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EXECUTIVE INTELLIGENCE REVIEW

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IN THIS WEEK'S ISSUE —

The **City of London** is bidding to become the **new world capital** of monetarist finance...by routing **\$40 billions** in Arab **petrodollars** into gigantic IMF and related **bailout** schemes. This week's **International Report** assesses the prospects for the bailout at **upcoming IMF meetings**...the reasons for IMF chief **Witteveen's resignation**...where the **Arab money** is slated to go...plans by the **World Bank** and its allies to couple **hyperinflation** in the advanced sector with **depopulation** of the **Third World**...Plus a **statement on the British strategy** by noted economist and U.S. Labor Party national chairman **Lyndon H. LaRouche, Jr.**

* * *

A massive **political vacuum** is evident in **Washington** in the wake of the Budget Director **Bert Lance's resignation**. The untold story of "Lancegate" leads this week's **National Report**...Includes **interviews** and **press comments** by the conservative **business** and regional **political forces backing Lance** ...what the **Senate hearings** showed about **his opponents**...what the **British-connected investment banking crowd** who **toppled Lance**

plan next for the Carter Administration...and **LaRouche's open letter to Jimmy Carter** on the same crowd's efforts to wreck chances for **peace in the Middle East**.

* * *

The **U.S. Senate** is presently locked in bitter **debate** over the Carter-Schlesinger **National Energy (Conservation) Act**...and the House has poked a large hole in the no-energy plot by voting **full funding for the Clinch River nuclear breeder** project. What's being done to put a **pro-growth perspective in Congress**...and who's trying to stop it...see **National Report**. Flash...CIA economist admits "oil shortage" report a **hoax!**

* * *

Business Week blows the **whistle** on Fed head **Arthur Burns** for his **incompetent monetary policies**...as **U.S. production** continues its **decline**...**Europeans scramble** to defend themselves from coming **crash**...French industrialist magazine **Energies** lays out **Euro-Third World strategy** against economic strangulation...see **Economics**. Free to our subscribers only...a

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LATIN AMERICA

12-page **Special Report** on the measures required to **rescue the U.S. steel industry.**

* * *

Europe faces **terror offensive**...an overview of **British networks'** plans to sow **chaos** on the continent...with **West Germany** and **Italy** as prime targets. Plus reports on the **nuclear energy debate** splitting the **BRD** social democracy...**Italian Communists'** stand against fascist demonstrators in **Bologna**... See **Europe.**

* * *

The **European Labor Party** executive has issued a **detailed memorandum** for West German Chancellor **Helmut Schmidt** on his best course to **end the terrorist menace**...See **Counterintelligence** for the full text...and a statement on the **origins of terrorism** by noted U.S. counterintelligence specialist **Mitchell Werbell III.**

* * *

Moshe Dayan and **Anwar Sadat** have a **mutual cooperation pact**...which could well **precipitate full-scale Middle East war** before the year is out...See **Middle East** for our ex-

clusive on this astonishing collaboration...and the **Lebanon trigger point** being used...

* * *

Party II of the **Labor Party** program for **India** is featured in this **Asia** report...along with a call for the defense of India's **scientific and technical capability** reprinted from the Indian publication **New Wave.**

* * *

Where did the **Parti Québécois's** no-growth, separatist programs come from? This week's **Canada** section examines the PQ's "roots" ...the strange career of the **Abbé Groux** and his friends...

* * *

More than **4 million workers** joined a **general strike** against the **Colombian government's** IMF-dictated **austerity policies** this month...Our **Latin America** report features the story...Also included: **Jamaica's** leading **communist** calls for **debt moratorium** against IMF...and a competent approach to **energy development** for **Mexico.**

IMF Annual Meeting:

Prospects For Bailout Dim

Although competition for the prize is fierce, it is probable that this week's annual meeting of the International Monetary Fund and the International Bank for Reconstruction and Development (World Bank) in Washington, D.C. will be the most frustrating and fruitless since the founding of these institutions in 1944.

For the first time since the 1971 dollar blowout, it has been semi-officially admitted that the position of the commercial banks with heavy exposure in LDC's is hopeless without some form of general restructuring of the world debt situation. The most dramatic example is the just-issued staff report of the Foreign Economic Policy subcommittee of the Senate International Relations Committee, and remarks on the subject by Sens. Frank Church and Jacob Javits at a meeting of the subcommittee last week.

Church and Javits, who reflect the views of Vice President Walter Mondale and of several New York City investment banks, as well as the probable views of Chase Manhattan Bank President David Rockefeller, announced their program at that meeting. They want forced recycling of the \$40 billion-plus OPEC surplus into the IMF and World Bank, and the forced restructuring of debtor-economies along labor-intensive, do-for-self lines — what one senior World Bank official called "rural development *über Alles*."

However, events in the U.S. Congress and in Western Europe over the past week show that there is very little chance of either group agreeing to further strengthening of the IMF and World Bank, and even less chance of the "rural development *über Alles* program taking effect." (See articles accompanying and in Economics section.)

The West German financial daily *Handelsblatt* of Sept. 23 accurately summed up the situation today, reporting that Congress would make trouble for the \$9.6 billion special facility of the International Monetary Fund, as indeed it already has for the World Bank, by adding "human rights" restrictions to appropriations of funds for the World Bank sister organization, the International Development Agency. *Handelsblatt* also interviewed the West German Finance Minister Hans Apel, who predicted trouble for the Witteveen fund in Congress. However, Apel said, even presuming that Congress makes the funds available to the IMF, there will still be major disagreements between "the United States on one side, and West Germany, Japan, and the oil producers on the other, over how much the IMF should give to debtor countries." Among other things, Apel said that there was no agreement over the IMF staff proposals to raise IMF member quotas (now at a total \$32 billion) by 75 or 100 percent. Last week, the European finance ministers

agreed on an "orientation figure" of a 50 percent rise, which will not be binding however.

From a country where criticism of the IMF — along with the evangelistic and Catholic churches — is never heard from public officials, Apel's statement is an extraordinarily forceful sign that West Germany is not playing the game. Also, Bundesbank Governor Dr. Otmar Emminger told the *Sueddeutsche Zeitung* on Sept. 20 that "one may well ask why it is necessary to increase IMF quotas at all." Emminger believes that the 50 percent compromise figure thrown out after the Monday European finance ministers meeting is "unnecessary" and "inflationary." Informed West German sources report that Emminger and Apel are coordinating policy.

