whole.

Consider Citibank, Bank of America, and Morgan Guaranty as typical of the major U.S. commercial banks which could best survive a financial reorganization of such badly mismanaged institutions as Chase Manhattan. How are those sounder banks prevented from being pushed into a chain-reaction collapse by the collapse of Lehman Brothers and Chase? Does the U.S. government "bail out" Citibank? As "bail out" is currently generally understood, the answer to the question is no.

Nonetheless, U.S. government action is key.

The policy of the U.S. government is not that of selectively supporting specific banks and pushing others under. Such corruption is characteristic of the Carter-Mondale crowd but not of an honest Executive and

Congress. The government must act, as Alexander Hamilton, George Washington, and the first and second Congresses of the United States acted in restoring U.S. credit and establishing the First National Bank. Certain categories of viable banking institutions are vital assets of the general national interest; that and that alone is the proper basis for the alpha and omega of U.S. government policies toward private banks.

The key to financial reorganization is international. The U.S. government must enact law which authorizes Third World governments to reorganize their external financial debt in a specific way. The essential condition for this purpose is that those developing (and certain other) nations establish the kind of national banking instituted on the initiative of Alexander Hamilton in restoring U.S. public credit and establishing the First National Bank.

The basis in economic fundamentals for such U.S. government action is summarily as follows. The vital interests of the U.S. economy demand a massive increase in capital-goods exports, which can not be realized without a massive increase in total exports from industrially-developed into developing nations. The centerpiece of such a recovery program is full fuel cycle fission energy and development of fusion energy programs. This requires that developing nations have a substantially increased long-term debt-carrying capability on new, low-interest, low-risk debt. Under conditions of massive use of high technology to increase the industrial and agricultural output per capita in those nations, the growth of debt can be kept lower than the growth of gross profit.

To accomplish this, the following national measures are needed. First, the burden of present, nonperforming financial debt must be pushed into the future, into that portion of the future in which ability to pay develops. Second, those economies must operate on the basis of the kind of national-banking policies advanced by Alexander Hamilton, thus ensuring the integrity of new series of debt and the value of rescheduled masses of nonperforming debt.

The period over which this financial reorganization must be rescheduled is in the order of 20 to 25 years.

On the basis of the internal industrial recovery generated inside the USA, West Germany, and other OECD nations by the massive expansion of fission-led exports into the developing sector, the tax base for carrying long-term export credit from OECD nations is massively expanded without increasing the per-capita tax rates on individuals and firms. By establishing national banking in the USA (and other OECD countries) along the lines of Hamilton and Biddle, the debits generated through increased export activities and tax-base rise can be caused to flow through viable banks. This can be sufficient to enable those banks, as participants in a Third National Bank, to carry large masses of rescheduled financial paper.

This national action must be complemented by the establishment of a regulated international financial market operating on a gold-reserve basis, such as my own proposal for a private International Development Bank.

The murdered Jürgen Ponto, who did not necessarily agree with the full extent of my proposals, was assassinated because of his exceptional leadership role in mov-

ing in that direction. The same forces that effected the murder of Jürgen Ponto have ordered my assassination and the illegal "Fist" and "Sweep" black operations against the U.S. Labor Party and its allies, chiefly because it involves a relative diminution of their political and financial control over the world.

Morgan Guaranty's Problem

The essential predicament of banks such as Morgan Guaranty and Citibank is not really financial, but political. To the extent that these banks limit their maneuvers to the internal structure of the shattered Bretton Woods system, the "knife-edge" thesis — that all commercial banks would tend to collapse together — is plausible, to say the least. What the saner commercial banks are presently doing will succeed only on condition that a Third National Bank is in the process of being established.

The analogy is swimming. Swimmers who insist on swimming about in circles in a large lake must drown, both the better swimmers (Citibank, Morgan, Bank of America, Dresdner and others), and the bad swimmers (Chase, Irving, Chemical, Lehman). The good swimmer's advantage succeeds only on condition that he moves to reach the shore before exhaustion overtakes him. The shore in this case is the Third National Bank.

The issue is one of *political method*. With the Carter end of the Carter-Mondale Administration on the ropes, and adequate evidence for also dumping the Mondale side already on the books, it is possible to quickly clean out the Carter-Mondale mess, and thus to move forces into the Executive that are capable of acting efficiently in urgent national interests. The proper procedure is to dump Mondale first, inducing Carter to make an appropriate vice-presidential nomination before he exercises his conscience and resigns to make way for an effective new Administration. This means cleaning out Carter's "Atlanta Mafia" (Lance, Griffin Bell, Bourne, and so forth) while purging Walter "vote early and often" Mondale and his cronies.

This may take several weeks to accomplish. The problem posed by that time span is that the world financial collapse is already on, due to hit with full force around the end of the third quarter of 1977. However, that in itself is not a decisive problem. If the right combination of political forces just has confidence that the problem is about to be solved, short-term bandaid measures can be taken by key banks, corporations and others to hold the machinery together long enough for a new Administration to begin moving in concert with a properly reoriented Congress.

The key is immediately putting together the national leadership counterpole to Carter-Mondale. Governor Ronald Reagan is by no means the worst imaginable choice for immediate vice-presidential appointment, and Governor John Connally has a growing combination including viable elements in his circles. The difficulty with a Reagan combination, for example, is that the forces which might rally around him have the right instincts on domestic issues of industrial progress and constitutional principles, but lack the sharp perception of programmatic method required. This weakness around Reagan's and Connally's circles can be adequately corrected for

immediate needs through the U.S. Labor Party and its conservative programmatic allies and the Labor Party's trade-union base.

In short, a rapidly assembled coalition of Republicans and appropriate Democrats, which includes the U.S. Labor Party and its allies as a key programmatic-catalytic element, gives the nation a spectrum of options, in terms of viable personalities, for quickly getting us out of the present mess on the basis of a political alliance of industry and labor for high-technology resumption of our tradition of industrial and agricultural expansion and progress under constitutional law.

That political solution provides the fundamentals which are in turn uniquely the basis for solving the financial crisis.

The collapse of mismanaged Chase Manhattan need not bring down the commercial banks generally. Even a bankrupt Chase could be salvaged as an institution (through appropriate financial reorganization) under the kinds of alternatives I have indicated.

The problem of Citibank, Morgan, Bank of America, and others is that they have so far failed to move openly and quickly enough on the political side of the problem. The various datings I pick up on the European and North American circuits (October 1977, December 1977, early 1978) are too late and are being prepared too quietly. We must have open political action now, before the close of the third quarter — the kind of open political action which reorients national consciousness around counterpoles including the U.S. Labor Party's programmatic alternatives. With the appearance of such a counterpole now, the ship of state and the economy can be held together subjectively, politically, long enough to permit the reorganization of the Administration.

Unfortunately, that combination of commercial and investment banks centered in Manhattan which ordered Ponto's and my own assassinations has appeared so far to have a clearer perception of the workability of my alternatives than those opposing forces committed to saving our nation from an "environmentalists" Schachtian nightmare of hyperinflationary austerity.

Leading Environmentalists Detail Plot To Bankrupt Nuclear Industry

Presented here are three interviews with well-known spokesmen for the so-called environmentalist movement, men who are central in packaging and selling global energy policy for the Carter Administration and lower Manhattan financial interests, those of the Rockefeller family foremost among them. These are the men who have created the "belief structure" of environmentalism — around which the superstition and fear of "youth culture" victims in particular and the population in general is mobilized against scientific and technological progress.

Their own words are sufficient to prove that these leaders of the environmentalist movement have no legitimate concern about the safety of this or that nuclear power plant construction or technology. Environmentalist-sponsored court suits, demonstrations, terrorist acts are being coordinated with a high-pressure diplomatic campaign run through the U.S. State Department and private intelligence agencies like Friends of the Earth, as part of one integrated economic warfare operation whose goal is the total destruction of the entire nuclear industry. The tactic is to stop the nuclear industry in the USA and Western Europe in its tracks by stalling completion of nuclear power projects and harassing existing facilities until the entire industry becomes "economically unfeasible." Should this prove too slow, a staged nuclear terrorist catastrophe is openly voiced as a primary fall-back option.

Recent developments in West Germany document the nature and scope of the campaign. While nuclear reactor construction has been held up by courts in Gronde, Wyhl, Kalkar and elsewhere, based on the testimony of U.S. nuclear "safety experts" shipped in at the expense of Laurance Rockefeller's Natural Resources Defense Council, nuclear waste disposal — a major "safety issue" raised by environmentalists — has been sabotaged by the same Rockefeller operation. A nuclear waste disposal site under construction in the state of Lower Saxony was vetoed last week by state prime minister Albrecht, who reported he had "changed his mind" about having the site located in his jurisdiction — based on the advice of Albrecht's science minister Pestel, a member of John D. Rockefeller III's zero-growth planning body, the Club of Rome.

The recent assassination of banker Jürgen Ponto, widely known as a major architect of the West Germany-Brazil nuclear technology agreement, illustrates the open terrorist component of the operation.

Denis Hayes: 'Virtual Nuclear Moratorium In USA Now'

DENIS HAYES, WORLDWATCH INSTITUTE: Hayes is an energy specialist and self-styled expert on nuclear terrorism at the Washington, D.C.-based Worldwatch Institute. He is the author of the Worldwatch pamphlet: "Nuclear Energy: The Fifth Horseman," detailing nuclear terrorism and nuclear disaster scenarios.

The Worldwatch Institute is a leading economic warfare and terrorist control research unit which brings together specialists from the Brookings Institution, Aspen Institute and Rockefeller Brothers Fund. Lester Brown, its director, is well-known as a proponent of labor-intensive agriculture and "food control" schemes for the developing sector nations, and was a participant in the Rockefeller Brothers Fund's Environmental Agenda project mentioned below. The Rockefeller Brothers Fund; Robert O. Anderson, chairman of Atlantic Richfield Corp. and president of the Aspen Institute; and the Federal Energy Administration have all funded Worldwatch.

Q. Where does the nuclear energy debate stand at this point? How is the Carter Administration's energy policy going?

A. In general the popular opposition to nuclear energy is mounting, and governments are going ahead with nuclear development despite this. The French-West German agreement to develop nuclear power and the fast breeder is a major setback to the Carter Administration. Jointly they will be able to go beyond the present French fast breeder technology and this will be bad . . .

Q. What kind of effect are the anti-nuclear protests having?

A. The opposition is having a local effect in gaining recognition of the dangers of nuclear power. What looks hopeful is the statements by the West German Minister of Technology (Matthöfer) who wants a five year nuclear moratorium beginning this year. That's pretty surprising from a technology minister. . . The Brokdorf and other demonstrations have had the same effect as hitting the proverbial mule over the head with a big stick to get his attention. Now people are waking up to realize that

nuclear energy will result in terrorism or a repressive autarchy to protect against terrorism. There is still the safety problem and a problem with acts of god.

The nuclear issue boils down to weapons proliferation versus a finite resource base. Weapons proliferation is inevitable if fast breeder technology is developed, but if it isn't then we are dealing with a finite amount of resources for our present reactors . . .

Q What is the most effective way to stop nuclear proliferation?

A: First of all there is a virtual nuclear moratorium in the U.S. now. Only one reactor contract for export has been closed this year and there were only two last year. This nuclear moratorium is the most effective. If a country such as the U.S. makes a decision against nuclear power then others will begin to think twice about their development plans . . . Sooner or later the escalating

safety requirements and the cost of those requirements will make nuclear energy economically unfeasible.

Of course nuclear power development would be stopped overnight if there were a disaster or disastrous calculated event; and with the vehemence of some of the anti-nuclear groups running around this is to be expected. There have already been bombings and terrorist attacks against nuclear plants in the past

Q: So you see nuclear terrorism as inevitable if nuclear energy development continues?

A: Well it is still a credible scenario. But don't get me wrong. I think it would be much better if we could get a nuclear moratorium. If we could get a moratorium in several of the advanced countries for just a few years, then we could keep nuclear power from ever being economically feasible again.

Gerald Barney: 'Vietnam War Resistance' To Nuclear Power

GERALD O. BARNEY, ROCKEFELLER BROTHERS FUND: Barney is a staff member of the Rockefeller Brothers Fund and functioned as chairman of its Environmental Agenda Task Force, a collection of representatives from virtually every significant environmental organization brought together by the Fund to produce a "consensus report" on environmental issues. This report has been published under the title "The Unfinished Agenda," and is the basis of the Carter Administration's energy program.

Q. As head of the Environmental Agenda Task Force what do you think of the present situation...?

A. I think we are progressing very well. For details call Gus Speth at the Council on Environmental Quality and Dan Ford at the Union of Concerned Scientists. On all the nuclear parts of the Unfinished Agenda I turned things over to them... The Carter plan is through the House and I think it will go through the Senate though there will be more problems. What is important is that there is more awareness of the dangers of nuclear energy than ever

before. I saw a poll taken several months ago which showed that 65 percent of the population *still* is not concerned about the danger of nuclear energy.

Q. Some people are saying that Carter is supporting nuclear energy too much and has gone against his campaign promises.

A. Well, there is more emphasis on nuclear power than I would have given, but this is I think because there is no concrete alternative. It is the responsibility of the environmentalists to develop this alternative. Amory Lovins has gone a long way toward this in a new book, *Soft Energy Paths*. Also the recent series in *Science* magazine on the solar energy program was very important.

We have reached a point where any government that thinks a quick and easy decision for nuclear development is possible is going to be surprised. The resistance to the continued use of nuclear energy is like the Vietnam war. There are also a lot of people with very strong feelings against nuclear energy and they are not going to live with it. They will go a long way to conserve and sacrifice to get away from a nuclear economy. But let's be clear, ultimately the decision on nuclear energy is going to be a political decision.

Amory Lovins: 'Europe Has Neanderthal Pro-Nuclear Policy'

AMORY LOVINS, FRIENDS OF THE EARTH-GREAT BRITAIN: Lovins operates, from his official position as director of the Friends of the Earth-Great Britain, as an international traveler-agent for the Rockefeller banks' international "environmentalist" private intelligence outfit with branches in 20 countries.

Lovins has succeeded in generating internal dissent and squabbling over nuclear issues in advanced sector governments including Great Britain, France, West Germany and Sweden. His crankish dissertation, "Energy Strategy: The Road Not Taken" was published by *Foreign Affairs*, the journal of the New York Council on Foreign Relations in 1976 and was integrated in the Council's economic policy. Lovins has more recently elaborated his "renewable resource alternatives" in a book, *Soft Energy Path*, which proposes replacing electric power grids with small decentralized generators and heaters utilizing solar, wind, firewood and similar energy sources.

Q. Can you give me a picture of where the anti-nuclear fight stands at this point, especially in Europe?

A. First let me comment on the U.S.: the main problem here is that the Carter policy came out in pieces. First there was his energy conservation speech, then the nuclear export bill, then the strategic arms initiative; so it has been piecemeal and uneven. The State Department is aware of this and are trying to fix up the problem, but it would have been much easier if it had been done right in the first place.

General comments on Europe: the official view is that nuclear electric power development is of a high priority for Europe to get off of the OPEC hook. There has been no fundamental re-examination of energy and nuclear power needs — what is really needed is low temperature heat, and liquid fuel for transportation. There is also a serious technical misunderstanding in Europe. They think that nuclear fuel reprocessing is necessary to solve the waste problem. They are less concerned about the problem of proliferation and radiation dangers.

Q. So you are fighting an uphill battle.

A. Well there are encouraging developments. The perceptions which turned us around here on the nuclear question are now oozing into European consciousness.

Q. Let's go through the situation country by country.

A. All right. In Great Britain the domestic nuclear program is in great disarray. There have been no new nuclear orders since 1970 so you can imagine the economic bind they are in. Recently the UK atomic authority told me that they were facing a total collapse.

The major opposition right now is concentrated around the Windscale Inquiry into the proposed expansion of reprocessing facilities for Japan and other countries. It would not be surprising if the expansion was refused. It is

definitely an open question.

The Windscale thing represents the first public debate in England over the nuclear power issue, so this shows the rapid growth of anti-nuclear activity.

This shift in the British nuclear outlook came when Callaghan went to meet with Carter with a complete misperception of Carter's knowledge of the nuclear question. At the meeting it turned out that Carter knew more about the nuclear energy situation and problems than all of Callaghan's advisors put together, so when he got back to Britain he started to shake things up. Also, of course, David Owen has a personal interest in the matter, which helps. (David Owen is the British Foreign Minister —ed.)

Q. How so?

A. Well, uh, he has been interested in the issue for a number of years.

Q. A decision to refuse expansion of Windscale would then go a long way to economically undercut international nuclear development?

A. More politically than economically. You see, the Japanese want the Windscale reprocessing so that they can tell their people that the waste is out of the country. The Japanese have a terrible problem with this as well as siting reactors. Every time there is an attempt to site a reactor there are mass protests.

Friends of the Earth-Great Britain is the major intervenor into the Windscale hearings, along with the National Resources Defense Council European project; they are sending a group over to testify along with Albert Wohlstetter and Gene Rochlin, an Arms Control and Disarmament Agency contractor. There is also an ad hoc coalition of anti-nuclear groups called CANTO which is intervening, though not very effectively.

France: Recently there have been cutbacks in their nuclear program by about one-half. Essentially their program is as large as the Shah (Iran) is willing to pay for. The Super-Phenix fast breeder is being rushed through in para-military fashion at a rather alarming rate. This is drawing the Socialist Party's attention and they are taking an active interest in the nuclear issue now. Recently the government official in charge of constructing light water reactors told me there is a one-in-three chance that the reactors will get built. The official who monitors choosing sites for reactors now says that of the six sites which have been designated for new reactors, at least four of them are in severe local political trouble from angry farmers and residents.

The way this site choosing works is that the government announced about 30 potential sites while going ahead with construction at a few of them. What this has done is to coalesce local anti-nuclear resistance at every one of the 30 sites, building overall resistance around the country. This was a major political blunder by the government.

There is also resistance extending into the top levels of

the French government, including the Finance Minister (presumably deputy minister Durafour—ed.) and Foreign Minister (Guiringaud) who have second thoughts about nuclear development. In fact one senior cabinet member has commissioned me to prepare a soft energy path study for France. The head of the Environment Conservation Program, Jean Syrota, is having a big fight with the Electricité de France (the state-owned power company — ed.) There is an article in *Le Point* Jan. 10, which is good on the overall situation you should look at.

Also the French reprocessing plant in the north has been shut down for some time now with a strike over health and safety issues.

Belgium: Here there is a new government every week or so, so I don't have a clear understanding of what the latest developments are. I do know that the new government broke its promises to the environmental groups. Also in the interim a Euro Chemic reprocessing plant in Mol has been shut until certain decisions are made.

West Germany: Right now there is a temporary moratorium on any new nuclear construction until the waste issue is solved. Certain plants already under construction have still got permission to keep building. Recently the German courts have been favoring the anti-nuclear intervenors and taking their suits seriously with some good results; especially effective was the U.S. team of experts headed by Bob Pollard who made a strong case against the existing safety requirements.

Also the Science and Technology Minister, Matthöfer, is a surprising point of resistance against nuclear development. I met with him around a month ago and he is extremely pro-conservation and wants renewable energy sources. His party has more recently backed him into a corner over the freezing of the breeder budget but the pressure seems to be lifting.

One of the main problems is the Germans have a paramilitary nuclear outlook. For example, the energy ministry building is surrounded by barbed wire, armed guards, etc., like an armed camp. Frankly I think that the government has brought on a lot of the terrorist attacks by this kind of approach, though I'm not saying the Germans don't have a particularly nasty brand of terrorists; but I think that in Britain we have equally dangerous terrorists like the IRA, but British maintain security without it being so visible. This armed camp approach is a provocation which brings on terrorist response.

The anti-nuclear activists are spied on, their phones tapped and their mail opened. It is a very ugly situation. Recently the Chancellor of Germany (Helmut Schmidt) made a national statement that the government had determined that nuclear power was inevitable and that there was no legitimate reason for debate. What he said in essence was that now every good German should shut up on nuclear energy. Most of the anti-nuclear demonstrations have been provoked.

Perhaps you remember the case of Traube, who lost his job in the science ministry and it later turned out that he had been spied on by the secret police. There was a big stink around it and the government finally apologized to Traube for the spying, but he still lost his job.

Even more ridiculous was a rumor put out by the government that the anti nuclear groups were funded by East Germany. I mean, this is really absurd and everyone knew it.

Q: Could you describe the nature of the anti-nuclear groups who is involved, what organizations and so forth?

A: It's diverse, there are some highly responsible figures and some left-wing groups who want to use the environmental movement for their own purposes. However, much of the movement is non-violent and committed to it. The press has played up the small violent fringe to attempt to discredit the environmentalists.

Probably the most prominent group in Germany is the Citizens Initiative headed up by Karl Wustenhagen, a pharmacist with a strong character. He's great in debates and a good organizer. But mainly what has been done is that the environmentalists have set up excellent phone nets where they can mobilize 30,000 people to a site within hours.

Q: How do they get so many?

A: Local people, surprisingly enough — mainly conservative farmers and other local people. There's one thing that you should know about how the Germans, and the French, handle these construction sites. They just move in with barbed wire and bulldozers overnight and you wake up in the morning to find an armed camp with barbed wire fences, spotlights, guard towers already set up. So it is important and we have had a lot of success with these phone nets in mobilizing people on the spot to block the bulldozers and block roads and so forth. You should also know that these people are not organized around the same level of issues. They are mainly concerned about thermal pollution. This is a much bigger issue than, say, the safety problems, and even nuclear waste. For instance, the grape farmers in southern France are legitimately concerned that if there is more steam in the air, it will block out sunlight and ruin their wine. It is also an international question where several countries use the same river to cool their reactor and the last country on the river ends up getting tap water at near boiling temperature.

Holland: They have a small nuclear program with a general lack of support. I saw a poll from about six months ago which showed a 60-40 ratio against nuclear development. Their anti-nuclear activity has been low-key but very effective, run by something called the "Reflection Group" which is made up of academics, industrialists and theologians who put out papers against nuclear power. Every time the parliament decided to bring up a resolution for continued development these people go out with their papers and get them around and the issue is postponed again.

Switzerland: Before I go into this I should mention that there are several state and municipal jurisdictions which have vetoed any nuclear development within their jurisdiction. This has happened in Holland, France, and Switzerland already.

Switzerland has probably the largest nuclear program

per capita than anywhere in the world, which is ridiculous. They already have enough hydro and other forms of power for all their needs and could only want more if they wanted to corner the world market in aluminum refining or something. There is now an initiative which is to be voted on by the population of the canton of either Berne or Basle, I can't remember which.

Norway and Denmark: Have no nuclear programs to speak of. Norway builds a reactor every five years or so and Denmark is very much into renewables.

Sweden: This is a complicated situation. You know that the Center Party government was elected on an anti-nuclear platform, which they went against for several months. However, recently the prime minister has made a statement that he will make no more compromises with the nuclear industry and if he is forced into it he will resign and take his campaign to the people. They are now trying to get some momentum back into the environmentalist movement around conservation and alternative energy sources. There is actually a good situation with several experimental technologies being tested out. For example a fluidized bed is going on line in October in Enköping which will burn anything. There are also solar, wind and wood renewables being tested out. I have spent a lot of time in Sweden working with these alternative projects.

Spain: There is a large anti-nuclear movement here that I don't know much about yet, but it seems that they are doing a lot. Of course the Basques and ETA (an anarchist-terrorist group — ed.) have taken anti-nuclear issues for their own nationalist cause, which confuses things a bit — like the Breton separatists in northern France who have bombed a half-dozen nuclear facilities causing substantial damage, nothing to cause a serious accident, but major damage.

Italy: Italy has a large paper nuclear program but absolutely no money to finance it. I don't think that anybody really believes that they will ever build anything.

Q. It is clear that you are a major figure in the anti-nuclear movement. Are there any others who should be identified as the important leaders of this movement?

A. Well there is of course Wald Patterson in the Friends of the Earth-Great Britain, Robert Jung in Germany ... well look we held a major conference in Salzburg, Austria in May where every significant person attended.

I suggest you call Jeff Knight at the Friends of the Earth in Washington and he'll give you that list. The most important group I want to mention is in France, where the CFDT has taken an interest in anti-nuclear activities. This is ironic, since they are the union of the electric company. Personally I think that France will be easier to crack than Germany, despite what the situation appears to be.

I should bring up the European Economic Community here. The EEC has a neanderthal policy toward nuclear energy. One hopeful development is that EEC director Brunner will hold hearings this autumn. However, the International Atomic Energy Agency and the EEC are under pressure from Germany and France to stifle the nuclear opposition by proposing that these organizations be responsible for nuclear development for all Europe. This is a way of letting the various countries off the hook, so they can tell their protesters to stop complaining to them and go complain to the EEC, which of course no one has the capacity to do.

Q. What are the upcoming situations to watch and where can the environmental movement move its cause forward?

A. First of all we are arranging an exchange program between the Swedish and New England environmentalist groups. In New England they have a lot of capability but are short on technological know-how. Whereas it is the reverse in Sweden, where they have all the technology but have a hard time organizing for it.

Also the UN Economic Commission for Europe is going to be preparing a major energy study for Europe. This is not just for Western Europe but includes Central Europe and parts of Eastern Europe as well. I will be working on that as the senior advisor.

Q. Are the European groups tied together through any umbrella organizations? How does liaison work between countries?

A. It is informal, which is the great success of it. We are not bureaucratized like the energy departments and thus are able to communicate information and get things done much faster than they are. This freaks them out. There is one liaison I can think of between the OOA in Sweden headed by a guy named Christensen who coordinates the German and Scandinavian networks, being bilingual; this has worked well.

I suggest that you get hold of my book *Soft Energy Paths*, which you can get from the Friends of the Earth in either Washington or California.

The Collins Report:

Prelude To A New Security Debate

Presented here are excerpts from a study by John M. Collins, "American and Soviet Military Strengths, Contemporary Trends Compared, 1970-1976." The study was prepared for the Senate Armed Services Committee and first published in the Congressional Record of Aug. 5, 1977 under the auspices of Senator Jesse Helms (R-N.C.). The Carter Administration had sought for six months prior to publication to suppress the report because of its dramatic conflicts with the Administration's national security and scientific policies. The now-notorious Presidential Review Memorandum - 10 (PRM-10), prepared by Zbigniew Brzezinski's National Security Council, was originally scheduled to be released at the same time as the Collins study. Collins, a retired Army colonel and Congressional Research Service (CRS) Senior Specialist, was threatened with being fired if he didn't stop trying to get the report published after the staff of the Senate Armed Services Committee refused to do so, calling the report "not up to acceptable levels of competence." To this day there has been a virtual press blackout of the contents of the Collins report, even though Capitol Hill is reportedly buzzing with talk of its contents and suppression.

The editors of the Executive Intelligence Review believe that Colonel Collins has made a vital contribution to a much-needed new national security debate, and we are pleased to present important excerpts of the report here, together with comments and analysis by our military-strategic editors. As it will show, the report itself represents the starting point for stepping out of the framework of controlled monetarist defense discussions by dismissing all of the current or projected "official" plans for increased military capability, and hinting at the fact that the problem does not lie directly in the military realm. It should be noted that before it was originally released within the government, the report was thoroughly reviewed by the defense and intelligence communities who advocated its publication. Only the National Security Council rejected it outright.

At the very outset of the report, Collins qualifies his method.

"The U.S.-Soviet military balance is just one component of the U.S.-soviet strategic balance, which is just one aspect of the U.S. global balance with other powers that determines our total defense demands. Political, economic, geographic, social, psychological, scientific, and technological assets that are

central to any strategic balance are considered here only as they directly affect relative strengths of U.S. and Soviet armed services, along with respective allies." (emphasis in original — ed.).

By concentrating on "military only" areas of discussion, the report obviously limits itself, but it appears that Collins is partially aware of that fact, in view of his constant hints at a broader *strategic* realm, and the predicates which he chooses to explicate in detail, such as the following.

On the Question of Science

"Classic dangers develop when new systems based on new technology burst on the scene.... Still, creativity alone confers no advantage unless tied to procedures that translate inventive ideas into tangible instruments deployed in correct combinations and sufficient strength.

"'Victory' is achieved when one participant unveils technological superiority so pervasive and pronounced that opponents can neither cope nor catch up. Since indicators of rival success often surface slowly, losers sometimes cherish illusions of winning until too late. Conversely, they may long be aware that they have lost, but lack any way to rally....

"In the past, Soviet scientists stuck close to a policy of conservative incrementation that featured slow but steady progress. The R and D community designed around difficulties. Current indications, however, suggest a significant change, characterized by expansion in the scope of Soviet basic research, greater emphasis on innovation, and increasing inclination to take technological risks on speculative projects that promise big payoffs if successful....

"Controlled thermonuclear fusion could pave the way for limitless power supplies. Wing-in-ground effect aircraft able to skim the sea's surface apparently offer great promise as part of an antisubmarine system. Techniques subjecting certain substances to pressures exceeding a million megabars could transform matter into new forms of unfathomed importance. High energy lasers have endless applications.

"(The United States') predominance, however, shows signs of perishability that make many intellectuals lament our lack of momentum.

"Causes include uncertain goals that make it

problematic to chart a sound course for defense technology. Insistence on practical products is becoming more pronounced. Fund requests for abstract research are frequently cut or cancelled. Sharp fiscal caution extends to other R and D sectors. Consequent tendencies to tolerate few failures sometimes impede rapid progress....

"Nevertheless, the United States still holds unsurpassed abilities to compete technologically, and could consistently create superior products, *if policies and priorities changed.*"

(emphasis added—ed.)

Collins locates the military strength of the United States in part in its capacity for industrial and technological innovation. Without that, or with a decreased capability, there is no such thing as military strength, nor is there a population able to support scientific, industrial, or military endeavor. Contrasted to the Soviet Union's scientific policies, the Carter Administration cutbacks in all forms of advanced "basic research" and technological application, as evidenced in the fusion program as one key example, have to be reversed if the industrial might of this nation is to expand.

The Scenario for War

"Soviet power alone would pose serious potential threats to NATO's center sector, even if most satellite forces were pinned down for local security and air defense purposes.

"*Warsaw Pact Capabilities:* The Soviets, in concert with selected allies, could exercise all or part of the following combat capabilities if they chose to run serious risks:

"Inflict catastrophic damage on the continental United States with strategic nuclear weapons as a prelude to war in Europe.

"Invade Western Europe with little or no warning, using air and ground forces now in East Germany and Czechoslovakia.

"Support conventional operations with tactical nuclear weapons targeted against NATO forces, airfields, ports, command-control centers, and supply installations.

"Challenge NATO for air superiority over Western Europe.

"Reinforce initial efforts rapidly with ready reserves in European Russia and Poland.

"Seriously inhibit reinforcement and resupply from the United States by interdicting trans-Atlantic air and sea lanes.

"Mobilize additional combat power.

"*Soviet Intentions:* Capabilities just enumerated are tempered by Soviet intentions, which separate possibilities from probable courses of action.

"Bearing that backdrop in mind, premeditated Soviet attacks across the Iron Curtain, even for limited objectives, seem likely to occur only if Moscow entertains serious doubts concerning NATO's defense abilities and-or resolve. Even then, issues would have to be immediate and immense, unless Kremlin leaders believed actual risks were low in relation to anticipated gains. Whether those

"History indicates that the Kremlin's hierarchy is essentially conservative, despite its revolutionary tradition. National character, communist doctrine, and unshakeable convictions that time is generally on their side tend to repress impulses and reduce unwarranted risks. Political, economic, social, psychological, and technological competition have superseded naked force as policy tools since the Cuban missile crisis, although military power looms increasingly large as a possible option."

conditions will soon be satisfied is a matter of serious concern in the U.S. intelligence community and among net assessment specialists.

"*Soviet military doctrine:* Soviet military doctrine suggests that the Warsaw Pact would have three main objectives if a major war should ensue: early destruction of NATO's defense forces; early occupation of NATO territory; and early isolation of Western Europe from its U.S. ally.

"Unclassified analyses conclude that Soviet concepts for such operations stress surprise, shock, and quick exploitation. Conventional and nuclear capabilities would be used in combinations suited to the occasion, without any scruples concerning collateral damage and casualties. Employing nuclear arms is not considered escalatory, since Soviet strategists contend that political aims, not weapons systems, establish the scope of war....

"NATO can no longer defend in depth, even if forward positions proved pregnable. Its forces formerly could fence with the foe all the way to the Pyrennees if necessary, along established lines of supply and communication.... Every lucrative military target, including command and control centers, airbases, ports, and supply depots, is within reach of Soviet IRBMs and MRBMs. An enemy breakthrough would compel NATO to retreat across Belgium toward Dunkerque or south toward the Alpine wall. Even if France invited NATO back in emergency many handicaps would remain, since facilities there have deteriorated or been dismantled....

"If strong enemy elements cracked through the crust, our main line of resistance could be enveloped, unless friendly forces quickly regrouped behind the unfordable Rhine, the first major defensible terrain feature to the rear."

On forward defense and the neutron bomb, the alternatives currently being offered for the defense of NATO, Collins says:

"The prescription for forward defense originally was a political expedient to ensure wholehearted

participation by West Germany, which has persistently rejected any proposition that arbitrarily cedes German ground. The objective, therefore, has always been to block major attacks and stabilize the situation quickly.

"The task is imposing.... The first sharp Soviet surge would sever friendly supply lines.... Airfields also would be overrun."

And:

"Severe civilian casualties and collateral damage would be unavoidable if tactical nuclear weapons were exploded in large numbers... Neutron weapons available to NATO, but not the Warsaw Pact, would alleviate such problems very little."

The most important aspect of this essentially correct scenario of what would happen in the event of war is the fact that Collins debunks one by one all the alternative postures being offered by the Carter Administration through the Committee on the Present Danger, NATO Commander General Alexander Haig, and Secretary of Defense Harold Brown. That posture is for a short-term conventional buildup in Europe, complete with "wunderwaffen," reinforced forward defense and neutron bombs, designed primarily as a political expedient to keep Europe under control similar to the way in which Collins describes the origins of the forward defense concept. The military values of these policies would be nil.

The report makes the very important distinction between Warsaw Pact capability and intent — an intent tempered by political constraint. Contrast this to the insane opinion of CPD members Richard Pipes and Paul Nitze, who make no such distinction, arguing that the Soviets will absolutely launch a first strike as soon as they feel they are able, and say that a U.S. first strike capability is necessary to stop it.

The CPD circle is trying to distort the Collins report to suit its own purposes, but it can readily be seen from the report itself that there are major differences between the two positions. It was Evans and Novak, the main CPD mouthpieces, who originally selectively leaked the story of the Collins report as well as the story of PRM-10. The CPD is trying to use the common features of both reports — the indefensibility of Europe — to bolster its position and to keep up the "Mutt and Jeff" routine on defense discussions. Either option, the PRM-10 non-defense of Europe, or the Haig short-term buildup would lead to the same suicidal results sketched by Collins.

For these reasons, full-scale debate on the report must be opened up, beyond any "military only" limitations. The most important question on the table is the reindustrialization of the United States and maximized use of our scientific potential to the benefit of the entire population. Collins' Clausewitzian military analysis must be extended to the political and economic spheres in order to be effective — as Collins himself hints in his report.

— Ron Kastner and Bob Cohen

The Buckley Family — Part II:

Wall Street Fabians In The Conservative Movement

The following is the second part of a 12,000-word exposé of the Buckley family's operations by security specialist Scott Thompson. The report will be completed in the next issue of Executive Intelligence Review and will soon be available in full in pamphlet form.

The Right and Left Fabian Origins of the National Review Group

In 1950-52 at least three of the Buckley children — William F., F. Reid, and Priscilla — followed directly in their father's tracks to receive training for the future direction of their Rockefeller satrapy as employees of the Central Intelligence Agency (CIA). Referring to William F. Buckley's recruitment, E. Howard Hunt — one of the top Rockefeller covert action men who was involved in setting up a dummy assassination against President John F. Kennedy, and, later, was to head the Watergate dirty tricks operatives who sabotaged the Nixon Administration's break with Wall Street — recalled: "When I got the CIA assignment to set up a CIA station in Mexico City (actually, the CIA Latin American Division HQ —ed.), Bill was the first person I thought to bring in. He accepted immediately." In fact, the decision was not so informal.

Buckley was a member of the Rockefeller private intelligence apparatus at whose core is a covert action capability that is coordinated for purposes of assassinations, terrorism, and even coups by the international private intelligence body known as Interpol, and by the government agencies Interpol has infiltrated. Often misidentified as "Die Spinne," "Odessa," "The Black International," this Interpol network is staffed by "laundered" operatives from the Nazis' Third Reich and by members of British Intelligence's White Russian networks who have been augmented by a second generation, recruited from post-World War II monetarist-dictated covert operations, that includes the Secret Army Organization (OAS), Ordine Nuovo, Cuban exile paramilitary groups, Latin American death squads, etc.

Despite their "respectable conservative" image, William F. Buckley and family are major officers in this Rockefeller-Nazi connection. Just as a key element of Marcus Raskin and Richard Barnet's Institute for Policy Studies power base is the lumpen gutter elements they have organized into terrorist groupings like the Weather Underground, Japanese Red Army, Black Liberation Army, etc., so the Buckyleys' usefulness is in large part

attributable to these Interpol-coordinated Nazi and Catholic fascist assets which William F. Buckley, Sr., first began acquiring. Both these "Left" and "Nazi" networks, as we will show, share common Fabian origins, supporting one another's terrorist operations or else pitted against each other in "surrogate warfare." Through especially the Russell Sage Foundation, the leading private intelligence thinktank in the Wilson to Roosevelt period whose top agents included Walter Lippmann, John Dewey, etc., simultaneous deployments occurred to set the basis for the Fabianization of America and for the Versailles Treaty negotiations which initiated the process by which monetarist agents later brought Hitler to power. It was this same "liberal" institution which served as the chief Rockefeller instrument to found Interpol which was directed by SS leaders Heydrich and Kaltenbrunner during the 1930s.

Under the rubric of a major Cold War escalation in 1950, William F. Buckley, Jr. joined then CIA Deputy Director for Plans, Allen Dulles (who had previously worked with Nelson Rockefeller from the 1943 turning point of World War II to launder Nazi-Interpol agents into Latin America and other "Safe Havens") in infiltrating these former enemies of America into the embryonic U.S. intelligence establishment. With "government cover" they became an anti-Communist shocktroop as Wall Street advanced the timetable for a planned "preventive war" following on the heels of the Soviet's first atomic bomb explosion, the "Loss of China," and the failure of the Marshall Plan and related Atlanticist intelligence operations to consolidate parts of Europe. As Fabian networks were jettisoned from policymaking posts and a phony "bipartisan deal" was struck with the Rockefeller wing of the GOP, the Truman Administration was mobilized for military confrontation first with China, then the Soviet Union, via a Korean War beachhead. Interpol-Nazi teams were to be simultaneously thrown into the breach in the West with literal paramilitary invasions of Eastern Europe planned, while Allen Dulles sacrificed elements of his left-Fabian operatives centered upon Noel Field to spread the paranoid delusion in the Kremlin that the entire East bloc leadership had been penetrated by Anglo-American agents.

Apart from the family assets that the Buckley children brought with them into the CIA, they served as a bridge between the "Ivy League" group that consolidated control of key executive posts in the Agency and conservative line officers, hoodwinking the latter into acceptance of this brutal (and stupid) Wall Street policy.

In Spain, the post-World War II hub of Nazi-Interpol activity second only to Vienna, F. Reid Buckley served as liaison with the Franco regime, which had provided a base of operations for such key Rockefeller operatives as SS Colonel Otto "Scarface" Skorzeny, the son-in-law of Wall Street's financial technician Hjalmar Schacht and former head of Hitler's special operations team. Others with whom F. Reid, a member of Franco's Falange from his youth, was in contact included: Léon Degrelle of the Belgian Rexists; Vichyite war criminals who later helped found the OAS that was used by the Kennedy Administration to destabilize France and run a series of assassination attempts against President de Gaulle; and Ante Pavelic, the infamous butcher from the Nazis' puppet "Independent State of Croatia," whose Ustashi secret police and their offspring have been involved in a recent wave of U.S.-based terrorism.