These statements from West Germany form part of the public-record background to the announcement Sept. 21 that the IMF's Managing Director, Dr. Johannes Witteveen, would not seek a second term when the current term expires in August 1978. Although Witteveen has circulated both public and private versions of a cover story for the decision — a shock that hit just before the annual meeting — involving an illness in the family, informed circles in Washington close to Witteveen have another explanation. Simply, Witteveen does not believe that the Church-Javits strategy for forced recycling of petrodollars will work. Witteveen is fully briefed on the dirty-operations side of the petrodollar business, specifically on the attempt by U.S. Director of Central Intelligence Stansfield Turner and National Security Council Director Zbigniew Brzezinski to use Egypt as a wedge against OPEC (see Mideast). He is under pressure from his European contacts to break with the Turner-Javits approach, and personally expects it to fail miserably. The IMF's managing director does not want to be around when the break comes. Equally important, virtually all informed financial circles are aware of this.

The City Of London Connection

On the international scene, the most important allies of Javits, Church, and Turner are a group of City of London merchant banks, who are making a play for dominance in the chaotic world monetary situation.

London's power grab centers on two points: control of investable Arab oil money, and demands for European and American "reflation" by Lazard Freres agents Denis Healey, the British Chancellor of the Exchequer, and Roy Jenkins, the Chairman of the European Commission. In the very short term they have succeeded in wrecking the plans of the French, West Germans, Italians and others for investment of the oil countries' surplus in productive industry.

Carving the Pie

According to the internal calculations of one of the core-group of London banks, obtained confidentially by *EIR*, London thinks the \$42 billion in Arab revenues is theirs for the carving. They break that stupendous sum down for 1977 as follows:

Less than \$1 billion for real investment in the U.S.

Less than \$1 billion for real investment outside the U.S.

Five billion dollars for direct Arab bailouts of Africa, Egypt, Pakistan, and India.

Five billion dollars for "private placements" of Saudi funds through London, for Greece, Spain, Portugal, Denmark and other countries.

Five billion dollars for purchases of Eurobonds.

Twenty billion dollars for U.S. Treasury securities and short-term dollar deposits.

Five billion dollars for purchases of British government debt.

In other words, less than \$2 billion of the Arab oil surplus, the largest single fund for investment in the world, will find productive employment — and that figure includes a great deal of Arab speculation in London real estate. London merchant banks will manage \$5 billion in high-commission private placements for bailouts of weaker industrial countries, perhaps 40 percent of the \$5 billion in Eurobonds, and skim off \$1 billion in direct purchases of worthless British government paper — the latter of which accounts for half of the \$11 billion rise in British foreign exchange reserves this year. The \$20 billion deposited in dollars includes most of the funding for the huge wave of lending to refinance major Third World debtors such as Brazil, Mexico, and Argentina.

The New York-London axis typified by the Lazard merchant bank intends to enforce this distribution of Arab oil wealth by maintaining a perpetually unstable situation in the Mideast, using Egypt as the Anglo-American wedge against the oil-producing countries

IMF Bailout

In preparation for this week's annual meeting of the International Monetary Fund and World Bank in Washington, D.C., British Chancellor of the Exchequer Healey is trying to muscle the Europeans into a commitment for a massive expansion of the IMF's lending powers. At a meeting of the European finance ministers on Sept. 19, Healey demanded that Europe support a 75 percent, or \$24 billion, expansion of the lending capacity (or quotas) of the IMF, the world's principal bailout agency and monetary policeman.

So far, neither the Europeans and Japanese nor the U.S. Congress have been happy about funding an IMF bailout — but have not had the guts to turn the bankrupt institution down cold. On Sept. 16, Congressional conservatives teamed up with breakaway Democrats to vote down a \$5.4 billion appropriation of U.S. funds for the World Bank, the IMF's sister institution, using the "human rights" argument of "giving away taxpayers' money to foreign dictators" as a pretext. However, congressional sources say that the World Bank and the U.S. Treasury, momentarily taken aback by the adverse vote in Congress, will let Congress put all the "human rights" conditions it wants on the bill — and take the \$5.4 billion anyway. Under heavy U.S. pressure, the West

Germans and Japanese agreed to lend the World Bank \$1.2 billion to meet current needs until the U.S. contribution comes through.

Reflation

At the International Monetary Fund meeting this week, British Chancellor Healey will also demand that the seven leading industrial countries — the U.S., Japan, West Germany, France, Britain, Italy and Canada — commit themselves to money-printing policies, on the pretext of setting a "target" for economic growth of five percent. Within the European Community, Commission Chairman Roy Jenkins is pushing the same demand. At a meeting of the 13 commissioners of the European Economic Community, the chiefs of the European bureaucracy, Jenkins proposed coordinated "reflation" of the European economies, along the lines of a Jenkins-inspired economic report the EEC published last week.

However, senior banking and international organization officials cheerfully admit that none of these plans has anything to do with economic growth in the industrial countries. Instead, the printing presses of the industrial countries are to be put at the disposal of the uncirculatable mass of international debt. Even the economists of Lazard Freres and the Brookings Institution have given up on the idea that combined West German and Japanese reflation would get the world economy out of the recession, abandoning the central precept of the Carter Administration's and International Monetary Fund's world economic program of the past year. Not only have the West Germans and Japanese refused to undertake more than a token reflation program but those two countries are already spending 30 percent more money than their governments take in through taxes — budget deficits twice as bad as the U.S. level. Their credit systems are no longer viable enough to sustain massive reflation.

Senior officials of Lazard Freres accurately predicted to *EIR* an effort to "compensate" for the collapse of the West Germany-Japan reflation scenario by organizing reflation in the United States, Britain, and Italy. However ridiculous that sounds, British Prime Minister James Callaghan visited Rome Sept. 22 and announced that he and Italian Premier Giulio Andreotti had agreed that the "wealthy countries" should reflate in order to stimulate employment levels elsewhere. Meanwhile former Bank of Italy Governor Guido Carli, now president of Italy's business association Confindustria, announced that the Italian economy required reflationary measures after July's industrial production index drop of 7.7 percent. Carli called on the government to renegotiate the agreement with the International Monetary Fund to restrict credit expansion to 1976 levels. Meanwhile, according to the London *Sunday Times*, the British Treasury is ready to unveil a billion-pound reflation package on Healey's return from Washington.

Britain has dreams of financial glory, including widely circulated reports that the City of London intends to expand the booming London money market to include sterling-denominated Eurobonds — a brilliant idea that would have been ranked with flying pink elephants a few months back. However, the West German banks which still have the biggest share of Eurobond market placing-

power say they are prepared to shoot down the first sterling Eurobonds that come over the English Channel.

The extent to which the London operation is viewed by its operators as a grand swindle becomes clear, once the "reflation" approach is understood as a financial market, not a real production output, consideration. One senior World Bank official put it this way: "The Healey

reflation package won't fly. It's a fraud. The real problem is not that we don't have full employment, not even that we don't know how to get full employment. The problem is that we haven't yet learned to live without full employment, and that's what we are going to have to do."

On The Agenda For Third World: Rural Development, No Debt Relief

In a prominently featured op-ed in the Sept. 17 *Washington Post*, Foreign Service officer and Agency for International Development (AID) official Roger Darling announced the Rockefeller-Lazard Freres policy for the developing sector: genocide.

"There is actually no basis for 'debt relief' in the Third World, Darling asserted in an attack on the International Monetary Fund's "Witteveen Facility," designed, Darling enlightens us, "to forestall the inevitable collapse of the Third World debt pyramid." Poor nations "are already living far beyond indigenous capacities and are being maintained at an artificial development level by external aid flows."

Citing New York City's Big-MAC austerity regime, designed and implemented by Lazard's Felix Rohatyn as the appropriate model, Darling demanded that Third World countries not only "sacrifice" to pay off current debts, but that they henceforth be "allowed" to develop "only commensurate with their indigenous abilities."

Darling's State Department-AID manifesto is spelled out for implementation in the 1977 Annual Report on the World Bank, the International Monetary Fund's "development" arm. The report celebrates the Bank's "reorientation" to exclusive support of small-scale, labor intensive subsistence and cash-crop farming together with labor-intensive and raw materials-intensive "small-scale enterprises" in the Third World, and officially promises more of the same for the years ahead. "Rural development" is the operative public relations buzz-word for this policy.

In interviews this week, "Rural Development Uber Alles" World Bank officials expounded on the prospects for their looting scheme. "Rural development uber alles," World Bank Program and Budget Director John Adler exclaimed to NSIPS, confiding his calculation that the ongoing collapse of the IMF's credibility will leave the equally bankrupt World Bank awash in funds and political leverage. "Bankers have nineteenth-century minds," Adler said, "They want to invest in an asset that you can put a mortgage on. Rural development is an intangible. So, if these people in Washington say you can't keep up the lending because it endangers the banks, then the money's got to go through the World Bank, which is all the more for us!"

Banking on this scenario, World Bank President Robert McNamara will demand a \$30-40 billion capital

increase for the floundering institution at next week's IMF annual meeting in Washington. To sell this gambit to corner the market in genocidal international loan-sharking, McNamara's Annual Report is replete with euphoria over the stupendous "improvements" in Third World debt situation, and additional baseless hype concerning the international lending bubble.

In fact, World Bank lending during 1976 dropped in real terms, a drop attributed elsewhere in the Report to the exhaustion of funds. The Bank's International development Agency (IDA) ran out of cash in June. On Friday of last week the U.S. contribution to the World Bank-IDA was defeated for the empteenth time in the House, and the IDA is reportedly scrounging around for "bridge financing" in West Germany and Japan. Both countries are known to be less than enamored of the Bank's anti-industrial turn, however, and European press sources report that West German-led forces are running fire against McNamara from within the World Bank itself.

Washington sources indicate that to finally get the U.S. contribution through, the Treasury will bow to the "human rights" veto — which McNamara has previously said would make U.S. money unacceptable to the Bank. The State Department, says Treasury, will have to draw up "human rights" guidelines on a country-by-country basis, and concludes that it is questionable whether the Bank will be able to lend the money to anybody. Prospects for McNamara's multi-billion dollar capital increase are nil in the view of the Treasury spokesmen.

It is perhaps in light of such difficulties, that certain Lower Manhattan investment banks closely allied with the World Bank-IMF are now proposing to "reorient" the IMF itself to short-term lending for "semi-capital intensive" agricultural projects, "redirecting" revenues away from high-energy, capital intensive efforts.

A "Bankrupt Mythology"

What the World Bank will do with any funds it does manage to get hold of is detailed in the Annual Report, which publically concurs with Roger Darling's conclusion that Third World Development is a "bankrupt mythology."

"Notably," states the Bank, "the Bank has found that the benefits of growth cannot be assumed to 'trickle down' automatically" — the summary rationale of the

Bank's embrace of "rural development" and its simultaneous abandonment or "reorientation" of development projects in the "traditional" sectors, a euphemism for capital-intensive industrialization programs.

In jargon that belies the pen of cost-accounting specialist McNamara himself, the Report ridicules "some" Third World governments which "have adopted technologies that are more capital-intensive than are appropriate to their factor endowments." These governments are presumably among the many countries "who felt that only through rapid growth could they begin to close the economic gap between them and the industrialized world!"

The World Bank entertains no such "myths," and, as its Annual Report insists, will continue to demand of Third World governments that any policies and other measures that encourage "inappropriate" capital-intensity "be corrected."

The Bank explicitly premises the future success of its "reorientation" on the "policy improvements and ad-

justments" engendered in the developing sector in the wake of "the recent economic shocks" — the monetary crisis, oil hoax hyperinflation, and advanced-sector industrial and trade collapse that prompted the IMF to enforce import austerity and other debt-collection measures that have crushed the Third World economies. Since McNamara premiered the Bank's no-growth "rural development" perspective in 1973, the Report boasts, the proportion of Bank funds devoted to reinforcing the IMF wrecking operation (and thus diverted from industrialization and other forms of "traditional" development) have jumped from 53 to 61 percent.

Lest there be any doubt of the Bank's "new style" policy, the Report emphasizes its stepped-up commitment to including population control schemes as a mandatory feature of all of its projects and announces a special new concentration on "sociological and anthropological assessments" to gain "greater understanding" of the "social and cultural constraints affecting the rural poor."