It was William F. Buckley, Jr.'s job to help Howard Hunt weave these Nazi elements into the Latin American CIA Division and Rockefeller private networks. William F., Jr. has also been in regular, secret contact with Nazi organizations headquartered in Spain. Together with Willmoore Kendall, a former left-Fabian who became a top-level CIA and State Department Latin American officer and then Buckley's mentor at Yale, William F. traveled frequently to meetings of the European Center for Documentation (EDCI), whose titular chairman, Otto von Hapsburg, has been half-seriously proposed by some Buckleyites as a North American ruler. The EDCI's biannual meetings have provided cover for Buckley to arrange ultra-secret meetings with Skorzeny and others where final marching orders can be given for Nazi-Interpol waves of terror.

In 1952, the year that Buckley ostensibly retired from the Agency, these networks were ready for deployment as part of the Dulles brothers' brinksmanship "liberation-rollback" and "massive retaliation" policies. Under this potentially disastrous bluff strategy, Rockefellers' Nazi international was used: 1) to invade East Berlin as part of the so-called "Berlin Uprising" that played upon the economic disparities of the window-dressing, German "Economic Miracle"; 2) to consolidate the 1952 coup of Gamal Abdel Nasser in Egypt, as well as the 1953 coup that overthrew Mossadegh in Iran which was jointly coordinated for the Seven Sisters oil companies by CIA officers Kérmit Roosevelt and Herbert Hoover, Jr. with the aid of Buckleyite Miles Copeland; 3) to carry out the 1954 coup in Guatemala which was coordinated by E. Howard Hunt and planned by Tracy Barnes from the offices of the United Fruit Co., to which he was closely linked by his marriage into the Rockefeller family.

Since his official "retirement," Buckley has remained at the command center of Nazi-Interpol networks, especially during the high-point of their use in the Kennedy era and, again, in the last few years. As part of their insane brinksmanship policies, the Kennedys massively deployed this Nazi network for repeated (and sometimes successful) assassination attempts against recalcitrant "allies" like France's De Gaulle and Canada's Dieffenbacher and against Third World leaders like Fidel Castro, Patrice Lumumba, and others. E. Howard Hunt and numerous other Buckleyite agents were especially key in organizing the Cuban exile and related networks used for these operations.

A grid of Buckley's recent travels with Wall Street agent, Lt. Gen. Vernon Walters, for example, places him in every recent terrorist hotspot, including: Greece, where the same Nazi-IPS networks involved in the assassination of CIA officer Richard Welch went on a joint deployment to destabilize the Karamanlis government immediately after their arrival; the Caribbean, where simultaneous to the Buckley-Walters visit Orlando Bosch's Cuban terrorist umbrella group CORU bombed an Air Cubana flight killing 77 passengers; Chile, where they met with officials of the Chilean Junta and its secret police arm, DINA; and Spain, where Buckley met secretly with participants at a Paris World Anti-Communist League conference, including several CIA station chiefs, to give them final marching orders for a wave of assassinations and bombings that followed in Spain, France and Italy by both "right" and "left" organizations. Along with CORU and remnants of the OAS, the chief instrument of this terror assault was the Ordine Nuovo whose creation the Buckley family had helped bankroll as a second generation arm of the Malmo International headed by such top operatives as Skorzeny and "right-wing" Fabian Society member and Union of Fascists leader, Sir Oswald Mosley.

Another major component of these Interpol networks, especially in the Iberian peninsula and Latin America, is Opus Dei and assorted other Catholic fascist groups in which the Buckleys' brother-in-law, L. Brent Bozell is a leader. (1) It is Opus Dei, together with Nazi escapees and such death squads as Brazil's Tradition, Family and Property and the Argentine Anti-Communist Alliance, that were used by Wall Street agents to topple the Allende government in 1973 and to impose the subsequent fascist austerity called for by Buckleyite Milton Friedman's "shock treatment" prescription. In addition to the World Anti-Communist League, which has become dominated by Latin fascist groups, an important regional coordinating body for these groups is the American Chilean Committee founded by two top Buckleyites, Spruille Braden and Marvin Leibman.

The Fabian Connection

Drawing upon the personnel and methods of the British Fabian Society, William F. Buckley founded *National Review* in 1954 to permeate conservative layers with the monetarist American Century Doctrine. With its editorial offices staffed by "ex"-Fabians, the magazine has toed the line on every tactical and strategic variation upon this Atlanticist call for a post-World War II "American Empire." The principal architects of this policy included such top Fabian individuals and institutions as Walter Lippmann, the chief spokesman for Anglo-American bankers during the Wilson and Roosevelt Administration; and the Brookings Institution, the main Atlanticist thinktank developing the means of corporatist social control. The American Century Doctrine was conduited into Republican Party ranks in only slightly altered form by the Dulles Brothers, who served simultaneously as Secretary of State and Director of Central Intelligence under the Eisenhower Administration; and by Henry Luce, founder of the Rockefeller-financed *Time-Life-Fortune* chain which was the main

mouthpiece for such Wall Street Republicans as Wendall Wilkie and Thomas Dewey at the time.

Under this broad policy outline and command structure, *National Review* was assigned the task throughout most of the 1950s to undermine the optimism with which industrialists and proto-Whig forces emerged from the War and to transform them into malleable, anti-Communist allies of Wall Street. Those "neo-isolationists," led by Sen. Robert Taft (R-Ohio) and other spokesmen for America's revitalized industrial sector who refused to be brainwashed by *National Review's* echo of the cry for "Empire," "preventive war," and "liberation-rollback," soon found their political machines infiltrated and factionalized, and heard themselves tarred as being "hopelessly irresponsible".

It was *National Review's* assignment to subvert the Republican tradition represented by these so-called "neo-isolationists." While these proto-Whig leaders lacked the conceptual tools to supplant the Atlanticist doctrine with a program for international progress and development, they were the only potentially viable political force in America at the time which recognized that it was not the United States' moral duty to impose the same colonialist rule upon the world that British Rothschild agents sought to re-impose upon our own nation in the nineteenth century. Along with other Whigs, Taft resoundingly denounced those Atlanticists who like Henry Luce and Henry Stimson "seem to contemplate an Anglo-American alliance perpetually ruling the world... Such imperialism is wholly foreign to our ideals of democracy and freedom. It is not our manifest destiny or our natural destiny."

On his return from Mexico, William F. Buckley used his father's ties to the America First Committee (where he had been close to that Wall Street faction headed by Joseph Kennedy, Sr., Chester Bowles, the Dulles brothers, etc.) to insinuate himself into a variety of conservative networks preparatory to creating *National Review*. (2)

From this base Buckley and his brother-in-law Brent Bozell joined with other future founders of *National Review* to become important controllers of Joseph McCarthy, the psychological warfare mouthpiece for the monetarist policy of "preventive war" via Korea. McCarthy had been "programmed" for this anti-Communist Crusade by Georgetown University associates of Carroll Quigley, author of the Atlanticist history of world monetarism *Tragedy and Hope*. While Brent Bozell served as "ghostwriter" for McCarthy, William F. Buckley was given immediate entree to McCarthyite circles with the 1950 publication of his book, *God and Man at Yale*, which touched off the Yale Red Scare and was blasted by McGeorge Bundy and other Eastern Establishment "liberals".

When the Soviets exploded a deployable hydrogen bomb before the U.S., forcing even the most psychotic "preventive warriors" to accept a de-escalation of Korea into a "no-win" "conflict", Buckley and Associates served to contain McCarthy who had broken control in the process of being jettisoned by Wall Street. At this juncture McCarthy had formed a dangerous alliance with members of the House Select Committee on Endowed Foundations (the "Reece Committee") which was laying bare the entire web of Foundations behind the

massive web of Rockefeller Fabian networks of which Alger Hiss et al. were merely a fragment. Under the influence of staff director Norman Dodd and others, McCarthy was preparing to attack not only the Bundys, but also the Dulles brothers and other Atlanticist hardliners for their continued behind-the-scenes work with those left-Fabian operatives whom McCarthy mistakenly identified as "Communists." In their book, *McCarthy and His Enemies*, published shortly after McCarthy's censure, Buckley and Bozell systematically covered up this massive web of Fabian treason (leading directly to the Rockefellers' door step) that Reece exposed.

With the founding of *National Review* in 1954 to carry on the McCarthyite psychological warfare thrust under totally controlled conditions, Buckley pulled together the strands of "ex"-Fabian operatives whom he encountered during this period of "shopping around." The following three individuals — Max Eastman, James Burnham, and Frank Meyer — epitomize the top flight Fabian agents who formed the magazine's leadership core. As their record with *National Review* makes clear, they were neither "Fabian turncoats" nor miraculously "re-born conservatives" as many have charged, but the first wave of a conscious re-deployment of Fabian agents into right-wing layers to peddle Wall Street's plans for "Empire":

* *Max Eastman*: Eastman was the first "Old Guard" Fabian agent to associate with Buckley, serving as the gatekeeper for a dozen-odd Left Fabians metamorphosed overnight after a light, McCarthyite sheep-dipping. Eastman was also one of the inner circle of agents who planned the founding of the *National Review* group of agents with Buckley.

A book could be profitably written on Eastman's career as a left-Fabian agent. Certain highlights are given here to show the similarities between his operations against the Comintern in the 1920s and 1930s and the later methods employed by the Tory *National Review* group against proto-Whigs from the 1950s onwards.

Eastman and Sidney Hook (another future Buckleyite "neo-conservative") were among the first whom John Dewey, Walter Lippmann et al. of the Russell Sage foundation recruited as field hands for their schemes to Fabianize America. (It was in The League of Women's Suffrage, a Russell Sage pilot project run by his sister, Crystal Eastman, that young Max got his first agent training.) He soon graduated to the Fabian inner circles around Lippmann in the Socialist Party, through whom he was put in charge of several theoretical journals (*New Review*, *The Masses*, *The Liberator*) that were used to foment splits in the socialist camp and introduce synthetic ideologies created by his British Fabian Society colleagues.

Among those major operations which Eastman, also the principal Fabian profiler of Leon Trotsky, helped initiate were: 1) pitting Stalin implacably against Trotsky through the publication of "Lenin's Will" in *The New York Times*; 2) winning Trotsky's approval for the liquidation of the Communist underground in the U.S., a scheme which was intended and succeeded in paving the way for seizure of the party by Fabian agent Jay Lovestone, now with the AFL-CIO. Eastman then joined

Lovestone, who would later lead a major split in the U.S. Communist movement under Eastman's influence, to draft the program of the above-ground Workers Party; and 3) helping push a final split between Trotsky and Stalin, then joining Max Schactman to form the Trotskyite Communist League breakaway faction from the U.S. Communists. Current evidence indicates that Eastman, who finally denounced Trotsky a few months before Trotsky's murder, joined with James Burnham, Sidney Hook and others to plan the Trotsky assassination which was carried out by Fabian networks grouped around Santiago Carrillo in the Comintern. Eastman, who wrote a "Stalin-did-it" cover story for the *Reader's Digest* in 1940, was already plugged into those White Russian networks used for earlier attempts to assassinate Lenin and Trotsky.

In addition to his work as a "re-born conservative" for *Reader's Digest* and the *American Mercury* (where he first met William Buckley), Eastman had become a leader in two other networks from which he recruited "ex"-Fabians to staff *National Review*: 1) the *Time-Life-Fortune* chain where he served as foreign affairs advisor to Claire Boothe Luce and board member of the American China Policy Association, the main planning body of the "China Lobby"; and 2) the American Committee for Cultural Freedom, one of the first right-wing social democratic predecessors for such "human rights" organizations as Amnesty International and Freedom House, where Buckleyites and Left Fabians meet to plot tactics on this issue.

Among those whom Eastman helped recruit for *National Review* were: a former Assistant Director of the Soviets' Tass News Agency; a former Editor-in-Chief of the German Party's theoretical journal, *Die Rote Fahne*; a former member of CPUSA intelligence; a former leader of the *New York Times's* "Communist Cell"; a former leader of the Two-and-a-Half International founded by Beatrice and Sidney Webb; the former chief theoretician of the Lovestone faction of the CPUSA, and others. Eastman personally went into hibernation on the board of *National Review* when U.S. conservatives refused to swallow the "pragmatism" of John Dewey that he dished up in articles.

* *James Burnham*: Burnham is the main "geopolitical strategist" for *National Review*, writing a column that in its transformation from the Atlanticists "Third World War" days following World War II to their "Protracted Conflict" has followed every fascist nuance of Wall Street policy.

Son of a British railroad executive, Burnham did his graduate work under a Jesuit priest at Baliol College, England, then returned to the U.S. in 1929 as a professor of Thomist medieval philosophy at New York University's Washington Square College. Under the "spiritual guidance" of Fabian agent Sidney Hook, Burnham underwent a "Damascus Road" conversion to accept the "dictatorship of the proletariat," and became a leader of a string of "Trotskyite" organizations (the American Workers Party, Communist League, Socialist Workers Party), simultaneously splitting the Fourth International and using it as a lever against the Comintern. With his credibility finally shattered by Trotsky, whose last polemics blasted him and his Fabian confederates,

Burnham used the opportunity of the Hitler-Stalin Pact to lead a final "Third Camp" split with Max Schactman, arguing that under Stalin the Soviet Union had become undifferentiable from "state capitalism." Elements of this split were later to re-emerge under social-democratic control as the Students for a Democratic Society that was pitted in phony "right" vs. "left" conflicts with Buckley's Young Americans for Freedom.

Burnham himself went on to join the newly formed Office of Strategic Studies where he researched postwar Soviet Diplomatic objectives for use by President Franklin Roosevelt, Alger Hiss, et al. at Yalta. After the war, Burnham served as a conduit for tactical formulations on behalf of the Atlanticists' American Century Doctrine into conservative State Department, CIA and military layers. In 1947, the same week that the first salvo of this monetarist war upon humanity was fired with the announcement of the Truman Doctrine, Burnham launched a polemic against Taft Republicans, *The Struggle for the World*. Opening with the declaration that, "The Third World War began in April 1944," Burnham went on to argue: "The discovery of atomic weapons has brought about a situation in which Western civilization ... can continue to exist only if an absolute monopoly in the control of atomic weapons is created ... (which) can be gained and exercised only through a World Empire ... The United States cannot help building an Empire." His 1950 book, *The Coming Defeat of Communism*, was a printout for Atlanticist hardliners' "preventive war" plans in Korea, especially serving as a "how to" book for an "offensive political-subversive" war using Nazi-Interpol units to destabilize Eastern Europe. And, finally, in 1953, Burnham fully embraced the insane policies of the Dulles Brothers in his 1953 book, *Liberation or Containment*.

hamism" a term of loathing among our Western European allies whose countries were threatened with thermonuclear incineration as a result of the irresponsible brinksmanship maneuvers that he advocated. (Burnham wrote at a time when the ultimate U.S. military strategy in the event of Red Army attack remained to "hold the Pyrenees.") The bankruptcy of the Dulles's "Massive Retaliation" bluff strategy was demonstrated in 1956 as the dust cleared from the Suez Canal Crisis and the U.S. paramilitary invasion of Hungary was crushed by Red Army tanks.

As Soviet nuclear developments and the accelerating economic collapse signaled by the 1957-58 recession forced Atlanticist policy-makers to re-emphasize Fabian networks under a policy of "Deterrence" and "Fascism with a Human Face," Burnham would dutifully make yet another "turn" to support the Kennedy Administration as we shall see later.

* *Frank Meyer*: Meyer was brought into *National Review* by Eastman and Burnham almost directly from the Third International (Comintern) to serve as resident "senior theoretician," heading a department appropriately titled "Principles and Heresies."

Meyer followed much the same route as Burnham, from Princeton (1926) to Baliol College, Oxford, in 1932 where he became a protégé of British Fabian Society leaders Beatrice and Sidney Webb. He joined the British Communist Party, rising quickly to a Central Committee

post. As a graduate student at the Fabian Society's London School of Economics, he was elected president of the Student Union. Meyer redeployed to the Rockefellers' University of Chicago where he soon doubled as head of the Communist Party USA's "Workers School," the number two cadre program for the Party, and as a member of the CPUSA Central Committee.

At *National Review* Burnham used his Fabian agent training to orchestrate a series of pseudo-intellectual, "yin and yang" disputes between the two principal synthetic tendencies that comprise Buckleyite "conservatism," the "libertarians" and "traditionalists." From its "libertarianism," which seeks to resurrect Manchester liberalism as elaborated by such enemies of the American Revolution as Jeremy Bentham, Parson Malthus, the Mills, etc., to its "traditionalism," which is a hodgepodge of Medieval Catholic cant, "Southern Agrarianism," etc., employing as its heroes such reactionary Rothschild agents as Edmund Burke and Klemens von Metternich, Buckleyite "conservatism" is no more than an encyclopediac listing of 500 years of antihumanist monetarist dogma. When American conservatives openly began to denounce this Tory enterprise in the 1960s, Meyer led a dig in the graveyards of American history to raise up the worst tendencies of Federalism. His "fusionism" drew upon the worst, "populist" tendencies of Jefferson over the full commitment to intellectual and industrial development of Washington, Franklin, Hamilton and Paine, and parsimoniously rehashed the arguments of the Rothschilds' Southern slaveocracy against Abraham Lincoln, the founder of the Republican Party.

Of these two synthetic "tendencies" that were merged to create *National Review*, "libertarianism" is by far the most significant. It was initially revived as an international Fabian deployment by Walter Lippmann with the publication of his book *The Good Society* in 1937, and the founding of the International Center for the Renovation of Liberalism in France the following year. After the war, Friederich August von Hayek, then at the London School of Economics, was deployed by the Webbs to carry on the project, creating the Mont Pelerin Society as an international forum for "libertarianism" by 1947.

Hayek was a product of the stillborn Austrian School of Economics in Vienna, which not coincidentally is also the

headquarters for Rockefeller's Interpol and source of the putrescent academic quackery known as "positivism," which is properly traced to the most syphilitic features of the late Hapsburg dynasty. The Austrian School's founder, Carl Menger, argued that man's freedom is a totally subjective matter arising from the choices that he makes out of ignorance of what his exact *biologic* needs are. For applying this "banana theory of economics" to the business cycle, Hayek eventually received the Nobel Prize for Economics, in what was undoubtedly the worst decision since this award was granted to the notoriously muddled Keynesian Paul Samuelson.

In fact, both Hayek, who claimed that the 1930 depression would have been avoided simply by maintaining a tight money policy, and Keynes, who called for a solution to the depression through government spending of all liquid assets on corporatist, slave labor programs, are merely two sides of the same debased monetarist coin most clearly represented in the New York and London dictated policies pursued by Nazi Finance Minister Hjalmar Schacht. Since the levels of austerity and destruction of capital imposed by fascist Schacht in Germany were not possible either in Britain or the United States, the Webbs put Hayek on ice at the London School for the duration of the depression, awaiting his postwar export to the U.S. where "Keynesianism" and the New Deal were by that time thoroughly discredited.

The connection of this Lippmann-Hayek monetarist quackery and the terror networks run by the Buckleyes is seen in the methods of its actual application by such Buckleyites as Milton Friedman, who won the franchise for the Rockefellers' Chicago School of Economics where Hayek was eventually resettled. To ram through Friedman's "shock treatment" austerity measures, which have caused untold human misery and destruction notably in Chile and Brazil, Interpol death squads terrorize and ravage the population to crush opposition to Friedman's policies. In these and other countries run on the Friedman model, human labor power has been systematically ground up to support the bloated debt structure of the Rockefellers' tottering "American Empire."

... to be continued

FOOTNOTES

1) L. Brent Bozell met William F. Buckley at Yale. Both were protégés there of Willmoore Kendall, a British penetration agent into Trotskyite factions during the Spanish Civil War who later became a top State Department and CIA desk officer on Latin America. Bozell married Buckley's sister, Patricia, and converted to Catholicism. After graduation he became one of Joseph McCarthy's top speechwriters and the ghost author of Sen. Barry Goldwater's *Conscience of a Conservative* (see text). Under Buckley influence, Bozell plunged deeply into Catholic fascist circles. Following a cosmetic "feud" with William Buckley he formed "Triumph" magazine in Washington, D.C. and the Christian Commonwealth Institute in Spain for brainwashing Catholic youth with explicitly feudal doctrine. Bozell also heads the U.S. section of Opus Dei, the largest Catholic fascist organization, which is headquartered in Spain with branches throughout Latin America. Bozell even leads his own red

beret shocktroop, Sons of Thunder, in street battles with police in the U.S. chanting *Christo Rey*.