Where The Fight For Arab Money Stands

West German banks revived the Jürgen Ponto plan for a German-controlled Luxemburg gold market to attract Arab funds into a new gold-backed monetary system. But as of this writing the vast majority of the OPEC funds are reliably reported to still be deployed in "privately placed" unpublicized debt rollovers or in Eurodollar market deposits and U.S. Treasury debt, as has been true since the 1973 October War. Arab, especially Saudi, terror of Wall Street threats of a Mideast war, coupled with indecision in Europe's coordination for a new monetary system, have thus far preserved the status quo.

During a New York stopover this week, Richard Hambros, a senior partner in the core City of London Hambros merchant bank, spelled out the pitiful but authoritative truth about the OPEC funds' placement so far. Earlier this year, most petrodollar funds specialists among money market analysts, including even a furious Chase Manhattan Mideast Advisory Service, were reporting that the Saudis, Kuwaitis, Iranians, and other OPEC nations were determined to move their funds out of bank deposits and U.S. Treasury debt and into long-term productive investment in U.S. and European corporate equity and energy development projects. Prominently mentioned were the Shah of Iran's intent to invest in French and West German fusion energy research and fission-related engineering companies such as Siemens, and Kuwaiti examination of a multi-billion-dollar joint venture with the West German government and several West German firms for energy development projects in the Soviet Union.

Nothing ever materialized: the Arabs are "too terrified of the political implications of equity investment and European political instability," Richard Hambros states. Instead, he says, the estimated \$40 billion of

OPEC's invisible monetary surplus has been and will be deployed as follows in 1977:

\$5 billion	Already paid in direct, "gift" bailouts of desperate Third World countries which could never borrow on the capital markets, bankrupt Egypt being one prominent beneficiary of this operation.
\$5-7 billion	Placed in dollar deposits in British and New York banks, and earmarked specifically for these banks to relend to Brazil and Mexico themselves, which had combined principal and interest payments due of close to \$15 billion this year. Due to the collapse of commodity prices, this debt could not possibly have been rolled over without the aid of the Arab funds.
\$5 billion	Placed in Arab purchases of the Eurobond debt issues of European government agencies such as the British Coal Board. This amounts to Arab financing of European governments' domestic budget deficits.
\$20 billion	Placed in short-term Eurodollar bank deposits and U.S. Treasury bills.
-\$2 billion	Placed in capital investments internationally through investments in the stock markets.

Hambros expects the trend to continue through 1978.

In short, Italian Prime Minister Andreotti's recent trip to Saudi Arabia and other efforts by German and French leaders to channel the funds into world development have not born fruit.

The West German banking community, however, seems to have regrouped this week after the murder of Jürgen Ponto, leader of European moves for a gold-backed transferable ruble monetary system in cooperation with Comecon and the Arabs. The authoritative *Mideast Memo* magazine reports that the government of Kuwait, angered at the way its present, predominantly British monetary advisors inflated with speculative loans and offshore bubble currency financing, has decided upon a thorough monetary reform. The leading edge will be bringing a new monetary team into the Kuwaiti government, "including advisors from a European country with a sound currency and strict foreign investment regulations," *Memo* states. Kuwaiti sources confirm this means West German banking guidance.

Furthermore, after a major management shake-up at the West German, state-owned oil company Veba-Gelsenberg this week, Veba officials are privately reporting that the new head of international operations, Herr Oschmann, the director of Veba's exploration subsidiary Deminex, has long intended to move Veba into the Rockefeller stronghold of Saudi Arabia. Oschmann is now in Algeria with West German Economics Minister Friderichs, negotiating West German participation in the planned sub-Mediterranean pipeline from Italy to Algers to be built by ENI, the Italian state oil company, and other deals.

At the same time, the South African paper *Rand Daily Mail* renewed reports this week of a West German plan to open a new gold market in Luxemburg to attract Arab

funds. The *Frankfurter Allgemeine Zeitung* reported the Luxemburg idea some weeks ago. South African sources said at the time that since the Lazard Freres-run scandal against Crédit Suisse, after which a Lazard man ended up a director of Crédit Suisse, the U.S. and British Treasuries have taken the opportunity to demand their Swiss banks reveal the owners of their numerous numbered accounts, many of which are Arab. Some of these numbered accounts contain Comecon transferable ruble balances which Union Bank of Switzerland, in particular, is building up for Arab clients for use in international trade under arrangements worked out by Ponto before his death. The U.S. and British pressure was driving Arab funds from the Zürich gold market, so the West Germans resolved to set up a German-controlled gold market in Luxemburg. This week's *Rand Daily Mail* states that in fact, at the encouragement of the Dresdner Bank, Deutsche Bank and Commerzbank, the "Big Three" West German banks, the government of Luxemburg is writing up tax and other legislation to make the Luxemburg gold market a reality.

Simultaneously, reports from Johannesburg indicate that South Africa, now fighting the same sort of Anglo-American pressure, is preparing to participate in the new world arrangements. The *Financial Mail*, the "Business Week" of Africa, reports that South African Economics Minister Reusch last week called the nation's business leaders together and told them that, in the face of threats of an oil embargo from U.S. Secretary of State Vance and British Foreign Secretary Owen, South Africa is planning a thorough revamping of its international gold market strategy. He did not elaborate, but it is clear that the current 30 to 40 percent of South African gold production which is now being marketed via London may soon no longer find its way to N.M. Rothschilds and Sons, and could turn up at the Luxemburg office of the Dresdner Bank.

IMF Bailout Prepares Monetary Disaster

The following statement was issued on Sept. 20 by Lyndon H. LaRouche, Jr., U.S. Labor Party Chairman.

Only terrorism-accented fear and hysterical fear of Third World debt moratoria accounts for the crass stupidity of European and other governments in the recent turnabout decision in favor of grossly inflationary IMF bailout proposals. Even granted the miseducation in economics and monetary theory which predominates in the financial community, the proposed IMF bailout is so thoroughly incompetent that even the most vulgar monetarist doctrines could not pretend to justify it.

The fundamentals which bankers and others would consider, if the terrorism and hysteria had not confused their judgment, are as follows:

1. It is the ABC of lending that the debtor ought to be able to pay the debt with approximately the schedule of

debt service payments proposed. The measures of austerity which are collapsing world trade, production and capital-formation rates mean that the gross tangible product-income of the affected nations is being forcibly contracted while the mass of debt, already non-performing in aggregate, is being increased.

2. In short, the current IMF and alternative bailout proposals are nothing but an effort to refinance a bookkeeping bubble through measures which collapse production levels. This is a sure formula for pushing the world into a hyperinflationary explosion along lines of the Weimar model.

3. In short, the current IMF and alternative bailout proposals are the direct cause for a deepening world depression. It is not a question of whether or when the depression will come: the depression is already here. What is at issue is whether and when this depression will lead into an inflationary-austerity form of general monetary collapse, general monetary chaos.

It is much worse. Among the bankers and others with whom I have discussed the present IMF bailout policies, since this decision was adopted among those circles last Spring, there is a clear recognition that the proposed austerity measures tagged to refinancing will have a genocidal effect on much of the Third World, through below-biological-existence levels of nutrition and labor-intensive depletion of bodies among marginal sections of populations. In general, some of those bankers are consciously committed to massive genocide, which they regard as morally preferable to financial reorganization of a bankrupt monetary system. Other bankers are morally horrified by these known genocidal implications, but regard themselves as too weak a force to buck the power of the London, Swiss and New York bankers pushing the genocide policy against the Third World.

In general, the London and other bankers responsible for the genocidal bailout policies are confident that they have neutralized the developing-sector resistance. Through corruption of certain Third World governments and intimidation or destabilization of others, the London bankers are confident that no effective resistance will be mounted from the Third World generally. They consider the last bastion of resistance to a fascist world economic order under the IMF-World Bank as being the pro-nuclear energy forces in the advanced sector. Against those OECD opponents of fascism, such as the pronuclear-energy forces in France

and West Germany, the London bankers and their allies have launched terrorism and other tactics of attempted destabilization, including the murder of Jürgen Ponto.

The London bankers, who are at this moment the spearhead of the drive for a world fascist economic order, are in a state of manic euphoria, confident that they have the dominant factions of Saudi Arabia in their pockets, and can control \$42 billions of Saudi annual oil-revenue margins to restore City of London control of world finance.

The scheme is sheer idiocy. A gang of foolish London bankers allied with Lazard Freres interests, squatting on the economically ruined United Kingdom, imagine that with the complicity of a tiny faction squatting on a Saudi population of less than twenty million persons, believe that with such tiny—and intrinsically vulnerable—forces, they can dictate a fascist world economic order onto the backs of two billion people. In particular, they are lunatic fools if they imagine that the United States will ever permit them to perpetuate such a vulnerably-situated monetary dictatorship.

As a last resort, if other forces in the world are made sufficiently desperate, straightforward military means will be used to put such an obscenity out of its misery.

In the meantime, the mixture of lunacy and cowardice among financiers and government circles is pushing the world to the brink of Hell.

Policy Scramble In Washington In Wake Of Lance Ouster

The Bert Lance resignation as Budget Director Sept. 21 in no way means that the battle for control over the Carter Administration's economic policy is finished.

At his press conference announcing the Lance resignation, President Carter announced that he personally would continue to oversee the Office of Management and Budget. Said Carter, "If there's one agency of the government in which a President is daily involved, not only with the director but also immediate subordinates, it's the Office of Management and Budget. This is, in effect an extension of the Oval Office. And for the time being I and those assistants that Bert and I have chosen together, will continue." To emphasize that Carter fully backs his friend Lance's conservative monetary approach, White House Press Secretary Jody Powell told reporters Sept. 23, "the chief proponent of fiscal conservatism is still here, over in the Oval Office."

In his letter of resignation last week Lance said that

although his Senate testimony had proved that he had not acted illegally, because of "the amount of controversy and the continuing nature of it" he had decided to tend his resignation.

The pressure on Lance to leave office came ultimately from associates of the New York investment firm of Lazard Freres, their British monetarist allies, and their political stalking horse Vice President Walter Mondale. Lance had been instrumental in leading the so-called "Georgia mafia" in blocking the hyperinflationary economic policies of this faction. Specifically Lance had opposed massive federal financing programs including the regional energy development corporations, the urban bank proposal and the Federal Financing Bank. "He was seen as an obstacle by many would-be Treasury raiders," declared the lead editorial in the *Wall Street Journal*, Sept. 23, in explaining why Lance was driven from office. And Lance was strategically positioned to

Wieghart: Break Up Georgia Mafia

The following item, "On the Ungluing of Carter's Georgian Clique", by syndicated columnist James Wieghart, appeared in the N.Y. Daily News Sept. 23.

Painful as it was for all concerned, Bert Lance's forced resignation as budget director did not end the political problems President Carter faces as a result of the Bert Lance controversy. A number of news organizations are also continuing their investigations into Lance's Georgia banking past, and at least some of them are seeking to tie Lance to other Georgians serving in high White House or Administration posts and even to Carter himself. So far, there have been no allegations that Lance's complex trail of bank overdrafts, loans and stock transactions enmeshed Carter or any other Georgians holding prominent government jobs. But there have been indications that some of them at least may have tried to curb federal inquiries into Lance's banking operations or kept damaging information from federal agencies or the Congressional committees investigating Lance. Less serious, but potentially damaging are continuing doubts about whether Carter or top White House advisors lied to the press during the several months long inquiry in an effort to protect either Lance or Carter.

The Lance debacle pointed up another, more

dangerous potential parallel — the isolation of the President by a small, zealous group of advisers. In Nixon's case it was the "Germans" — H.R. Haldeman, John Ehrlichman and Ron Ziegler — who sealed off the Oval Office from critics and criticism. Thus far Carter has made a determined effort to keep open his own lines of communication to the outside world. But he is surrounded in the White House by a small group of Georgians whose ties date back to his days as Georgia governor. The "Georgia Mafia," as it is called was headed by Lance and included Powell and Jordan, as well as White House Counsel Robert Lipshutz, Cabinet Secretary Jack Watson, and chief legislative adviser, Stuart Eizenstat.

In the Lance case, there was a natural tendency for Carter and other Georgians to fend off critics and form a protective shield around their friend Lance, that was difficult for any outsiders to penetrate, even normally influential insiders like Vice President Mondale. It was this natural defensive reaction that sealed off Carter from the unhappy reality that, like it or not, Lance had to go.

For his own protection as well as the country's, Carter is going to have to break up or at least broaden that cozy little group of home-state advisers who dominate the White House staff by inserting some new outsiders at the top.

block these programs. "The OMB post is the central flywheel of the executive branch. It is the power switch on all government funds" declared a top New York lawyer and policy maker of the Lazard Freres circle, explaining the campaign against Lance. The target of the New York financiers is now the entire circle of Georgians closely associated with Jimmy Carter, up to and if necessary including the President himself.