2) In the 1952-53 period, Buckley simultaneously worked for or helped create several organizations, including H.L. Hunt's "Facts Forum"; Frank Chodorov's "libertarian" journal, *Human Events*; Russell McQuine's *American Mercury* which at the time combined a bizarre assortment of "ex"-Fabians like Max Eastman with individuals like George Lincoln Rockwell, the future führer of the American Nazi Party who would also help finance and distribute *National Review*. In 1952 Buckley was also named president of Chodorov's Intercollegiate Society of Individualists (now the Intercollegiate Studies Institute). The ISS was explicitly modeled upon the Intercollegiate Society of Socialists founded by Walter Lippmann, John Dewey, Max Eastman, Sidney Hook et al., and it built up an extensive student network that was later merged with Buckley's Young Americans for Freedom.

France's Diplomatic Offensive In Africa

FRANCE

The government of French President Giscard d'Estaing renewed its spectacular, if still cautious and indirect, offensive against the Carter Administration's plans for a nuclear conflagration in southern Africa on Aug. 22, when French Foreign Minister Louis de Guiringaud denounced the Republic of South Africa's "preparations for an imminent nuclear test" in an official statement. "We warned South Africa that we would consider such an explosion as a major danger for all peace processes presently underway in Africa," stated Guiringaud, "and that it might gravely affect relations between our two countries."

On Aug. 24, following the weekly Council of Ministers meeting in Paris, Guiringaud announced that France will soon "make joint proposals" for global "qualitative and quantitative reductions of armaments." Although the French did not specify who their partners will be in this endeavor, there is reason to believe that the European Economic Community (EEC), and particularly West Germany, are involved. West German Minister for Economic Cooperation Marie Schlei reportedly stated yesterday that only an increase in her country's development aid to Third World countries and greater purchases of West German technology by these countries can pull the economy out of its depression. This statement, which most members of West German Chancellor Helmut Schmidt's cabinet have reportedly endorsed, directly contradicts the Carter Administration's efforts to force West Germany into an inflationary "make work" slave-labor policy.

Simultaneously, Henri Simonet, Belgium's Foreign Minister and pro-tem president of the EEC, announced at a United Nations conference on apartheid currently held in Lagos, Nigeria that the EEC Nine would "actively examine a range of initiatives with a view to using the collective weight of the Community to persuade South Africa to abandon its apartheid policy." This cautious approach not only echoes France's, but also the repeated forays made on behalf of a southern African development policy by the late West German banker Jürgen Ponto, and contrasts with the purposely abrasive and provocative "human rights" slogans uttered by the White House.

Already, White House circles have rightly concluded that Giscard's initiatives are aimed straight at the Anglo-American conspiracy to detonate a regional war between the racist South African and Rhodesian regimes, and the various black African liberation movements and states which struggle for majority rule in Rhodesia (Zimbabwe) and an end to apartheid in South

Africa. The major press conduits for Wall Street policy, the *New York Times* and the *Washington Post*, both gave front-page coverage to Guiringaud's warning yesterday morning, while in his afternoon press conference, a defensive Jimmy Carter denied on behalf of the South African Vorster regime that any atomic test was about to take place in the Kalahari desert, as the French claim on the basis of precise satellite information.

Carter's Worries

The cause of the Carterites' worries is all too apparent. First, Guiringaud's announcements reveal the gradual convergence of Soviet and French (and perhaps West European) perspectives in regard to Carter's blatant provocations in several hot spots on the African continent. On Aug. 8, the Soviet press agency Tass blasted the South Africans' nuclear plans, adding in especially tough language that the USSR "would never permit" such a development, and calling on the West to intervene.

Second, the Carter Administration is particularly annoyed by recent French efforts to defuse the southern African powder keg. Last week, following several meetings with black heads of state and nationalist Zimbabwe and Namibian leaders in the region, Guiringaud clearly stated that France intends to play a mediator's role by capitalizing upon its traditional commercial and military relations with South Africa and its reinforced political ties with the black "front line" states, which only the Soviet Union had so far openly supported.

It is precisely in order to stymie these French efforts that the Carterites organized their dupe, Tanzanian President Nyerere, to stage a "spontaneous" anti-French demonstration at the Dar-Es-Salaam airport on Guiringaud's arrival last week. The provoked abrupt departure of the French minister was supposed to give the rest of the world the impression that his mediation attempts were of no interest to the front line states.

Third and most significant, Washington circles fear that Giscard is about to publicly denounce the duplicity of U.S. policy in southern Africa, which consists of exacerbating tensions by supporting both sides' claims. While shedding crocodile tears on the fate of the black oppressed in both Rhodesia and South Africa, the U.S. is responsible, through shipments of weapons-grade enriched uranium to South Africa, for that country's nuclear capability.

To preempt possible French revelations which might blow the entire Atlanticist game to smithereens, today's *New York Times* conceded that the U.S. has supplied South Africa with 229 pounds of enriched uranium over the last 20 years, but quickly added that "most" of these spent supplies are now back in the U.S. for reprocessing. The hope is that this concession will prevent irreparable damage to U.S. United Nations Ambassador Andrew

Young and British Foreign Minister David Owen's plans to resume their stalling diplomatic game with the front line states at a conference in Zambia beginning Aug. 26.

The Times report, however, fails to account not only for the fate of the fissile material which has *not* been returned, but also for recent shipments of several pounds of weapons-grade uranium which, in the words of Wisconsin Representative Les Aspin, would suffice to help the South Africans cross the military nuclear "threshold."

Test of French Intentions

In any event, the French initiatives reveal that, contrary to the wishes of the State Department, certain continental West European countries are on the verge of proposing a credible alternative — based on racial peace

and region-wide economic development projects — to the Carterites' war scenario. The French magazine *Le Nouvel Observateur*, a mouthpiece of the terrorist Institute for Policy Studies which has traditionally denounced General De Gaulle and his successors Pompidou and Giscard d'Estaing as the main Western supporters of pro-apartheid layers in South Africa, was forced this week to quote Zimbabwe Patriotic Front co-leader Mugabe, who affirmed his belief in the sincerity of France's intentions as a potential mediator after his meeting with Guiringaud. The first test of France's intentions, stated Mugabe, is whether or not Giscard will stop shipments of French conventional arms to the Vorster government. Giscard's upcoming disarmament proposal is certainly a major step in this direction.

— Jean-Claude Barré

De Guiringaud Reports On His African Tour

The following are excerpts of a statement made by French Foreign Minister de Guiringaud to France-Inter Aug. 22 after his return from a trip to several African nations:

... I am returning satisfied with my trip. France has close traditional relations with Western Africa and is known there. France is unknown in Eastern and Southern Africa and I unfortunately experienced this fact. But it must also be said that the French do not know this part of Africa well. Thus, my trip was an exploratory one. There were certain risks in it. But for three stages of it anyway, I am perfectly satisfied with the results. I was able to explain our policy. I think that I was able to get many aspects of it accepted, and I was also able to hear leaders of these countries explain the problems which concern them, and the more particular points on which they would like our policy to change.

... We must replace this problem (of French weapons delivery to South Africa—ed.) in its framework. Decolonization is not over in Southern Africa; the British colony of Rhodesia is still dominated by a minority of Whites, two hundred thousand Whites, led by Mr. Ian Smith, who want to impose their law on four or five million Blacks, in a regime of segregation and racial oppression which is quite comparable to that which exists in the Republic of South Africa. There is a second problem of decolonization. A territory which used to be called German South-West Africa, which fell under the control of the Republic of South Africa and which is now called Namibia, must accede to independence. France has played a spearheading role, a leading role in the United Nations to determine the conditions in which this territory of Namibia should accede to independence. The support of the Republic of South Africa can be seen behind the resistance to the moves towards independence of these two territories, Rhodesia and Namibia. Or, it is true that in the past, we have supplied arms to South Africa. We have even supplied an im-

portant quantity of them; we cannot deny it. But, for two years these supplies have been reduced, and since last fall the President of the Republic (of France—ed.) has imposed a total embargo on arms supplies to South Africa.

... There are two things to say about (Franco-South African nuclear cooperation—ed.). First, the Soviets have accused the South Africans of preparing, not an atomic bomb, but a nuclear explosion. We have effectively received intelligence according to which preparations were taking place in South Africa in view of an atomic explosion, which the South Africans affirmed would be peaceful. We know what a peaceful explosion is. At least, no difference can be made between a peaceful atomic explosion and an atomic explosion for military experimentation ends. Thus, we warned South Africa that we would consider that such an experimentation would put in danger all the processes of peace which have been engaged and would possibly have grave consequences on our relations with this country. This is what the precisions of my ministry this morning alluded to.

... There is a second thing I would like to say. It is very unfortunate that nuclear power appeared to men for the first time in the form of a bomb. This was the fault of the war and the concern which the incredible progress of the Germans and Japanese in 1942 gave rise to. It was then that Einstein wrote to Roosevelt to inform him that, on the basis of the atom, a bomb of heretofore unequalled power could be produced. The Americans went to work, and we know what the results were. What is unfortunately forgotten, is that until then the research of French scientists, Joliot-Curie, Perrin, Bertrand Goldschmidt, Kowarski, who were the most advanced in the world in this field, was oriented towards the industrial utilization of the fantastic energy produced by the disintegration of the atom. If there had not been any war, there would not have been any bomb. But, we still would have had electro-nuclear plants, and no one would have worried about it, any more than one worries about heating fuel and coal plants.

It is necessary to recall these facts to show how dishonest it is to make an amalgamation between electro-nuclear plants and the atomic weapon. It is to

play on the ignorance and the gullibility of the masses. In the long run, it never pays. What is true is that the nuclear weapon can be the far off by-product of nuclear plants, when, after about three years, the irradiated fuel of the plants is recycled. Recycling nuclear fuel is a little like recharging a battery, except that it is a considerable, extremely complex, extremely difficult industrial operation, and which only France at the present time has perfected on a commercial scale.

In addition, this operation engenders, as a direct by-product, plutonium with which one can either make bombs or feed fast-breeder reactors. But you can see that the plutonium appears far away from the electro-nuclear plant (process), and only after very lengthy, very complicated, very expensive operations which, once again, only France at the present time in the world knows how to do on a commercial scale. Now the Framatome contract with South Africa for the construction of two electro-nuclear plants in Koelberg near the Cape, precisely calls for the recycling of the fuel from these plants to take place in France and the plutonium will not be sent back to South Africa. It is thus contrary to the truth, and perfectly dishonest, to say that these plants could help South Africa acquire the atomic weapon. But unfortunately, there are even some Frenchmen who affirm this. They are lying, and are, unconsciously I hope, acting as foreign agents and as enemies of our country.

(On Rhodesia:) We did not condemn the French who left Algeria to death, nor those who stayed. And if the rule of the majority is finally to be accepted in Rhodesia, and you are right to say Zimbabwe, because then it would

be called Zimbabwe, a great number of Whites can stay there; this is one of the features of the Owen-Vance plan which will be proposed to Mr. Smith.

(With respect to the provocative demonstration against France in Tanzania:) First of all, I do not think that President Nyerere personally wanted to set a trap for me. Tanzanian leaders certainly tolerated and facilitated a demonstration which was unacceptable, especially since it occurred in the presence of the Foreign Affairs Minister who was welcoming me and since he did not lift a little finger to try to interrupt it. This is what I reproached him with. I do not think it occurred on the level of President Nyerere, but on a much lower level and I certainly do not put President Nyerere into question. Some time ago he made hostile declarations towards France. Such a statement was played on our radio waves Saturday, but, if I am not mistaken, was a month old, and it put into question because of our arms sales and the nuclear contract with South Africa. We will certainly be attacked again in Lagos (at the U.N. Conference on apartheid—ed.) for our arms sales, for this nuclear contract. We must clearly see that the majority of Africa is not Francophone and an intimate friend of France, as we too easily believe. It is Anglophone. Add up the populations of the countries we visited and their neighboring countries, and see what it represents. If you add Nigeria to this, which alone represents 80 million inhabitants, this entire part of Africa receives American or English mass-media, which silences the considerable Anglo-Saxon interests in Africa and points a finger towards this little France which sells arms to South Africa. It will be the same thing in Lagos. The French delegation will respond appropriately.

French Peace Moves In Southern Africa Target Of Anglo-American Sabotage

Following the cancellation by Tanzania of French Foreign Minister Louis de Guiringaud's planned visit, Carter's UN Ambassador Andrew Young and other American officials Aug. 24 leaked details of new Anglo-American proposals for a settlement in Rhodesia. The proposals include the disbanding of the only military force of black Rhodesian nationalists, the Zimbabwe People's Army (ZIPA), and replacing both ZIPA and the white Rhodesian army with a peacekeeping force under United Nations or other auspices.

The Vance-Owen proposals are intended to sabotage the French diplomatic initiative in Africa, an initiative which appears to be aimed at bringing about black majority rule in Rhodesia without a bloodbath, and without the installation of a blackface puppet government run by Ian Smith. If Tanzanian President Julius Nyerere capitulates to Anglo-American pressure and follows through on initial indications that he would support the Anglo-American proposal, a Rhodesian-South African war against Mozambique in the short term is on the agenda.

Since the Anglo-American plan provides for the

castration of the Patriotic Front, it will be completely unacceptable to Mozambique and Angola in particular. Mozambique, the base of the ZIPA guerrilla forces would then be isolated, for attack by Rhodesia.

This scenario — isolating the governments of first Mozambique, and then Angola, was Henry Kissinger's goal when he plunged into southern Africa following the MPLA victory in Angola.

If, on the other hand, Nyerere reaffirms his solidarity with the other frontline states over the weekend, the rejection of the Anglo-American plan by the frontline states, coupled with Smith's rejection of the plan, sets the stage for implementation of what Smith has termed his "internal solution." In that case, the danger is that South Africa would reject the French option and support Smith in his quest for an "internal solution," thus ensuring continued war between Rhodesia and the frontline states.

In either of the above cases, southern Africa will be turned into a Vietnam-like slaughterhouse and the French effort to defuse the southern Africa hot spot will be sabotaged. Peace and a real settlement can only

result from a South African decision to throw in its lot with the French diplomatic initiative.

Guiringaud last week visited frontline states Kenya, Zambia, and Mozambique. While in Mozambique, the French foreign minister held productive talks with Mozambique President Samora Machel and Robert Mugabe of the Patriotic Front. After pointing out the unsavory aspects of past French policy in the Third World, Machel congratulated Guiringaud on his country's change of course, and spent most of the time discussing the Rhodesia problem. Mugabe told reporters that he was convinced that "France wishes to change its policy in regard to southern Africa," an allowance he has never made for the United States or the United Kingdom.

"Up to now," said the French daily *Le Monde* Aug. 22, "the French government has ignored Mr. Mugabe It is possible that this failure will be reversed soon. In any case, the French government will do its best so that what Mr. Mugabe says will be heard in the West."

Sabotage in Tanzania

Five hours after Guiringaud's afternoon arrival in Tanzania, there was still no activity at the hotel where Guiringaud was to be hosted at a reception. The Tanzanians had cancelled his visit. Circles around Guiringaud blamed the sabotage of the visit on networks

closely tied to the U.S. State Department and the British Foreign Office. Tanzania is full of British-style Fabian "socialists," U.S.-trained Maoists and assorted other Anglo-American counterinsurgency networks which make up a significant party of Nyerere's political base; these networks were used to abort Guiringaud's visit, as well as to force an initial tentative acceptance by Nyerere of the Anglo-American plan.

Nyerere may have convinced himself that he has made a deal with Carter. "It is possible to advance a little," he told reporters Aug. 23, "We have agreed on an essential point. Smith will give up power and his army also, and ZIPA will be the future army of Zimbabwe." His "deal" with Carter and the plan as leaked Aug. 24 are two entirely different things, yet Nyerere is reportedly prepared to provide troops for the Anglo-American "UN force."

Five thousand black Rhodesian troops, according to the *Washington Post* Aug. 25 "trained and equipped in Tanzania are also to play a major role in the transition, according to the plan.... They constitute an independent force in Tanzania outside the control of the Patriotic Front's guerrillas..." Observers believe this force is being used as a threat against Nyerere himself, accounting for his apparent compliance with Anglo-American operations.

Menachem Begin In Rumania On Peace Bid

Israeli Prime Minister Menachem Begin arrived in Rumania last week for five days of crucial talks with Rumanian leaders on the situation in the Middle East. Rumania, the only Communist country which maintains diplomatic relations with Israel, has reportedly offered its good offices to mediate contacts between the Arabs, including the Palestine Liberation Organization, and Israel.

The trip to Rumania, which is of momentous significance, has virtually gone unreported in the U.S. press.

Rumania will be seeking to solve the central impasse during the Begin visit: how to reconcile the PLO and Israel by obtaining "simultaneous" recognition of each other in the framework of a Geneva peace conference. In addition, there are unofficial reports that Begin will hold secret contacts with Soviet and-or Arab officials during his stay in Rumania. An Egyptian delegation is scheduled to be in Rumania during the Begin visit.

The Rumanian initiative was announced only one day after the disastrous tour of the Middle East by Secretary of State Cyrus Vance, and was immediately taken up by Prime Minister Begin. It comes at a time when the Soviet Union, key West European forces, and a small number of U.S. Whigs like Gen. George Keegan are coordinating a major diplomatic offensive to extricate the Middle East from the brink of the crisis into which it has been plunged by the Carter Administration.

The USSR and West Europe, especially Italy and France, are determined to find a formula to establish a peace settlement in the Middle East as the cornerstone of a broader effort for an overall Mediterranean political and economic accord. This would pave the way for the creation of a triangular new monetary system involving huge quantities of Arab capital, West European industry, and the resources of the Comecon sector.

On the eve of Begin's trip to Rumania, the three Arab states of Egypt, Syria, and Jordan reportedly offered to sign peace treaties with Israel in the event an overall accord is reached including effective guarantees of the rights of the Palestinians, according to the *New York Times*. The Arab offer was a crucial precondition for the possible success of the talks in Rumania, since Begin is committed to securing full Arab recognition of Israel and its right to exist in any negotiations that take place. Since 1948, the Arabs have never publicly stated their willingness to conclude a peace treaty with Israel.

But the central issue remains the Palestine question. The PLO has indicated numerous times that it is willing to conclude a detente with Israel, including Israel's right to exist, provided that it is allowed to establish a

Palestinian state on the occupied West Bank and Gaza. A key goal of the recent Vance trip to the area was to prevent the PLO from making a decision to recognize an "amended" version of Resolution 242, one that would include a reference to the "national rights of the Palestinians." On this question, Vance has committed the U.S. to support the Israeli position and refuse to accept any changes in the UN resolution, which now refers to the Palestinians as "refugees." As Begin left for Rumania, the PLO convened a meeting of its Central Council to discuss the overall Middle East situation.

PLO Leader: Use Oil Only As A Positive Weapon

The following are excerpts from a summarized interview given by Palestine Liberation Organization External Affairs Minister Farouk Kaddoumi to the Lebanese weekly Monday Morning. The account was distributed by the PLO news agency Wafa Aug. 19:

Farouk Kaddoumi, head of the Palestine Liberation Organization's political department, told *Monday Morning* last week that a new resolution will be proposed to the Security Council in its next session, scheduled to be held this fall.

The resolution, he said, will be tabled by "friendly" countries and will recognize the national rights of Palestinians, "including their right to return to the land they left in 1948."

If that resolution passes through the Security Council without colliding with the American veto, "we can describe American action as positive," Kaddoumi said.

Until then, however, the Palestinians will continue to regard American actions and statements as "deceptive tactics."

U.S. Secretary of State Cyrus Vance's 10-day Middle Eastern tour, which ended on Thursday, August 18, was aimed not at achieving a just peace, Kaddoumi said, but at:

1. Pushing the United Nations out of the Middle East peace initiative.
2. Pushing the Soviet Union out of the Middle East region.
3. Pushing the Palestinians out of the Middle East settlement.
4. Sowing the seeds of inter-Arab and Arab-

Palestinian discord, in an attempt to give Israel more time to strengthen itself and to allow the Americans to continue to exploit the Arabs' "tremendous resources."