There is a lot of speculation in Washington that Carter may well keep the deputy OMB director on as acting director, at least until the important budget making process now beginning, is completed, some time around January. The deputy director is James McIntyre, a close personal friend of Lance and Carter, who oversaw the Georgia budget when Carter was Governor. Yesterday Powell noted that the "President feels no great pressure to move in any hasty fashion in making a permanent choice for the OMB." He noted that Carter is "quite confident" that McIntyre can handle the job in the weeks ahead and that he would be one of the people considered for the director's position. Although it has been said that the White House is considering economists associated with the New York investment circles for the permanent OMB post, it is known that they are also considering top conservative banking and industrial figures for the job.

The Lance affair combined with the widely perceived weakness of the Administration's programs and policies in the context of a rapidly worsening economic situation has created a massive policy vacuum in Washington. A source close to the President described the present situation in the executive branch as "turmoil, nobody knows what to do." There are indications the White House is beginning to look toward a policy favoring industrial and agricultural growth. Carter intimate and official White House pollster, Georgian Patrick Caddell, told a meeting of western Democratic leaders early this week that "economic growth is the paramount issue in the West." This issue, he warned, splits Democrats "along class lines" with the union members and minority groups favoring growth and "suburban liberals" more interested in environmental concerns. Caddell cited the recent Seattle congressional race, won by a Republican pro-growther in a normally Democratic district, as an

example of what would happen to the Democrats if they fail to adopt a progrowth policy. The race cited by Caddell was won by the Republicans after a vigorous campaign by the U.S. Labor Party against the pro-austerity Democrat.

The Administration is now reevaluating major policy decisions. Aides to "liberal" Senator Howard Metzenbaum (D-Ohio) are furious at the Administration for not strongly backing up its energy deindustrialization program, against which Senate conservatives have mounted a stiff political assault. Carter does "not even back his own energy program," Metzenbaum's office complains. Energy chief James Schlesinger is known to have told the powerful Democratic Senator Russell Long that if the Senate blocks the Administration's energy plans, then the White House will accept a proposal much more favorable to the "sunbelt" oil and gas interests Long represents.

But while the White House vacillates in deciding what programs and political layers to ally with, the people who ousted Lance have wasted no time in turning their fire against the entire Georgia mafia and Carter himself. In a discussion he had last week with evangelist Billy Graham, Carter said that if he let Lance go then "my entire political family" will come under attack. The day following Lance's resignation, *New York Times* columnist William Safire opened up on Carter. The theme of the Lance crisis, he declared, was "the abuse of governmental power after the election of 1976 by the President-elect and a clique of cronies who may well have conspired to end a cease and desist order to stop a criminal investigation and to deceive the Senate — in other words to obstruct justice." Safire demanded that an independent special prosecutor be set up to investigate the entire matter. The *Washington Post* has had several articles since the resignation warning that "Carter may have to answer for his actions." James Wieghart in the *New York Daily News* Sept. 23 instructed the President that "For his own protection as well as the country's, Carter is going to have to break up or at least broaden that cozy little group of home-state advisors who dominate the White House staff by inserting some new outsiders at the top.

Lance Counterattack Opens Battle Against N.Y. Control Over Nation's Capitol

Although Bert Lance has resigned as Budget Director—hounded out of office by New York-centered monetarist forces enraged by his obstruction of banker Felix Rohatyn's hyperinflation cum mass slave labor schemes—the reverberations of his indictment of his Senate and media accusers will continue to be felt, and felt heavily, in the nation's capital. Lance's stinging counterattack on Senators Ribicoff and Percy, and the emergence of an organized bloc of predominantly conservative senators from the sunbelt and southern states who rallied to his defense, has brought into the open a battle for control of the Carter Administration and to determine the direction of the nation's policies. Ranged against one another are the New York-centered monetarist forces who engineered Carter's election and his subsequent antigrowth "energy program," and growth-oriented forces who are seeking to block the deindustrialization and slave labor programs identified with the figure of Rohatyn, and supplant Carter's current zero growth-oriented program with one stressing development of expanded energy sources, particularly nuclear power.

Lance turned the tables on the stunned Ribicoff, Percy, and Javits crew during his appearance at the Senate hearings. Putting these Jewish investment banker agents and their *Washington Post-New York Times* cohorts on trial, Lance scorned their "totalitarian" tactics of lies, innuendo, and smear, revealed the telling fact that Ribicoff, Percy, and Javits were aware by the January confirmation hearings of every "irregularity" now "surfacing," refuted one by one their hoked-up charges against him, and exposed the cabal's attempted destabilization "of me — and indeed the Carter Administration — with suggestions of 'cover-up.'" To a standing ovation Lance summed up his "appeal to the American people": "I did not ask for this fight but now that I am in it I am fighting not only for myself but also for our American system...."

Jimmy Carter himself — heretofore a willing puppet of the bankrupt Lazard and Chase Manhattan financiers — gave his budget director his complete backing in the counterattack. According to Evans and Novak Sept. 17, Carter told evangelist Billy Graham that "If I let them 'drive' Bert Lance out it will only whet their appetites for other victims within my official family...The press demanded Lance's head before the facts were known and before Lance had his day in court." Carter correctly assessed the Lazard-Chase intentions: "Getting rid of Lance...would induce an irresistible avalanche of investigations against other Carter Administration officials...the focal point of this attack would probably be the 'Georgia mafia' starting with Attorney General Griffin Bell."

Lance's unanticipated counterpunches on Ribicoff, Percy, and Javits had their effect. As the Sept. 16 *Washington Star* headlined it, "Lance Fights Back, Ribicoff and Percy Destabilized." A national TV

audience was able to watch a shift in the country's political geometry as a confident Lance toyed with the demoralized Ribicoff, humbled the sanctimonious Rockefeller-in-law Percy, and called the bluff on Javits.

By the end of the Lance testimony, Lance's supporters on the Committee led by Sen. Nunn had forced Chairman Ribicoff to accede to their demand for an "investigation of the investigators" — beginning with a probe of the Committee staff composed of "Our Crowd" investment banker Fabian lackeys. When Javits gratuitously suggested that "Lance should get out of the kitchen if he can't stand the heat," Nunn retorted "Mr. Lance has not only taken the heat in the OMB kitchen but this week Mr. Javits he's been doing a little cooking of his own!" And, Senator Eagleton (D-Mo.) castigated Percy for going Joseph McCarthy one better and developing against Lance the method of "guilt by accumulation."

Sensing that the hearings were turning into an unmitigated disaster for the "Our Crowd" investment banking cabal, Fabian columnist David Broder wondered out loud in his column in the *Washington Post* if Carter now believed "there really is a conspiracy to get him" and moaned that that would be "the worst thing that could happen." Post columnist Mary McCrory had to admit that Lance had "emerged victorious and would now probably hold his job."

Battle Lines Drawn

Lance coordinated his counterattack against New York finance with several members of the Senate Governmental Affairs Committee who themselves represent regional financial-industrial blocs looking to put together a winning combination against Lazard Freres and the Rockefellers. Significantly, the St. Louis group led by Republican Senator Danforth of the Ralston Purina family and Democratic Senator Eagleton with strong ties to the Missouri AFL-CIO allied with conservative Southern Democrats including Nunn, Chiles (Florida), and Sasser (Tennessee) in all-out support for Lance, while Democratic Senators Jackson (Washington) and Glenn (Ohio), both with strong connections to industry and labor, tried their best to remain neutral. Sen. Ted Stevens (R-Alaska), previously a dupe of the investment banking cabal, reversed his position and told Lance, "I hope you survive."

Lance and Carter are also drawing support in their fight against the Lance and Chase OMB takeover plot from the Mellon-Scaife group of Pittsburgh (Westinghouse, Gulf, Alcoa, etc.). Last week the Mellon-controlled Westinghouse Broadcasting Co. suddenly spliced together and telecast nationally another Nixon interview session with David Frost in which Nixon explicitly called on Carter to "take his case directly to the American people" and "fight the Eastern Establishment media" if "he wants to save his Presidency."

Former Nixon OMB Director Roy Ash, now a board member of the solvent California-based Bank of America

and close confidante of John Connally, is also blocking with Carter and Lance, and on Sept. 16 met with the President to map strategy. NSIPS learned this week that the "Atlanta mafia" law firm King and Spaulding maintains connections with the Connally Texas group and both have strong ties with certain Arab investments and interests in the U.S. This helps explain why Clark Clifford — official legal counsel to Arab governments — was retained by Bert Lance.

With this strong combination of financial-industrial forces moving against the bankrupt Lazard-Chase fascists, Lance's supporters in the Administration are targeting Treasury Secretary Werner Blumenthal, an outspoken advocate of a "diarrhea monetary policy," for removal. Blumenthal is the direct boss of Comptroller of the Currency John Heimann, the Rockefeller agent who has devoted all his energies to keeping the flimsy case against Lance alive.

Break the Stalemate

Despite his subsequent resignation, Lance's counterattack and the lineup of forces behind it have made it difficult for Felix Rohatyn and company to carry out their fascist slave-labor energy program short of outright dictatorship. Nevertheless the accelerating political battle over what financial and economic policy will guide the U.S. remains stalemated — mainly because the proto-Whig forces have yet to commit themselves to the U.S. Labor Party strategy of an industry-labor coalition to get the country back on its feet. In the meantime, the Lazard-Chase forces are proceeding in panicked desperation with their terrorist destabilization of Western European governments and their plans to institute no-energy fascism in the U.S.

Nor have they given up on their Lancegate. The *New York Times*, *Washington Post*, et al. have followed up Lance's resignation with calls for the ouster of the entire "Atlanta mafia" faction in the Administration.

* * *

Multipartisan Criticism Of Media, Support For Lance

News of Bert Lance's resignation sparked both defenses of the former Budget Director and attacks on the methods employed by his accusers from a broad, multipartisan cross-section of the American political and business worlds. Some typical comments:

Senator James B. Allen (D-Ala): Speaking on the floor of the Senate as President Carter was announcing Lance's resignation, Allen praised Lance for his "fiscal responsibility," and ripped into the role of the media and

Lance's senatorial accusers. "Some of us feel that giving him (Mr. Lance) a hearing and...then letting him resign was something like frontier justice, when the vigilantes would give a horse thief a fair trial and then hang him. I think this is a sad day for this country and for the prospects for this administration." Allen questioned whether allowing the media to "get Mr. Lance's scalp" was in the best interests of the government. "I wonder since the President caved in to the media demands whether he's ever going to recover from this sad situation."

Allen's criticisms of the media were quickly seconded by Senators John J. Sparkman (D-Ala) and Barry Goldwater (R-Ariz).

William E. Simon, former Treasury Secretary: "The whole Lance affair is personally very sad for me, especially when you look well beyond Lance's personal banking habits. The long-range significance of the whole Lance affair—from the circus performances of some of our senators to some of the aspects as reported in the press and on television—will be a very damaging effect on the government's ability to attract capable people."

Alan Greenspan, Townsend and Greenspan consulting firm: "I trust that this experience will not deter others from seeking prominent and exposed positions. But I fear it might."

Senator Sam Nunn (D-Ga): "He (Mr. Lance) has provided strong leadership at OMB, dedicating himself to President Carter's top priorities: balancing the federal budget and reorganization of government...The news media should do a little self-examination about its own role in this matter. Some of the statements made in the press were in excess."

O. Pendleton Thomas, chairman and chief executive of the B.F. Goodrich Company: "I felt that Mr. Lance was in favor of a balanced budget and against inflation. Those policies I'm in agreement with, and so, in that sense I feel his resignation might be detrimental to the country."

William F. Kenny, Jr., chairman of a large Northeast independent oil distributor: "I hope the President takes advice from Mr. Lance on who should follow in his course."

Senator Thomas Eagleton (D-Mo): Sen. Eagleton criticized the news media disclosures on Lance's dealings as "egregious" and "excessive," and also attacked the role of Sen. Charles Percy. "When you hear a senior senator accusing a United States official of being a tax evader, you ought to be offended, and I was."

Who Is The Atlanta Mafia?

Interviews this week with leading businessmen and lawyers from Atlanta, nicknamed the "Atlanta Mafia" by the Eastern Establishment press, indicate that this regional grouping loses little love on its New York-based counterparts and would like to forge an alliance with European, Arab, and other Sunbelt investors, such as the Texas-Connally group, to enhance its political impact in Washington, D.C.