One of Vance's major aims, Kaddoumi said, was to return to former U.S. Secretary of State Henry Kissinger's "step-by-step" approach to the Middle East crisis — an approach which the Palestinians will fight "with everything at their disposal."

In view of these "American-Israeli maneuvers," Kaddoumi added, the Geneva conference will not be held this year. Instead, the Arabs must prepare themselves for an Israeli preemptive strike aimed at the occupation of more Arab land — South Lebanon included....

Kaddoumi called for an Arab summit conference to develop a unified Arab stand, urging concerted use of all the Arabs' potentials in a drive to regain Arab rights and establish a Palestinian state.

He added, however, that the Arabs' oil weapon should be used only for "positive pressure."

He ruled out the possibility of a future Arab oil boycott for reasons which he said he cannot discuss "due to Arab security considerations."

"All I can say is that an Arab oil boycott would be comparable to the use of the atomic bomb by the other side," Kaddoumi said....

Q: If that resolution is passed, will the PLO recognize Israel?

"We will not recognize Israel. Recognition is a sovereign act. The United States, for instance, has not recognized China, whose population is larger than the United States'.

"What we say is this:

"We are willing to establish our independent state on any part of our land which is liberated through any means. We will do so if that state is free of all external interference and is ruled solely by the Palestinians under the leadership of the PLO.

"We always consult our Arab brothers in Egypt, Syria, Saudi Arabia, Algeria, Iraq, Morocco, Tunis. We always coordinate our actions with them and try to maintain a unified Arab position. We want the Arabs to use all the weapons at their disposal. If the Arabs' oil resources can be used as a positive weapon, instead of a threatening one, to bring pressure to bear on the United States and Europe, we are all for its use in that manner. It is my view, in fact, that Arab oil should be used only as a tool of positive pressure. Positive pressure would be better than a boycott or other measures, because there are a number of issues linked with the question of oil. I cannot reveal these issues, due to Arab security considerations. All I can say is that an Arab oil boycott would be comparable to the use of the atomic bomb by the other side...."

General Keegan: U.S. Should Support A Palestinian State

West Germany's Die Welt published an interview with former Chief of U.S. Air Force Intelligence, General George Keegan on Aug. 22, which is excerpted below:

The USA must take care of a future Palestinian state with financial aid and guarantees for its security — otherwise it will develop into a new crisis point. U.S. General George Keegan, who was head of U.S. Air Force Intelligence for years, came to this conclusion after a trip to the Mideast. In an exclusive interview with Die Welt, Keegan warned about Arab plans to cut Israeli territory in two in the event of a conflict with a spearhead of 14 to 15 tank divisions.

Welt: General Keegan, we are in a turbulent phase of American peace efforts in the Mideast. Secretary of State Vance's trip can be understood as being a strong U.S. inclination toward the Arab position, and as putting corresponding pressure on Israel. Carter is in a hurry and says that the reason for this is that for the first time in the history of the Mideast conflict both sides, including the Arabs, are ready for a negotiated solution. What is your analysis?

Keegan: It is difficult to contradict this viewpoint, especially when one looks at what has been said. There is ample evidence that the Arab leaders, as they have always said, are holding firm to their old goal of the destruction of Israel and the Jews. But their strategy has changed. They have recognized after four wars, that a direct policy of war does not pay....

Welt: As a result of your trip, do you see other possibilities that would go beyond those that we have just discussed?

Keegan: I believe that the Israelis — their leadership really desperately wants peace — would close ranks behind an agreement if it would absolutely rule out having the West Bank ever return to being a glacis (a slope that runs downward from a fortification — ed.) for Soviet tanks in Arab hands. I believe that in this context there are a whole series of alternatives that we have not even considered yet.

For example: If our government were to maintain — which I consider to be a horrible irrationality — that the creation of a Palestinian state is indispensable because it believes that it could calm the Arabs by doing so, then it should make the effort with its money and its resources to ensure that the creation of such a state does not create a new crisis point. This would occur if we were to sub-

sidize the Palestinian state, like Jordan was created and subsidized by Great Britain after World War I. The USA will subsidize and create a Palestinian state, in alliance with Jordan, if this is the only acceptable way. And if the U.S. really wants to set up something on its own two legs that is conscious of its responsibility then we will offer financial aid for an unlimited amount of time. We will also offer guarantees of security for such a Palestinian state on the one hand, and on the other hand, guarantee that such a state will not become a threat to its neighbors, nor become a nucleus for communist subversion and revolution.

As a result of the studies I made during my trip, I have the strong impression that the USA does not have the right insight for what would be logical and rational.

Arabs Willing To Sign Treaty With Israel

A report of Arab willingness to sign peace treaties with Israel, as reported in the New York Times by Bernard Gwertzman Aug. 21, was most interestingly greeted by the Israelis in two divergent ways, as reflected in the following Radio Israel report and the contradictory statements made by Israeli U.N. Ambassador Chaim Herzog, who is known to have close ties to the U.S. National Security Council. Below is Gwertzman's report:

Egypt, Syria, and Jordan have informed the United States that they would sign peace treaties with Israel as part of an overall Middle East settlement. In addition Egypt and Jordan said they would consider a further American proposal that they also take up diplomatic relations with Israel.

The intention of the three Arab countries was made known to Secretary of State Cyrus R. Vance during his recent mission to the Middle East....

According to Administration and diplomatic sources, Mr. Vance, during his 11-day trip to the Middle East earlier this month, offered both sides several options and proposals for overcoming obstacles to a Middle East conference at Geneva and for the principles to govern such a conference....

The Arab leaders, in their talks with Mr. Vance, did not accept any option. They repeated with varying intensity that the Palestine Liberation Organization should be invited to Geneva.

Radio Israel Welcomes Reports Of Arab Peace Overtures to Israel

Radio Israel ran the following commentary on Aug. 21:

Israel has reason to believe that the Arabs will present negotiating proposals on their readiness to sign peace agreements with Israel. This is what a foreign ministry source said, reacting to the *New York Times* report that Egypt, Syria, and Jordan told Vance that they were willing to sign peace treaties with Israel as part of an overall settlement. The Foreign Ministry source said

that Israel had no idea what kind of proposals the Arabs would make, but he was hopeful that they would be genuine peace proposals.

Arab Signal to U.S. Belittled by Israel

Israeli Ambassador Chaim Herzog, a former head of Israeli intelligence, violently derided reported Arab peace overtures to Israel in a speech in New York Aug. 21. The New York Times ran the following account of Herzog's address:

Israel's chief delegate to the United Nations, Chaim Herzog, suggested yesterday that it was merely "for Western consumption" if Egypt, Syria, and Jordan signaled to Washington a willingness to sign peace treaties with Israel as part of an overall settlement....

"How on earth can one imagine that they are serious about this," Mr. Herzog said, "if they do not even want to sit down in one room and talk," ...

"Israel," he declared, continues to face "unbridled terror backed by unlimited wealth."

...Mr. Herzog strongly rejected what he described as a barrage of tendentious reports in Western news outlets suggesting that the Arab governments and the Palestine Liberation Organization were modifying their positions....

Mr. Herzog declared that Washington officials "delude themselves" if they believe a settlement of the Arab-Israeli conflict would bring peace to the region. He cited past and present armed clashes involving Arab nations and said that the "really peaceful borders in the Middle East today are those between Israel and her neighbors."

USSR Steps Up Pace Of Middle East Diplomacy

In the wake of Cyrus Vance's collapsed shuttle diplomacy efforts to blackmail both Arabs and Israelis into supporting U.S. Middle East policy — which managed to alienate both sides from the U.S. — the Soviet Union has intensified the pace of its diplomatic contact work in the Middle East. According to *Radio Israel*, the Soviet foreign ministry this week established a special bureau for Middle East peace to coordinate the USSR's overall approach toward the area including relations with Western Europe and the United States vis-a-vis the Middle East.

The following is a partial listing of Soviet and allied contacts with the Middle East countries this week.

- Israel: Prime Minister Begin arrives in Rumania on Aug. 25
- Iran: The Shah of Iran visits Poland and Czechoslovakia to discuss oil shipments, credits and industrial cooperation, Aug. 22-28.
- Jordan: Soviet Chief of Staff Ogarkov invited a Jordanian military delegation to visit Moscow.
- Palestine: PLO Chairman Yasser Arafat is scheduled to visit Moscow on Aug. 29. Previously, Arafat received three messages from the Soviet

leadership in four days.

— Syria, Libya, Algeria: Soviet Chief of Staff Ogarkov tours these three countries, each the target of a U.S.-instigated threat: Algeria from Morocco, Libya from Egypt, and Syria (and Lebanon) from Israel.

In addition, the Lebanese press reported that Premier Brezhnev is planning to make a tour of the Middle East and Africa in September.

During the course of the week, the Soviet media focused closely on Middle East developments, watching especially the crisis in Lebanon and the Egypt-Libya border, covering developments very carefully. The case of the Egypt-Libya crisis is particularly important since President Sadat has been escalating his suicidal anti-Soviet stand while announcing Egypt's compliance with IMF austerity demands. Although the Czech press, for instance, is harshly anti-Sadat — calling Egypt a tool of reaction and reporting that the U.S., Israel, and the Sudan cooperated to assist the Egyptian war against Libya last month — the Soviet media have been relatively even-handed, perhaps not to upset a scheduled trip by Foreign Minister Gromyko to Egypt in two weeks.

Columnist Foresees Total Collapse of U.S. Position in Mideast

The following assessment was given to EIR this week by one of Washington's most renowned columnists, who asked that his name not be divulged:

Q: What is the U.S. intending to do about the unravelling crisis in southern Lebanon?

A: As Carter indicated in his press conference this week, we'll do nothing.

Q: How will the Soviets take all this? They must be pretty alarmed.

A: No, they're cleverly staying in the background, waiting for us to fall flat on our face. Then, as the international oil situation gets rough, you'll find Europe and Japan moving their own way, away from the U.S., and the Soviets getting back into the picture in a big way, consolidating relations with new radicals in power in Egypt and Syria and gaining general strength throughout the area.

Unlike us, you see, the Europeans and Japanese will clearly act on the basis of their own national interest vis-a-vis the Arabs, telling the Israelis, "You're our friends," but we have national interests to develop. This will give them an advantage over the U.S. on the oil front, and on the political question of relations with the Arabs. The less we do about it, the worse it will be for us. This is a very serious problem for us, for every American.

Look at the Europeans: they're quiet, don't make a big public fuss. And, for now, they know that the power to deal with Saudi Arabia and Kuwait lies in Washington. But once the Saudis and Kuwaitis decide that we can't make peace, then a serious crisis will break out within the western industrial bloc, and the Soviets will consolidate in the Arab world, the Europeans will strengthen relations with the Arabs, the Arabs will have new options, and so on.

This future may very well lie in store for us.

Palestinians Reject Vance Ploy To Split PLO

After two days of consultation in Damascus, the Palestine Liberation Organization Central Council announced on Aug. 26 their refusal to accept United Nations Resolution 242 and denounced the policy of U.S. Secretary of State Cyrus Vance toward the Palestinians as "against Palestinian rights." Khaled Fahoum, the head of the Palestine National Council, the official Palestinian legislative body for which the Central Council operates as an interim decision-making body, announced that a new meeting of the Central Council will soon be held after the leadership of the PLO returns from a visit to Moscow.

The announcement delivers a major blow to Vance's manipulative strategy to catalyze splits and divisions within the PLO by holding out a substanceless promise of U.S. concessions toward the PLO in return for the PLO recognition of 242, a resolution which the organization has always rejected because it treats the Palestinian question as a refugee question rather than one of national self-determination.

During Vance's recent stop in Saudi Arabia, he issued an ambiguous statement about a possible role for the PLO to play in Geneva in return for recognizing 242. But as the Aug. 26 *New York Times* revealed, Vance had made no substantive commitments whatsoever to the PLO nor to the Saudi monarchs with whom Vance discussed the 242 maneuver.

Prior to the Central Council meeting, the Saudis and Egyptians had reportedly pressured the PLO to accept 242 and had won at least the publicly enthusiastic agreement of PLO Chairman Yasser Arafat to the strategy. But it is likely that all along the Saudis had been testing U.S. willingness to *publicly* make an offer to recognize the PLO in return for signs of PLO "moderation." The Saudis are reportedly now irate that the U.S. showed no such signs at all since the completion of the mid-August Vance trip.

According to Arab journalist sources in Europe Aug. 26, the Saudis are "fed up" with the U.S. attitude on the PLO question, and will now "turn toward Europe" for political support.

Within the PLO itself, Arafat came under heavy pressure from PLO centrists to oppose the 242 maneuver in the absence of any signs of a quid pro quo from the U.S. PLO Executive Committee member Abu Meizer declared, for example, on Aug. 26 that "there is no reason for us to discuss the 242 Resolution just because we received a Hello from Washington."

The PLO also reportedly came under great pressure from the Soviets and the Syrians to oppose the Vance ploy. According to the Beirut journal *An-Nahar*, the Soviets "advised" Arafat et al. to "not be precipitous" in regard to 242 and to instead "hold out" for an actual revision of the resolution itself.

On the eve of the Central Council meeting the Syrian government-controlled press called for the PLO to take a hard line toward the United States initiative. According to a State Department observer, "the Syrians are very suspicious of activities to bring about PLO recognition of 242," since the PLO would be "playing a very strong

card" — i.e. de facto recognition of Israel for the first time ever — "in return for very little."

With the 242 maneuver of Vance shelved, the PLO will now seek an official United Nations Security Council *amendment* of 242 to have it recognize Palestinian national rights. According to *Time* magazine, Arafat will come to the United Nations next month to offer official recognition of Israel in return for an amended 242. *Time* claims that the Soviets have thrown their weight behind this initiative by armtwisting the hardline "rejection front" — which publicly opposes any recognition of Israel under any terms — into backing up Arafat's chosen future diplomatic initiatives.

A correlated PLO move, undoubtedly with Saudi backing, will be to seek European support for a change in 242 as well as official European recognition of the PLO as

a "statal" body. Reliable sources report that the French are now organizing within European Economic Community circles to bring about an alteration of 242 within the next days.

Simultaneously, according to the Aug. 25 Italian daily *Corriere della Sera*, the PLO has mounted a "political-diplomatic offensive" in Rome to end the "unjustified delay" in Italian recognition of the PLO. *Corriere* reports that the cross-party Italian-Arab Friendship League is asking for an "urgent" meeting with Italian Foreign Minister Forlani at the beginning of September to push for PLO recognition.

In a related development, a British government official, Ambassador Craig in Damascus, for the first time ever held a meeting this week with a top-level PLO official. Craig met with Fahoum, and will reportedly soon meet with Arafat.

Kissinger And Dayan Raise Spectre Of New Lebanon Civil War

During the last week Lebanon has experienced the worst violence in the ten months since the official ceasefire halting the civil war.

Syrian Foreign Minister Abdul Khalim Khaddam and his Lebanese counterpart Fuad Butros met this week in Chtaura, Lebanon to work out a new ceasefire. The meeting was preceded by the sudden eruption of fighting between the Falange and leftists in the Chouf region, southwest of Beirut, the first serious violence there in

LEBANON

months. At the same time, Falangist forces, backed by Israeli heavy artillery and air support, launched the strongest assault to date against several Palestinian positions along the Israeli-Lebanese border. *Radio Israel* reported that the Palestine Liberation Organization (PLO) has massed 6,000 troops in southern Lebanon, and quoted southern Lebanese villagers that the Palestinian guerrillas are "digging in." Troops from Iraq and Somalia have entered the area to support the PLO. A "preemptive" Israeli invasion and a Syrian-Israeli showdown are not unlikely.

The outbreak of fighting occurred just as a carefully worked out agreement between Syria, Lebanon, and the PLO — known as the Chtaura Accords — was about to be used to ease the unresolved tensions in southern Lebanon. The deterioration of the Lebanese truce has all the markings of the mastermind of the Lebanon civil war, former U.S. Secretary of State Henry Kissinger, and his networks in Lebanon.

The French daily *L'Aurore* questioned the timing of the new round of fighting as an agreement was nearing completion between Lebanese Muslim leader Saeb Salem and hardline Maronite warlord Camille Chamoun to back up the Chtaura Accords. Such an agreement would have deactivated Chamoun's ties to Israeli military intelligence, a key controlling factor in the volatile southern Lebanon situation. As the Conference of

the Lebanese of the Maronite Front was to convene to consider acceptance of the Chtaura Accords, the battles in Chouf and southern Lebanon broke out.

The acceptance of the accords by Chamoun, and his National Liberal Party, would have guaranteed their implementation.

Bait for Israeli Preemptive Strike

The fighting in the Chouf has, for the time being, stopped, following the deployment of Syrian peacekeeping troops into the region. But following its outbreak both Falangist leader Pierre Gemayel and Chamoun hardened their positions. According to *Agence France Presse* today, Chamoun has given the Lebanese government a "24 hour ultimatum" to crack down on both the Palestinians and the Lebanese left. "Otherwise, we will launch our militias," said Chamoun in a warning to Lebanese President Sarkis. The leader of the Falange militia, Bashir Gemayel, endorsed the Chamoun threat.

The warfare on the border and the threat of renewed bloodshed in the tense Chouf sets a dangerous trap for Syria. Any direct intervention by the Syrian troops would pit them against the Israeli-allied Falange, risking a retaliatory preemptive strike by Israel. Syndicated columnists Evans and Novak warned Aug. 22 of a probable 24 to 48 hour Israeli lightning attack into Lebanon "to protect the Christians." According to French press sources a major topic on the agenda at the Aug. 21 Israeli cabinet meeting was the military situation in Lebanon.

Both *Radio Moscow* and the Cuban press have noted the increasing military role that Israel is playing in supporting the outnumbered Maronites in southern Lebanon. For six straight days, the town of Nabatiye, on the Israeli border, has been shelled by Falange and Israeli artillery. According to the Cuban wire service, *Prensa Latina*, the border town of Marjayoun has also been the center of intense fighting. Israeli fighter jets have provided air cover for stepped up shelling from Israel.

IMF Sets September Deadline For Turks

The International Monetary Fund (IMF) has issued an ultimatum to the Turkish government to impose austerity by Sept. 24 or face a total cutoff of credit from the West. "Bankers have realised that Turkey is in a major economic crisis," wrote *The Economist*. "Worries over Zaire and Peru, where bankers have \$800 million and \$3.5 billion at stake respectively, are almost beginning to look pale by comparison."

TURKEY

Panic over Turkey is not limited to the unpaid debt. Since the 1974 Cyprus affair, NATO has been steadily losing influence in the eastern Mediterranean, and anti-American sentiment is widespread. *New York Times* columnist C.L. Sulzberger sounded the alarm this week by raving about the growth of pro-socialist, pro-Soviet sympathies among young officers in the Turkish military. A Turkish government spokesman confirmed that Turkey is indeed "seriously considering" the Soviet option. "Nobody in Turkey is in love with the Soviets," state the official. "But the Soviets are offering us solid deals. The U.S. is offering nothing but pressure."

Capitulation

Capitulating to the IMF's ultimatum, Turkish Prime Minister Suleyman Demirel has launched his "new economic policy," officially christened "Belt Tightening." The centerpiece of the policy is austerity, and involves drastic cutbacks in all commodity imports, a 50-60 percent currency devaluation, massive taxation leading to a forced shutdown of the "uneconomical" state sector enterprises, cutbacks in all public services by 75-100 percent, and price hikes for oil and oil products by 75-200 percent. Already, Turkey's growth rate — the highest in Europe just last year — has plunged from 8 percent to 5.5 percent. Massive electricity shortages have crippled industry, reducing output by more than 50 percent. And exports of wheat and other foodstuffs vital for domestic consumption have resulted in widespread food shortages.

A World Bank spokesman has confirmed that the IMF is behind the austerity package and that the Fund "requested" that Demirel implement it at this time.

The IMF ultimatum follows months of pressure on the Turkish government to impose austerity. Prior to the June 5 Turkish general elections, the right-wing coalition government of Demirel was too weak to follow through on the IMF's demands, and the IMF was forced to buy time until the elections in the hope that a more stable, majority regime would come into power and carry out the unpopular austerity measures. After more than two months of political stalemate, Demirel was finally reinstalled as Prime Minister, leading a coalition as weak as the one before and more vulnerable than ever to IMF demands.

According to a leading New York banker, "Demirel has set the stage for military intervention. He has proposed the IMF's package, but he is too weak to carry it out himself. It seems the military might have to carry it

out for him." The banker confirmed that a major faction fight currently raging in the general staff of the Turkish army "is definitely linked to the economic crisis and the IMF's demands." Pro-IMF generals linked to Demirel's neo-Nazi coalition partner, Col. Alpaslan Turkes, and backed by Demirel himself are making a major power play against the dominant traditionalist command to seize control of the military and clear the way for an IMF-backed coup d'etat. When it was tried on June 2, this method flopped.

The Economist: Bankers' Cold Turkey

The following are excerpts from the Aug. 20 issue of the British weekly The Economist. The article is entitled "Bankers' Problems: Cold Turkey."

International bankers have been caught napping in Turkey... Now, rather too late, bankers have realised that Turkey is in a major economic crisis which the new-old coalition government probably cannot handle without extensive default....

Turkey has a mere \$500 million of reserves left. It already owes banks and traders around \$1.5 billion for imports received but not paid for. The central bank is now refusing to make the necessary foreign exchange available. Bankers are claiming \$500 million due on letters of credit alone. Some commercial payments are already five months in arrears.

The coldest shock to bankers is that Turkey is now failing to make payments guaranteed by the government. Some \$500 million of convertible lira deposits are falling due right now, another \$500 million before the end of the year. The money is coming through spottily or not at all. Some payments are already several weeks late.

An attempt has been made to launch a little lifeboat to preserve banking confidence. The Bank for International Settlements, which acts as central bank for the top 10 industrial nations, has made a secret loan of \$100 million to Turkey to help it pay out to private bankers under the convertible lira scheme. That won't go far....

Smaller banks suspect that the Turkish central bank may be giving preferential treatment to favoured foreign banks, and trying to penalise those who until now have been making a mint under the convertible lira scheme. They resent the way a few big private commercial banks such as Citibank and Chase Manhattan (the hardest hit by the Turkish economic crisis — ed.), have been effectively delegated the task of operating a queue system on payment arrears. A major international banking row is brewing.

In spite of official aid flows and remittances from overseas workers, Turkey will be at least \$2 billion in deficit this year. Its oil bill alone will top \$1 billion. It has approached international banks for a jumbo loan to get it out of trouble. They have refused. They say that the country must show willing (sic) by going to the IMF and accepting whatever austerity measures it recommends. So far, Mr. Demirel's right-wing coalition government has been too weak to take their advice.

Blumenthal Currency Manipulation Sends Japan Into Financial Crisis

An alarmed Bank of Japan warned last week that leading Japanese corporations are resorting to severe cost-cutting measures — including cuts in capital investments, inventory liquidation, and putting workers on short-time — to try to solve Japan's new acute liquidity crisis. Some firms are going so far as to cut necessary operating expenses in order to gain cash for short-term speculation in real estate and the stock market. According to confidential internal reports of the majority of Japan's leading banks — reports which they say they are afraid to show to their clients — these cost-cutting measures will lead to unmitigated recession within months unless the process is arrested by large-scale government stimulus.

The responsibility for this debacle lies squarely with the Carter Administration and its backers in lower Manhattan. Every one of that faction's fundamental international economic policies has hurt Japan's exports — the sole basis of Japan's financial stability and economic growth over the past two years. Carter and Wall Street have forced the developing countries and weaker advanced countries to restrict their imports. In the U.S. and in certain European countries they have set up protectionism shields against almost every major Japanese export: steel, automobiles, ships, textiles, TVs, even ball bearings.

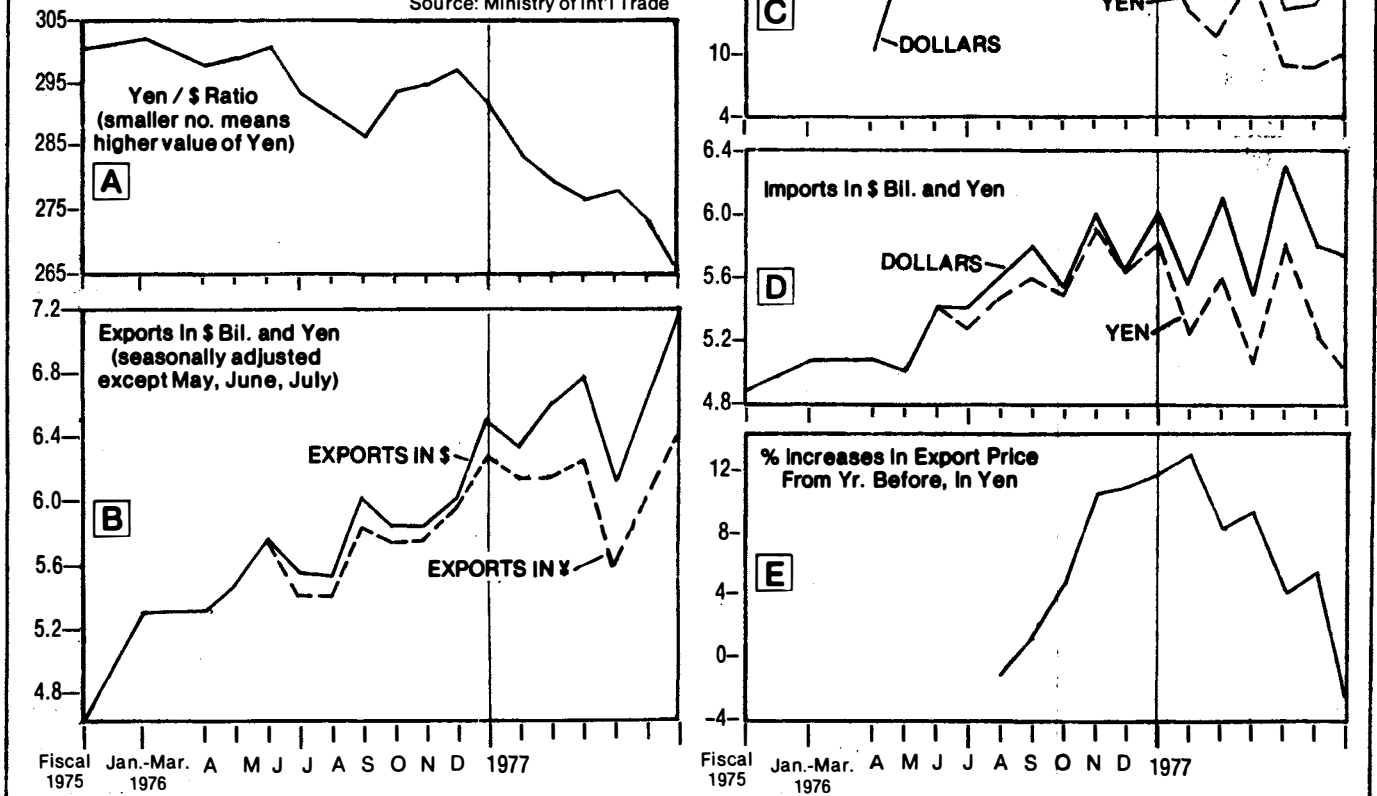
The result has been a seven-month long stagnation of Japan's exports. (Graph 1B) The 10 percent yen ap-

Graph 1

Trade Indicators In Dollars Vs. Yen

Note: In the graph showing the discrepancy between import value in dollars vs. yen, the base was taken at 300 yen per dollar, the rate prevailing before pressure from U.S. began. July export figures are preliminary and rose so much only because of the extraordinary increase in ships (\$400 mil. increase) which fluctuate wildly from month to month.

Source: Ministry of Int'l Trade



preciation that Treasury Secretary Blumenthal forced upon Japan, transformed this into an immediate, unmanageable liquidity crisis. Many of the export corporations, which had provided a critical margin of liquidity for the economy as a whole, are now selling below the cost of production.

The crisis has polarized Japanese political and business circles into three distinct points of view, all demanding drastic action.

Prime Minister Takeo Fukuda and his allies are willing to follow the dollar empire to its final collapse. They insist that Japan increase imports to bail out countries in debt to the U.S. banks, while simultaneously permanently switching to a low-growth economy.

Most representations of business reject this point of view. For the moment, however, they have not determined a positive alternative, but demand that the government launch an \$11 billion reflation program and give them the cash to avoid bankruptcy.

A third grouping, still a small minority of business, has seen that the crisis demands a break with the dollar and positive action to restore world trade.

The Crisis

The alleged purpose of the assault on Japan's trade launched by Wall Street is to force the country to decrease exports to, and increase imports from, the developing countries and weaker European countries. Wall Street hopes this will give the latter countries sufficient revenue to pay their debts to the New York banks. It is assumed that Japan, West Germany, and the U.S. will all carry out the same policy: giving the scenario the title "the three engines of recovery." As anyone three weeks in a first college semester economics course could have told Mr. Blumenthal, the stagnation in exports has not produced an increase in imports, but the opposite. (Graph 1D).

Because of the stagnation in exports, Japan has been on the brink of recession for months. Production at the end of June was no higher than last November and is estimated to have fallen again in July. Real wages have fallen to a 1-2 percent annual rate of increase. Machinery orders fell 7.5 percent in April-June. Capital investment is predicted to fall in July-September, for the first time since early 1976, then by another astounding 8.4 percent in October-December! By July, corporations were selling solid stocks because they needed the money, and the market hit its 1977 low.

As one chief economist at a leading New York bank put it, "Well, I agree that the yen revaluation won't achieve what Blumenthal says it will. But, you have to admit it's better than having the yen fall in value."

The Three Options

Pushed by a panicked business community, Premier Fukuda met with government and party leaders for three days during the first week in August and announced a hastily prepared \$4-6 billion reflation program. Three weeks later business raised its demand to \$11 billion and Fukuda raised his offer to \$5-7.5 billion.

This step Fukuda desperately wanted to avoid. As late as two weeks before the emergency meetings, his depu-

ties were insisting that the economy would soon resume its "paused" recovery and that no new stimulus was required. As longtime public protégé of David Rockefeller, Fukuda has insisted that Japan adhere to the Trilateral Commission strategy of the "three engines of recovery." In the summer of 1976 then-Brookings Institution economist, now Assistant Treasury Secretary, C. Fred Bergsten called for a substantial revaluation of the yen, then at 300 to the dollar. Within days Fukuda publicly echoed the call (at the time he was director of the Economic Planning Agency and Deputy Prime Minister.)

Chase Manhattan officials have told *EIR* that an essential part of the "three engines of recovery" policy is a permanent restructuring of Japan's economy away from export-dependent high growth to "low, stable growth." Fukuda has repeatedly castigated business for demanding government measures to end the three-year recession. Last spring, when the renewed stagnation became evident, he spent months bickering with business over whether a piddling \$1 billion tax cut could be added to an \$80 billion budget already one-third in deficit.

Fukuda attempted to seize upon the current liquidity crisis as an opportunity to enforce the restructuring program. His instrument in this effort is a group called the Industrial Planning Council. The council is chaired by Takeshi Sakkurada, a fervent Fukuda supporter and the head of the Employer's Association. Two weeks ago the council issued a statement calling for sharp restrictions in exports of steel, autos, ships, and home appliances — exactly the demands of Blumenthal. On a long range basis they demanded lowering exports from 13 percent to 8 percent of Gross National Product (GNP) and restricting growth in nine "pollution-causing and resource-consuming" industries including steel, autos, electric power and chemicals! According to the Aug. 15 *Mainichi*, the council's credo is that Japan must end its "blind faith in the concept of ever higher GNP and growth rates" because "raw materials can't last forever." It threatens that unless Japan turns to "low growth" it will suffer a permanent recession.

The disastrous results produced by Blumenthal and Fukuda have so weakened Fukuda politically that he has been unable to carry out his preferred policy. Instead, business forced him to acquiesce to the reflation program.

These forces are led by Toshio Komoto, a former shipping magnate now heading the Policy Affairs Council of the Liberal-Democratic Party, a rumored potential successor to Fukuda.

The reflation program itself, however, is not a genuine recovery program but a short-term inflationary gimmick. Although the full details were not available at press time, most of the program as presently announced consists of financial giveaways to industries and firms threatened with bankruptcy due to the recession and or yen appreciation. The public works aspect of the program consists mainly of accelerating existing programs for highway and railroad construction and building of oil stockpiles; few, if any, major new programs are being initiated. In addition there will likely be another cut in the discount rate of 0.5 percent or 1.0 percent from the present 5 percent level — the one healthy anti-inflationary measure in the entire program.

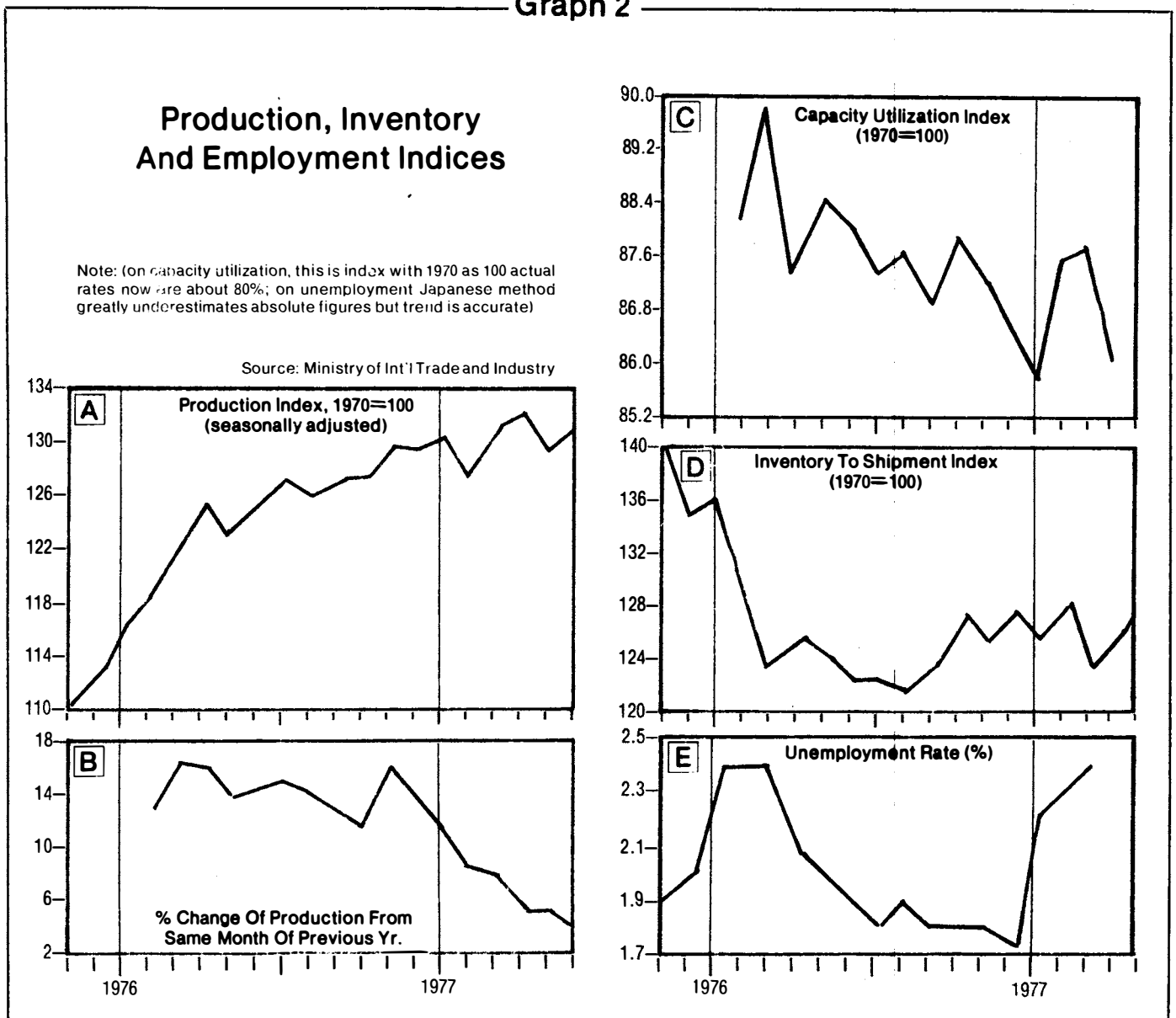
The Finance Ministry and the Bank of Japan have been quite reticent to approve the program because of its hyperinflationary potential. The Bank of Japan recently warned that corporations are reducing capital expenditures and other necessary operating expenses in order to gain cash to make quick bucks on the stock market. This speculative fever sent the market from 1977 lows in July to 1977 highs in August. The Bank of Japan fears any new injection of liquidity will simply accelerate that process. For this reason it even opposes the discount rate cut, while the Finance Ministry wants to limit the reflation program to \$1-2 billion.

The majority of business is so desperate for immediate cash that they have ignored both the danger of inflation and the need for a genuine recovery program. Even Mitsubishi Bank, well known as the most bearish in its predictions and the most fearful of inflation, supports the financial bailout. In a confidential internal report, they said preventing a financial panic is more important than worrying about inflation.

Only a minority among leading businessmen has pointed out that disaster awaits Japan if it follows either Fukuda's low-growth or the bogus alternative of an inflationary binge. According to Japanese banking sources, this group is trying to design an institutional basis by which petrodollars can be used to stimulate trade and development rather than fill the coffers of the New York banks and the Eurodollar market.

Their viewpoint was presented in an Aug. 1 front-page lead in the *Mainichi Daily News* by Ichiro Takeuchi, Counselor to the Bank of Tokyo. Takeuchi locates current international monetary turmoil in the overvaluation of the dollar, adding, "The U.S. is seeking Japan's cooperation is 'correcting' the overvaluation of the dollar." He compares the current period to the crisis of February-March 1973 which led to the oil crisis and then the Herstatt bankruptcy, adding, "There is no guarantee that such an incident could not happen to the Japanese banks" (Last year Sumitomo Bank suffered a \$300 million foreign exchange loss, the largest in history, when

Graph 2



Ataka trading company went bankrupt.) Takeuchi says the answer is to end Japan's "unnatural and irrational total dependence on the dollar." He proposes internationalization of the yen in such a way as to promote trade.

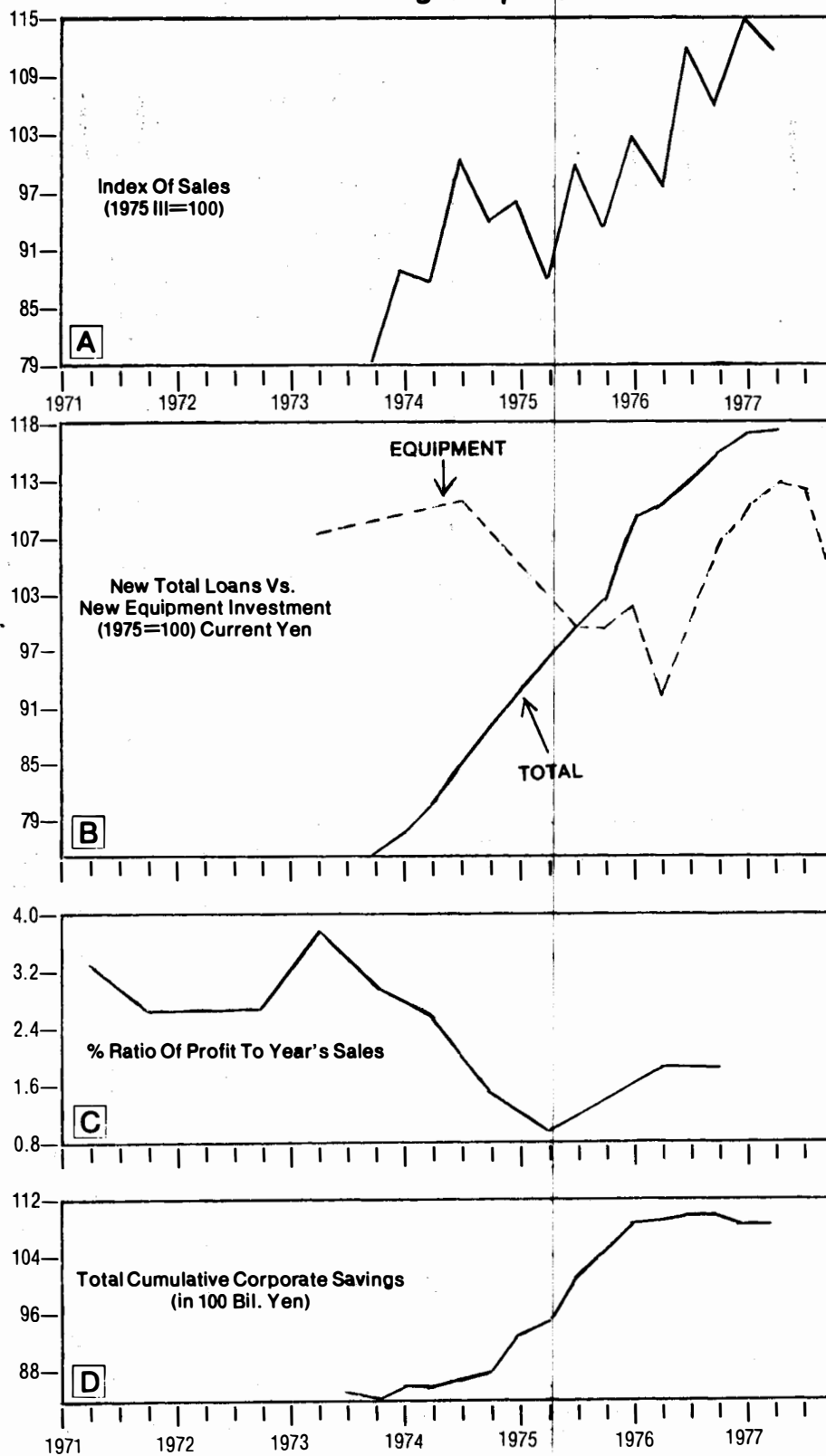
A high Japanese government official told *EIR* that a faction of business and the bureaucracy has now decided that Japan must coordinate its economic, trade and currency policies with West Germany, not the U.S. He reports that this faction is increasingly forcing its policies on the government. Setting up such an axis was the subject of the recent visit of West German Economics Minister Hans Frideirichs, according to this source. The Vice Minister of the International Trade and Industry Ministry recently visited the OPEC countries to secure closer relations with them.

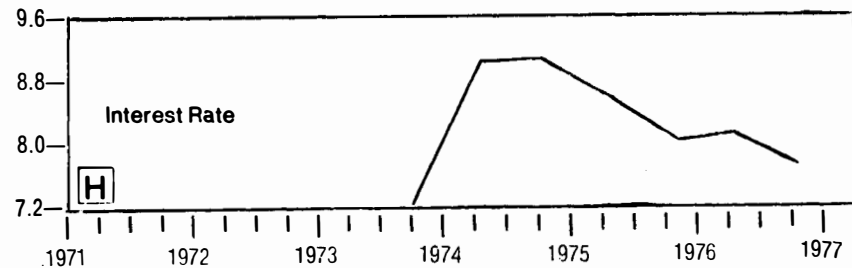
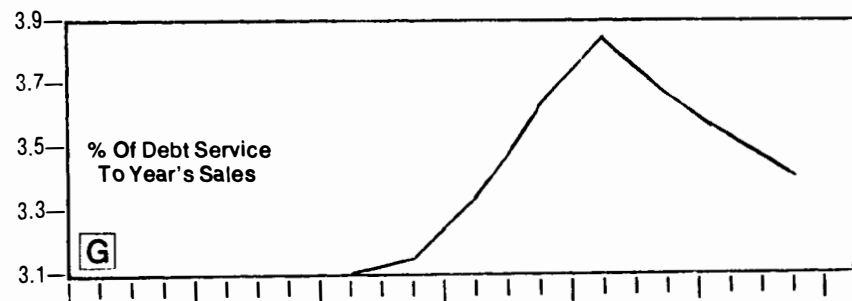
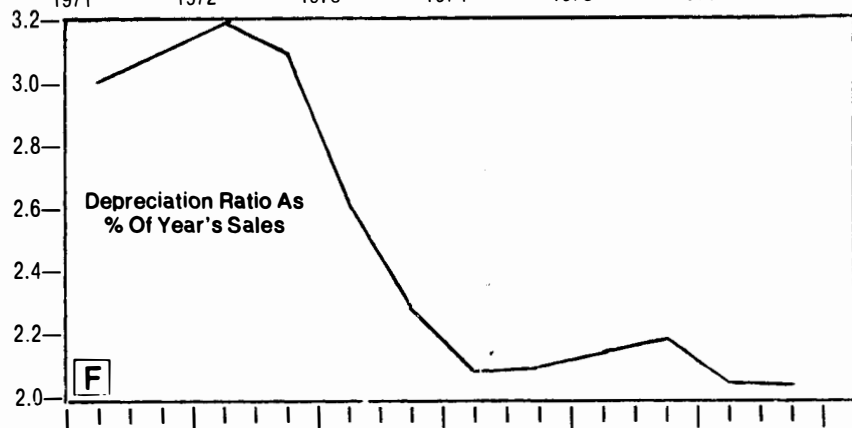
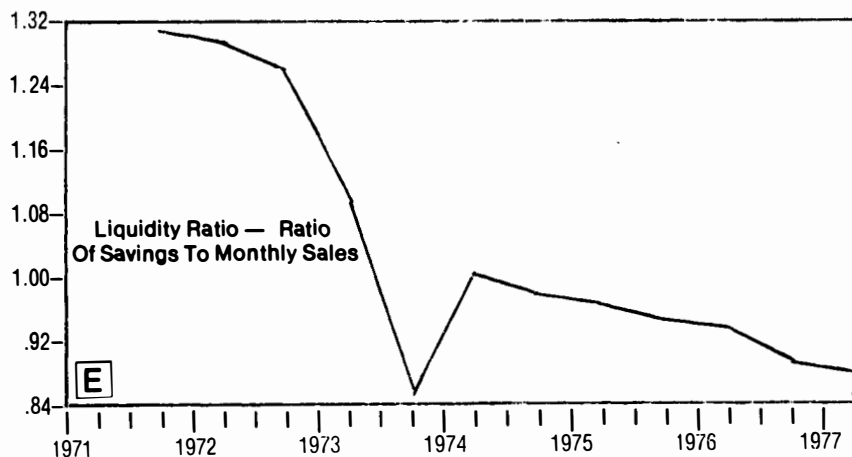
The most positive concrete proposal has come from a group of business leaders known as Keizai Doyukai. According to the Aug. 21 *Mainichi*, they called for setting up a new institution to fund capital investment projects in South East Asia. The institution would use funds from the industrialized world and OPEC. Neither the Bank of Tokyo article, nor Keizai Doyukai, nor the cited government official has yet concretely addressed the problem that Japan's survival requires positive action to restore world trade as a whole, and their lack of strategy has enabled Fukuda to sabotage many of their best efforts. On his recent tour of South East Asia Fukuda was expected by Japanese business, as well as the countries of the Association of South East Asia Nations (ASEAN) to approve government aid to five regional industrial development projects amounting to over \$1 billion. Fukuda refused to grant approval, claiming that more long-term feasibility studies are needed.

*Japan's Financial Structure:
The Case of Steel*

The havoc that Blumenthal's antics have wreaked upon Japan is epitomized by the plight of the steelmakers, whose product com-

Graph 3
Financial Accounts Of
500 Leading Corporations





Note: in Graph G the ratio of debt service to year and sales at about 3% underestimates impact on economy, since sales involves double counting from firm to firm. Debt's impact can be realized when it is known the debt cost equals about half of labor costs for the average firm.

In Graphs D, E, and F, in liquidity ratio, cumulative savings, sales and total loans, the figures for the first two quarters for 1977 are Bank of Japan predictions. For equipment investment all of 1977 is predicted level. (Graph B)

Source: Bank of Japan

prises 15 percent of Japan's exports. Like most of Japan's major corporations, the steelmakers have huge debts. This is not because they imitated U.S. corporations' practice of increasing debts while refusing to modernize, but just the opposite. They have tremendously modernized their equipment — the oldest furnace of the second largest steelmaker was built in 1962. By 1975, Japan's steelmakers achieved labor productivity superior to that of U.S. producers. This would have been inconceivable — given U.S. workers' superior living standards and skill levels — except for the modernization of their plants as compared to the stagnation in the U.S. But this program has produced debt loads which mean that for the average firm among the top 500 in Japan (among all industries) debt service costs on an average half of labor costs.

This debt can only be managed if the economy sustains high growth rates. Any significant drop in production makes the debt unmanageable. For steel, as for the economy as a whole, the key to high growth was high export growth. This became especially true during the current recession when exports rose to 33 percent of total sales. So important financially was it to maintain production levels, that the steelmakers — faced with declines in domestic sales — increased exports in 1976 by 16 percent in tonnage by means of a 3 percent price cut. Throughout 1975 and 1976 many of the steelmakers ran losses, but would have run still larger losses if they had allowed production to fall.

At the end of 1976, the steelmakers began raising prices and thus achieved significant profits for the October-March period. Then the effects of the New York banks' austerity policies began to take their toll. Due to declining domestic demand and stagnating exports total steel production began a decline in the last months of 1976 which is still continuing and has now begun to hit exports as well. Total steel production for the July-September quarter is predicted to be 9 percent below the year before, and exports — which were 5 per-

cent below the year-before in June — are predicted to fall to 8.4 percent below the year before in July-September. The weakness of demand means the Japanese steelmakers cannot raise their prices in dollar terms and must absorb the yen appreciation. For the largest makers the price necessary to break even requires a yen no more valuable than 270 to the dollar. It is now 265. Blumenthal has sent the steelmakers back into deficit.

The high debt load of the firms means they have no choice but to cut other expenditures to maintain debt service. They must institute radical inventory liquidation and capital investment cutbacks, and — as we have seen in the stock sales — even liquidation of valuable financial assets. Throughout July the major steelmakers announced 15-20 percent cutbacks on their original capital investment plans for fiscal 1977. One leading maker, Sumitomo Metal, announced it was even cutting back maintenance expenditures by \$50 million.

The dire financial straits of the steelmakers is particularly worrisome to the government since out of the entire profits of Japan's 500 corporations in the October-March term, the 26 steelmakers had accounted for 48 percent.

As the cost-cutting policy spreads to the other industries in the same predicament, Japan will be thrown back into depression.

The Financial Retrenchment Program

It is accepted without debate that the 25-30 percent annual growth rate in exports over the past two years was the sole basis for the 15-16 percent production growth rates during the same period. What little growth that did occur in capital investments and personal consumption (4-5 percent growth rates in each) was primarily a result of the export boom, and has now been reversed: preliminary figures indicate that real capital investment in the second quarter of 1977 will show the first fall since 1975, and real wage increase rates have also fallen as the export boom petered out. (Graph 4E)

Therefore, even without an appreciation of the yen, the stagnation of exports would have led to a financial crisis. Since January, exports have stagnated at a seasonally adjusted level of about \$6.5 billion. Japan has become so dependent upon sustained high growth in exports that production as a whole slowed as a result. In addition, the markets became so soft that since December corporations have been unable to raise wholesale prices at all. (graphs 1, 2, 4C)

The no-growth situation in production and the inability to pass on cost increases has meant a stagnancy even in nominal sales while labor costs and outstanding debt each continue to rise by 10 percent a year. The debt service burden has been alleviated somewhat by successive interest rate cuts, but nonetheless remains unmanageable under a situation of zero growth in nominal sales. Therefore, even without a yen appreciation, Japan's leading corporations would have been obliged to enforce inventory liquidation, and cuts in capital investment, i.e. production cuts in order to save cash.

The yen revaluation was a crushing blow because the export corporations were the crucial source of liquidity during a period of overall financial retrenchment by Japanese industry. Recognizing that the economic recov-

ery was not soundly based, the leading corporations decided that they could not afford to increase their total debt load by more than 10-13 percent a year. (This is an aggregate figure for the top 500 firms; it varies widely from firm to firm and industry to industry.) This includes borrowing for both productive as well as financially necessary but unproductive purposes. The latter category includes borrowing for involuntary inventory accumulation, loans made to enable repayment of past loans, and loans to cover losses. For example, while up to date figures are not available, during the first half of 1976, 60 percent of all commercial bank loans went just to finance corporate losses.

How It Will Fall

The timing and rate of production collapse will depend on the export situation. The prospects are as follows:

TEXTILES: (6 percent of exports): In dollar terms textile exports fell somewhat throughout fiscal 1976, but have rebounded somewhat in recent months. The textile industry as a whole is running losses, and has been severely hurt by the yen appreciation.

CHEMICALS: (6 percent of exports): Chemicals are strongly effected since the majority of exported chemicals are fertilizer, which incredibly is one of the first things to be cut when developing nations institute import cuts.

STEEL (15 percent of exports): Steel has fallen both in tonnage and in dollar terms, since January. As percentage of total exports, steel has fallen from 17 percent to 13 percent in recent months. Exports had been half of total steel production and have been hurt badly by the yen appreciation. The firms are not running losses.

AUTOS (14 percent of exports): Autos remain a bright spot with exports still increasing at a 10 percent annual rate and the firms able to apply a 4 percent price increase. The profits are predicted to fall in April-December but they still remain high. Blumenthal has threatened protectionism. Exports are almost half of total production.

Ships (11 percent of exports): Ship exports remain high based on past orders. High orders continued in 1976 because Japan tremendously increased its share of world orders. But in the last few months, orders fell to half the monthly level of fiscal 1976. A backlog is dropping rapidly.

TV, STEREOS, TAPE RECORDERS (5 percent of exports): Protectionism has hurt. Japan was forced to agree to 40 percent cut in exports to the U.S. Exports to the U.S. alone were 30 percent of total production.

PLANT AND EQUIPMENT (10-15 percent of exports): This category is best prospect unless it is sabotaged by Fukuda. Exports rose from \$5 billion in 1975 to \$8 billion in 1976 and could rise to \$12 billion in the current year. Best customers are Soviet bloc and OPEC.

The firms kept overall borrowing down to 10-13 percent growth levels by severely cutting borrowing for productive purposes. The extent of diversion to unproductive but financially necessary purposes can be seen by comparing the stagnation in equipment loans to the steady growth in overall borrowing (graph 3B). (What little growth did occur in capital investment was concentrated in the electric power and the export-oriented-auto and steel industries.) In addition, growth of borrowing for circulation of commodities is not a function of the absolute amount of commodities but the rate of growth. Since shipments have been stagnant since last July, the need for normal operating funds has also slowed.

In addition to triaging productive borrowing needs, the firms dangerously dipped into their financial reserves, both total savings and the depreciation funds which finance replacement of worn out equipment. (graph 3DEF)

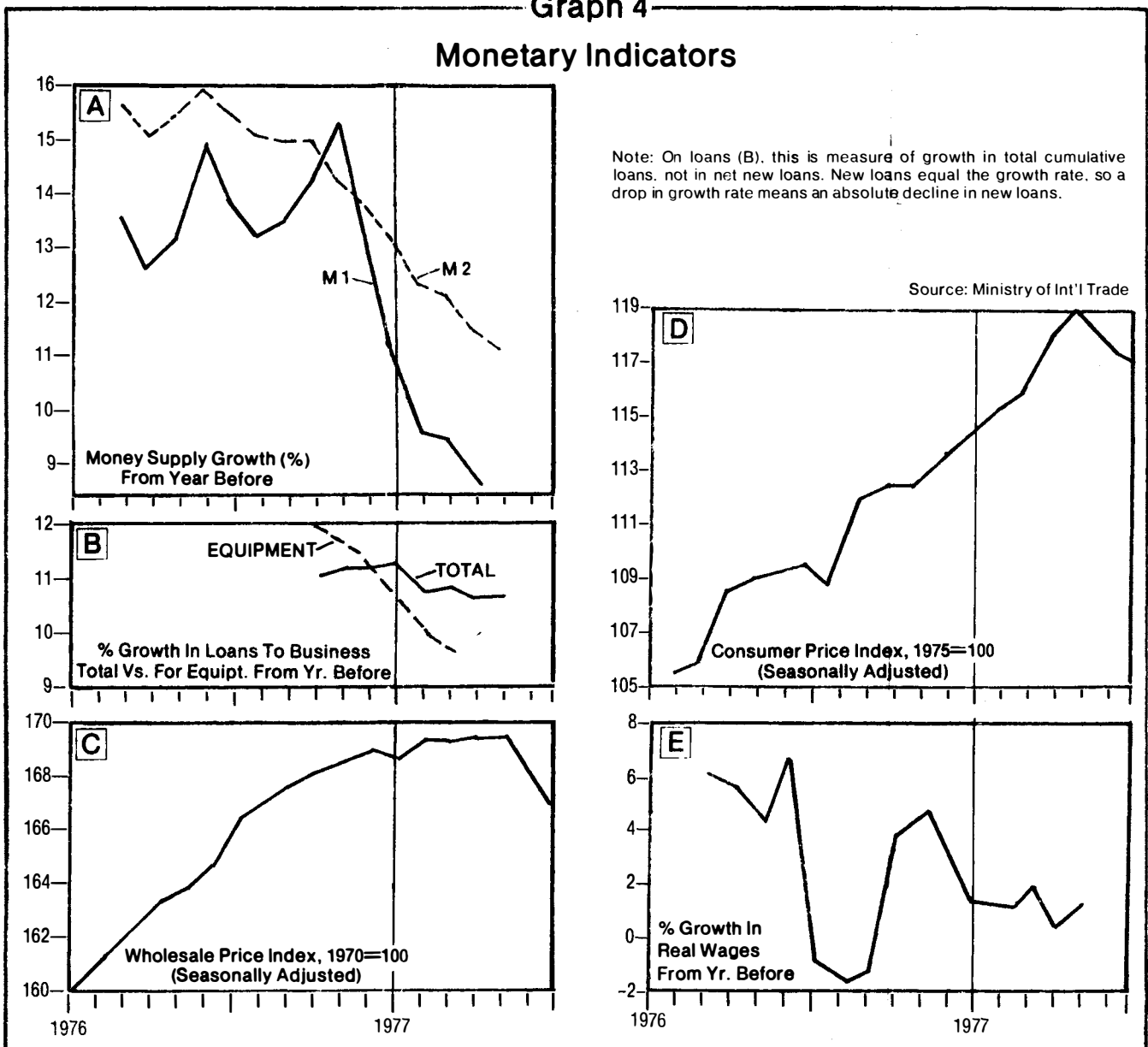
Finally, instead of borrowing at high interest from the

banks, the non-export corporations were able to sell large amounts of six-month bonds at fairly low interest rates to the quite liquid export corporations. While exact figures are not available, Japanese banking sources confirm that the amount of liquidity obtained through this method provided the critical margin of liquidity to the non-export corporations.

Despite the retrenchment policy, the financial situation of the corporations remained tenuous — even before the yen appreciation took full effect. In the October-March term profits for the top 400 firms increased only 5 percent above the term before if one excludes the 26 steel and nine electric power firms whose profits comprised 85 percent of the entire profits for the top 400 firms! Even before the yen appreciation took effect, it was predicted that profits would drop 13 percent in the current term, the first drop since 1975. (And even these low profit ratios (graph 3C) are fictitiously boosted since

Graph 4

Monetary Indicators



the accountants are applying to profits money that should have gone to depreciation funds.

The Effect of the Yen Revaluation

The entire foundation for the financial retrenchment policy was the assumption that it was only temporary, to be endured only until a genuine recovery developed. Once exports flattened and the yen was revalued, the rug was pulled out from under their precarious financial stance. The export corporations could no longer afford to purchase low-interest short-term bonds and, as we have seen, had to massively unload their holdings of securities just to get cash. Thus, the other corporations were forced to turn either to the banks for money, or increase cost-cutting measures, or both.

So far, the corporations have primarily increased cost cutting measures. They are dipping further into savings while drastically cutting both equipment loans and overall borrowing. (graph 3F and 4A,B). There are continual announcements of drops in capital investment plans; machinery orders fell in July for the third month in a row; unemployment is up and capacity utilization is down. Full scale inventory liquidation has not yet begun. When it does the depression is on.

It was a desperate effort to stop this headlong rust to collapse that prompted business and the government to adopt the \$4-6 billion reflation program. But, in the

opinion of one leading bank, such a program can at best simply delay production cuts until December. Except for the cut in interest rates, the program is extremely inflationary. It adds \$4-6 billion to an already high \$24 billion deficit in an \$80 billion budget, primarily for financial bailouts. In other words, the government will replace the export corporations as a source of liquidity. However, in the estimate of the Finance Ministry, almost all of the new bonds will have to be purchased by the central bank, that is, printing money. Even aside from increased spending, the government would have found its deficit rising due to tax shortfalls. The budget assumed tax increases of 16.5 percent in fiscal 1977, but in April-June as a whole receipts were only 15.3 percent above the year before, and in June only 13.5 percent. The combination of increased spending and shortfalls in revenue threatens to raise the deficit from a planned 30 percent of the budget to 40-45 percent.

The inflationary consequences are enormous. Japan could easily return to the 30 percent price increase days of 1973. If the inflationary tendencies are not expressed in price increases, they will emerge in the form of a worsening financial situation for the corporations, leading to still further cost-cutting production cutbacks, and the demise of Japan's miraculous industrial economy.

— Richard Katz

How Rockefeller's 'Left' Terrorism Operates In Venezuela

Eloy Anzola's Aug. 1 column in the Caracas daily *El Nacional*, implying Venezuelan Minister of the Presidency Carmelo Lauria is another "Hjalmar Schacht" (Hitler's finance minister), is a signal that the Rockefeller financial faction's international network of "left" terrorists has put the government of Carlos Andrés Pérez on its "hit list." Anzola's lies, part of a massive campaign in the anti-Pérez press to brand Lauria as an economic dictator, are identical in form to the slanders in West Germany depicting the anti-Carter, pro-nuclear development policies of Helmut Schmidt as "fascist." By equating industrial and scientific progress with fascism, the Rockefeller press pipelines and zero-growth ideologues create the "ideological" belief structure that is absolutely essential for recruiting, "training" (brainwashing), and deploying ultraleft terrorists to assassinate opponents of Rockefeller-Carter austerity and zero growth. Such was the fate of Dresdner Bank president Jürgen Ponto. If these networks are not liquidated, the same fate awaits Schmidt, Italy's premier Andreotti, U.S. Labor Party chairman LaRouche, President Pérez, and Lauria.

In understanding how "left" terrorism operates in Venezuela, it must be seen as part of international terror as a whole. First, all "left" terrorism is interconnected with "right"-wing terrorist networks, forming an inte-

grated black operations capability that is deployed internationally through both governmental and private channels by Wall Street strategic interests. Second, both "right" and "left" networks are controlled from the top down through a unified chain of command using synthesized belief structures for control. On the "right" Rockefeller's pro-development opponents are identified for appropriate hit squads as "pro-communist" and "totalitarian" by virtue of their state-directed industrialization policies. In the case of Venezuela, President Pérez's nationalization of Rockefeller oil interests in 1976 is translated into "encroaching socialism" and "totalitarianism" for networks led by Cuban exile terrorist Orlando Bosch. For the benefit of the ultraleft, these same Pérez policies become "imperialist" and "fascist." It is essential to comprehend that what identifies the common strategic command of both sides of these terrorist operations is the fact that *they attack the anti-monetarist development policies of the Pérez government.*

Specifically, the right-wing apparatus — AAA, CORU, and similar death squads — is coordinated by the international Opus Dei network, linked to the Buckley family and old Nazi Die Spinne circles. The ultraleft gangs, typified by Baader-Meinhof, Black September, the "Puerto Rican" FALN, and the Symbionese Liberation

Venezuelan President Targeted For Assassination

Over the last two weeks, terrorist activities in Venezuela by both the "left" and the "right" have increased, with two recent assassination attempts against progressive President Carlos Andres Perez (CAP), a leader of the Organization of Petroleum Exporting Countries.

Late last week the lead car in a motorcade taking CAP to an agro-industrial fair in Venezuela was rammed by another car, an incident unlikely to be an accident given the tight security surrounding the President. After CAP's arrival at the fair, a second attempt occurred when at least two bombs exploded near the President, timed to go off simultaneously with a fireworks display.

The Interpol Connection

Only days before the attempts on CAP's life, on the evening of Aug. 14, 11 guerrilla terrorists of the Bandera Roja zombie gang escaped from the La Pica prison in eastern Venezuela. Taking advantage of a convenient power blackout, which had

occurred at the same time every night over the past week, the guerrillas overpowered one guard, cut their way through a wire fence, and escaped to a nearby highway where they were picked up by two waiting jeeps. One week earlier, Venezuelan Justice Minister Martin Echeverria, also former head of Interpol in the country, had announced a new "open jail" system of relaxed security modeled on Law Enforcement Assistance Administration programs in the United States.

In the early morning of the day of the La Pica escape, a Venezuelan Air Force jet parked at the Miami International airport was the object of a bombing attempt by Cuban exile terrorists of CORU. Coru, whose leader Orlando Bosch is now imprisoned in Venezuela awaiting trial for the bombing of a Cubana Airlines flight last year in which 73 people were killed, called UPI to take responsibility for the act, demanded the release of Bosch and warned that Venezuelan commercial airliners would be next on the list.

Army, are run out of the Institute for Policy Studies, funded by the Rockefeller Brothers Fund, the Russell Sage Foundation, and other Wall Street conduits. Interpol provides the logistics for both of these broader networks.

Since President Pérez and his associates have done a relatively thorough job of containing the right-wing hit squads in Venezuela, as exemplified by the recent treatment of Orlando Bosch, our purpose here is to shed light on how the left-wing terror operation functions and how it connects with its right-wing twin.

The key point to be made is that a campaign to mop up the "left" side of the operations aimed at the Pérez government can only be effective when actions by Venezuelan police authorities are combined with a *political* attack on the ultraleft networks as a whole. Thus far, Pérez and his allies have met with only isolated success in apprehending individual terrorists, while leaving intact the ideological-logistical structure that breeds and shelters left-fascists in the first place.

What is lacking is a political campaign that strips the credibility away from ultraleft terrorism as a legitimate, sociologically "spontaneous" phenomenon, and thoroughly exposes it as nothing more than a synthetic intelligence-destabilization operation. By destroying the monetarist zero-growth ideology providing such credibility, terrorism's command structure can be broken down, and terrorism itself liquidated.

Level One: The Individual Terrorists

The striking feature of all left destabilization actions directed at the Pérez government during the past three years — from kidnappings, to bombings, to murder — is that they have been carried out by two or three dozen individuals, with a mere handful serving as field commanders. Specifically, every major act of political terror has been the work of brainwashed zombies from the Bandera Roja gang and its variants (Punto Cero, Grupo de Comandos Revolucionarios, etc.).

Last week's "escape" of 11 terrorists from the La Pica prison is a case in point. Leading the escape, which was orchestrated by Interpol personnel in charge of the prison, was Ramón Elías Morales Rossi, a leader of Bandera Roja. In 1971, he took over the command of the Venezuelan Fuerzas Armadas de Liberación Nacional (FALN) from Douglas Bravo. This same Morales escaped in an equally fraudulent break from San Carlos prison in 1975. In 1976, the FALN joined with Bandera Roja to form the Grupo de Comandos Revolucionarios to kidnap U.S. businessman William Niehaus in a typical destabilization attempt against the Pérez government.

Morales and his associates, Carlos Betancourt, Jose A. Guzmán Cordero, Lanz Rodríguez, and other "escapees" from both San Carlos and La Pica, were also involved in at least two other kidnappings in 1976, plus assorted bombings. Some or all of these Bandera Roja members played roles in the kidnappings of banker Enrique Dao in 1971, industrialist Carlos Domínguez in 1972, the Molinos Palacios brothers in 1974, and industrial heir Alfredo Pardi and cattleman Valentin Moreno last year. Since 1976, Bandera Roja has been responsible for the murder of at least two cattlemen and the kidnapping of a third, provoking widespread fear in agricultural areas.

Bandera Roja is directly connected to the international

operation that spawned the infamous Interpol-IPS terrorist "Carlos" in 1975, through "retired" guerrillas, such as Luben Petkoff, Lunar Márquez, and Douglas Bravo, who were reported living in Paris in 1975 when the "Carlos" affair exploded. Further links exist through the youth groups of assorted agent-controlled leftist parties, particularly the Movimiento Al Socialismo (MAS).

Level II. The Environment of Political Support

The immediate political havens for left Venezuelan terrorists are the Maoist, Trotskyist, and assorted Eurocommunist-styled parties. Morales Rossi's predecessor in Bandero Roja-FALN, Douglas Bravo, is the husband of Argelia Bravo, leader of the Maoist group Ruptura. Douglas Bravo's former guerrilla partner, Luben Petkoff, is the brother of Teodoro Petkoff, the under secretary general of the MAS and also a former leader of the FALN.

All of these groups — the Petkoff faction of the MAS, the agent faction in the Venezuelan Communist Party (PCV), Ruptura, the CLER, the youth branch of the Liga Socialista, and various others — pump out a steady stream of fascist zero-growth ideology under several guises, providing the credibility necessary for the terrorists. Typical is the full-page ad by Ruptura in the July 31 *El Nacional* attacking the "monopolistic character of the Venezuelan economy" — the psychologically warped code phrase referring to Pérez's policy of increased state control over the economy, including the nationalization of the oil industry. Echoing the right-wing attempts to smear Carmelo Lauría as a fascist, Ruptura denounced the V Plan, the government's industrialization program targeted for sabotage by the Rockefeller monetarists, as a "process of *fascistization*."

The other parties, even the "moderate" MAS and PCV, regularly print the anti-science, anti-progress ravings of Rockefeller puppet Ralph Nader, Worldwatch Institute, the Club of Rome, etc.

Besides an appropriate ideological environment, Level II provides needed protection services. The Committee for the Defense of Human Rights (CDDH), headed up by two Liga Socialista members and staffed and supported by almost every leftist party in Venezuela, is the legal front that rushes to the defense of "mistreated" terrorist prisoners in San Carlos and any other victims of Pérez's "repression." It was key in organizing the left in support of the overtly Maoist and pro-terrorist CLER last year to defend CLER's "right" to publish its fascist smut. Coming to the Maoists' aid were Eleazar Díaz Rangel of the MAS, director of the Latin America Press Association; top agent Freddy Balzán, station chief of the Cuban wire service Prensa Latina; and Hector Mujica of the PCV, among others. And it was the MAS, through Carlos Diez of the Central University (UCV), that provided mediation services for Luben Petkoff and Lunar Márquez when they attempted to strike an amnesty deal with Pérez in 1975.

And finally, groups such as Ruptura, CLER, and Primero de Mayo work directly with Bandera Roja zombies in provoking student riots. The waves of student violence of February 1976 and May 1977 were triggered by these gangs, in direct coordination with Interpol

agents infiltrated among government police forces.

The Good Offices of Interpol

While the various synthetic political formations provide political "legitimacy" for Bandera Roja and company, Interpol is crucial for logistical support, international contacts, and coordination with right-wing terror. Through Justice Minister Martín Echeverría, former Interpol station chief for Caracas, Interpol has direct control over all prisons and drug traffic, jurisdiction of the Technical and Judicial Police (PTJ). Every top PTJ official is also formally a member of Interpol. It is PTJ-Interpol control of prisons that has allowed the sensational, Hollywood-style mass escapes since the 1960s. During the past decade, the prisons were converted into open laboratories for MIT, Ford Foundation, and IPS psychological profilers, who compiled massive studies on psychosexual "susceptibilities" of political prisoners along the lines of the CIA's "national ideology" profiles in Europe following World War II.

By virtue of the PTJ's drug traffic bureau, Interpol also helps maintain the psychotic fascist-youth environment around terrorists with drug-running operations, as well as arms traffic.

But most significantly, the Justice Ministry and the PTJ are the connecting points between right- and left-wing terrorism in Venezuela. For example, it was Joe Leo, an Interpol and FBI agent stationed with the U.S. Embassy in Caracas, who was the primary contact with Orlando Bosch's Cuban exile terrorists immediately prior to the October 1976 bombing of a Cuban airliner that claimed 73 lives. And last week, Interpol coordinated the timing of an attempted bombing of a Venezuelan air force plane, by the Cuban exile terrorist organization, headed by Orlando Bosch, with the La Pica escape less than 24 hours later.

Level III: The Ideologues and Controllers

At the top of the entire left terror command structure are the few individuals and organs that are the direct packagers of monetarist-fascist ideology, the interpreters of Rockefeller-Wall Street policy according to profiled Venezuelan "susceptibilities." They are the direct conduits of the latest "progress-is-fascist" line from Wall Street networks into the Venezuelan synthetic left political environment to sustain the terrorists. The top controllers are Teodoro Petkoff, Domingo Alberto Rangel, and Juan Pablo Pérez Alfonso. The key institution is the Center for Development Studies (CENDES).

However, the single most important terrorist controller in Venezuela, because of his far-reaching political machine, his high level international contacts, and his control over both right and left terrorist networks, is former president Rómulo Betancourt. First, Betancourt is one of the few individuals internationally who is privy to the highest level strategic discussions in Wall Street circles. His entire political career is the *personal* product of Nelson Rockefeller, as this press service has amply documented previously. Secondly, as the founder of President Pérez's own AD party and the godfather of even broad sectors of the major opposition parties, Betancourt has the capability — used on past occasions — to force cabinet changes, name candidates, and provoke military coups. Third, he is the primary Latin

'European-Style' Kidnap In Colombia

Hugo Ferreira Neira, the general manager of the palm oil company INDUPALMA, and former Colombian Minister of Agriculture, was kidnapped Aug. 20 by the terrorist group M-19. Immediately after Neira's seizure, M-19 released a communiqué stating that he was being held in a "people's prison" as a traitor of the working class. Industrialists are no longer safe in their "luxurious mansions, in their comfortable offices... because the arm of justice of the people will reach them," the communiqué said. A second statement released by M-19 demanded that INDUPALMA accept the demands of 2,500 striking agricultural workers or M-19 would murder Neira.

El Tiempo, the influential liberal daily of Colombia, wrote Aug. 21 that Neira's kidnapping "seems to penetrate more into one of a political nature which has been experienced by other countries of America and Europe... Europe and especially Germany has seen the horrors of kidnappings of industrialists... against leaders of powerful German industries," for political motives.

American connection to the European Second International, and its controllers of terrorist networks like Willy Brandt of the SPD. Fourth, Betancourt is the long-time patron and protector of the Caracas Cuban exile community, with direct ties to Bosch's death squads, Félix Martínez Suárez, and others. And finally, as the original benefactor of the careers of Domingo Alberto Rangel and Juan Pablo Pérez Alfonso, who both still mouth monetarist zero growth policies identical to his, Betancourt directly determines the targets of the ultra-left. All orders for "hits" to be made in Venezuela come through Rómulo Betancourt.

Beneath Betancourt is Teodoro Petkoff, the more "credible" and immediate link with European "new left" and environmentalist terrorism. From his leadership over a sizeable faction in the MAS, he directs other leftist groups, particularly among students, which "launder" his ties to Bandera Roja. Synthesized during the past 10 years as an internationally known "leftist" leader by IPS, Norman Gall of the Carnegie Foundation, and the Ford Foundation, Petkoff is directly linked with NATO terrorist Santiago Carrillo of the Spanish Communist Party (PCE) and French networks servicing European-wide environmentalist-terror operations. It is not accidental that when Carrillo's representatives visited Caracas earlier this year, they went straight to Petkoff, bypassing the PCV. Petkoff's regular trips to Spain are also part of this coordination.

Petkoff's French connection was clearly revealed by his May 1977 attendance of a Paris "leftist" conference sponsored by the top names in the French fascist IPS apparatus: Régis Debray, Jean Elleinstein, K.S. Karol, and Roger Garaudy, as well as Motshee Didie of the Center for Social Research Studies. Accompanying Petkoff from his faction in the MAS were Manuel

Massacre In Mexico Timed To Intimidate Lopez Portillo

Two heavily armed terrorists murdered close to twenty people in Michoacan, Mexico, Aug. 22, following a shootout with police and military forces. According to the Mexico City press, a grenade exploded inside a bus full of hostages being held by the two members of the so-called People's Revolutionary Armed Forces (FRAP), who demanded the release from prison of several of their members arrested and convicted of the kidnapping of a prominent Mexican citizen three years ago. This is the first known FRAP hit since then, when the FRAP was widely denounced in the Mexican press as a synthetic grouping controlled by U.S. Intelligence agencies.

This terrorist incident, the most bloody ever in

Mexico, came during a strong offensive by Carter-linked Monterrey business circles designed to force President Jose Lopez Portillo to officially endorse International Monetary Fund dominion over the Mexican economy in his first State of the Union Address Sept. 1.

Two days after the Michoacan massacre, terrorist gunmen stormed Oblatos prison in the state of Jalisco in an unsuccessful attempt to free 16 members of the FRAP being held there. By orders of the Interior Ministry, the prisoners have now been transferred to a state military prison. Three gunmen who participated in the failed storming of Oblatos are believed to have escaped to Puerto Vallarta on the Pacific Coast.

Caballero, editor of the MAS newspaper; José Silva Michelena, one of the founders of CENDES; Alfredo Chacón; and Andrés Sosa Pietri.

Domingo Alberto Rangel serves the function of top domestic zero growth ideologue for the ultraleft, particularly the CLER and Ruptura. A former Betancourt minister turned "leftist," he is the leading spokesman for the progress-is-imperialist line, pushing reduced oil production, import and budget cutbacks, primitive slave labor, and generalized austerity. While screaming that modern seed, fertilizer, and tractors for agricultural progress are all imperialist means of altering the backward, starving Venezuelan peasant, Rangel also provides direct protection to terrorists through CLER-CDDH campaigns for the "human rights" of San Carlos prisoners, and similar activities.

Rangel's close collaborator, the misnamed "father of OPEC" Juan Pablo Pérez Alfonso, is the Venezuelan conduit for Wall Street genocide printouts. Also a minister under Betancourt's illegal 1945-48 regime, his particular role is to provide intellectual legitimacy among petit bourgeois layers, which then gets translated into the radical Maoist "anti-imperialist" ideology of the terrorists through Rangel and Petkoff controlled circles. Pérez Alfonso is also a stalking horse. By actually flaunting his connections with the genocidal Club of Rome, the IMF, and Nelson Rockefeller's old IBEC apparatus, he indicates the extent of the potential political support environment for leftist zombies. Two weeks ago, Pérez Alfonso praised World Bank president Robert McNamara, the man who seeks to murder more than a billion people in the developing sector through a return to Hitlerian "primitive technologies," as "the greatest friend of the Third World."

CENDES, the local branch of the IPS, cranks out the "studies" backing up the zero-growth directives of Petkoff, Rangel, and Pérez Alfonso, and provides the classroom material for ideologically conditioning university students that serve as recruiting material for the left-fascist shock troops against industrial growth. Its key figures are Fernando Travieso of the MAS; José

Silva Michelena, who accompanied Petkoff to the Paris conference with Debray, Elleinstein, et al.; and zero-growth economist Domingo Maza Zavala.

Launching a Counterterror Campaign

To summarize the process, the top "left" figures such as Petkoff get the "line" from international IPS networks that there is a "resurgence of fascism" intent on "nuclear proliferation," destroying the environment, corrupting "peasant culture" through the introduction of advanced technologies, and increasing "exploitation" and "profits" through industrial development. Petkoff, Rangel, et al., with backup studies from CENDES, translate these general directives into the particulars of the Venezuelan situation. Through their political arms — Ruptura, PCV, MAS, CLER, etc. — Pérez, Lauria, and the V Plan are presented as "tools of imperialism" and "fascists." With convenient logistical support from Interpol, word gets down to the Bandera Roja psychotics through the ultraleft political parties: revolutionary justice against the Pérez government!

Pro-progress forces in Venezuela must launch an unceasing political education campaign exposing the fact that anyone charging that scientific and technological progress is fascist, is an enemy of the Venezuelan republic. Anyone charging Lauria with being a fascist is himself, consciously or otherwise, a fascist. Government authorities must map out these networks from top to bottom, expose their connections and real intent, and permanently discredit the yankee imperialist notion of zero growth. Simultaneously, Interpol must be expelled from the country. And where evidence merits, particularly in the case of Rómulo Betancourt, Teodoro Petkoff, and Domingo Alberto Rangel, there should be arrests of those aiding and abetting terrorism in whatever form. Finally, it is essential that Venezuelan security authorities promote cooperation with governments such as the BRD and Italy to launch a politically-coordinated counterterror campaign internationally.

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