Unfortunately, the Atlanta grouping, with few exceptions, conceives of its political and financial interests in regional terms, which severely inhibits its overall effectiveness in battling the Schachtian economic policies of the New York-based Lazard Freres crowd.

This week, the resignation of embattled OMB director Bert Lance, the Georgia native who had become the second most powerful figure in the Carter Administration, worried the so-called "Atlanta Mafia" and underscored its impotence. According to a leading Atlanta investment banker, what Atlanta wanted from the Carter Administration it has not been able to get: a direct Delta Airlines route to London and a solar energy research center which went to Denver instead.

Behind this small potatoes self-image, however, representatives of Atlanta's largest law firm, King and Spaulding, and largest investment bank, Robinson and Humphrey, revealed they are adamantly opposed to Lazard's reflation schemes and make-work projects. Furthermore, they are fully cognizant that Lance was driven from office by Lazard Freres and Company because of his refusal to condone such policies, and that other charter members of the Atlanta Mafia, such as Attorney General Griffin Bell, to say nothing of Jimmy Carter himself, will be the next to go if an effective counteroffensive against New York is not mounted. Whether such a counteroffensive will be launched remains to be seen.

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Atlanta Banker: We Never Had Much Affinity For New York

The following is an interview with a Vice President of international operations for Robinson and Humphrey, Atlanta's largest investment bank.

EIR: do you seek an alliance of the Atlanta Mafia with the Connally-Nixon Sunbelt group to get Arab and European money into the U.S. as a political plus for the Sunbelt crowd in the Administration?

VP: Yes, but I would say there has always been close cooperation. We handled, for example, the Kuwait Investment Co.'s takeover of the Atlanta Hilton complex, I believe the second largest hotel in the world, and the same Kuwaitis' takeover of Kiowa Island (resort real estate — ed.) off the Carolina coast. Now the way to look at this is to look at John West, the U.S. Ambassador to Saudi Arabia, and the Southern Council on International and Public Affairs, now called the Southern Center for

International Studies. West is a Carter appointee and close friend, and very active in the SCIS, as am I. And contrary to what New Yorkers think about our being closed in here, we are very active in international affairs. The SCIS just had a breakfast for King Hussein of Jordan, a dinner for Julius Nyerere of Tanzania. You should look at its Board of Trustees: Dean Rusk (Secretary of State in the Kennedy Administration — ed.) is the chairman — he's an old Georgia woods boy, came up through the faculty of Georgia School of Law where he is now a member. There is also the vice-chairman, James Sibley of the SCIS, and another member of the SCIS, Hugh Spaulding, both of whom are from King and Spaulding, the biggest and most prestigious legal firm in Atlanta, who sponsored Griffin Bell. (King and Spaulding also handles all legal work for Arab investment in Georgia real estate — ed.) Mr. Carter's closest confidante, Charles Kirbo, is a senior partner at King and Spaulding. Another SCIS member is Sam Ayub, an Egyptian who is treasurer of Coca Cola.

EIR: Don't you think that the Lance scandal has made the Atlanta Mafia decide to break from the coalition with New York in which they entered the White House and try to work with Texas people to capture the White House and make the Carter presidency into more of a Nixon phenomenon? You know it was the Lazards and the Rockefellers who destroyed Nixon....

VP: Yes, I know, and these are very interesting ideas. I should refer you to an article in the *Atlantic Monthly* for the story on how the Trilateral Commission and the Council of Foreign Relations tapped Carter for the presidency.

EIR: You understand the policies of Hjalmar Schacht (Nazi Finance Minister — ed.) and their connection to the policies of Felix Rohatyn and the Lazards, right? And they went after Lance because he and the Georgia mafia don't agree with those policies, right?

VP: Right.

EIR: Well we criticized Carter election eve for the basically Schachtian content of his policies — the Humphrey-Hawkins bill, etc. — and for the Trilateral Commission control of him. But it seems the Lance affair indicates conservatives in the Atlanta Mafia don't go for that Humphrey-Hawkins stuff.

VP: No, I go to England two months of the year and I'm on the phone with Europe every day and I don't like what I see of that kind of thing.... I don't believe in make-work and neither does Bert Lance. But you should understand that while Carter may have worked with New York in this Trilateral thing, we never had much of an affinity for New York, and we have very deep contacts with Texas.

EIR: Isn't it true that the Atlanta Mafia is working with John Connally (former Texas Governor and Nixon's Treasury Secretary), James Akins (former U.S. Ambassador to Saudi Arabia) to reconstitute a Nixon-type Administration around Carter, using Saudia and Kuwait money as their political edge within the U.S. power fight?

VP: Yes, that sounds about right, sure I know Connally, Akins... I know all these people from Williamsburg to Los Angeles. We're probably the biggest investment bank in this area. I told you, look at John West....

EIR: Who do you work with in the City of London? The way I see it, it breaks down basically into a Jewish Rothschild-Lazard factional equivalent to the Lazard-Schachtian faction in New York versus a conservative

Lloyds, Barclays, Samuel Montagu group equivalent to the Sunbelt crowd...

VP: Well, I will only say that I agree with your analysis and I guess that should tell you who we work with.

Open Letter To Jimmy Carter

The 'Jewish Lobby' Does Not Own Israel

The following statement was issued Sept. 20 by Lyndon H. LaRouche, Jr., U.S. Labor Party Chairman.

I offer you the following information on the Middle East situation. The circumstance of this approach to you is the attack on Bert Lance and your office led by forces associated with Lazard Freres' Felix Rohatyn, an assault which has shifted the correlation of political forces with respect to the White House. In this new situation, you have the opportunity to act in vital national interests with a freedom not available to your prior to the *Washington Post*-led vendetta against Bert Lance.

I emphasize, in particular, that the public exchange between Senator Russell Long (D-La) and former Vice-President Nelson A. Rockefeller, proposing a shift from conservation toward new energy production is a bell-weather of a new situation — in which new situation the White House now has increasing freedom to develop a fresh approach to various domestic and foreign policy problems.

Naturally, I and my associates will act vigorously to ensure that alternatives in vital national interests are clearly identified to the White House, and we will defend the Administration's work energetically wherever, as in the case of Bert Lance's anti-inflation efforts at OMB, that work coincides with the nation's vital interests.

Basic Facts In Middle East

The following basic facts concerning the new situation in the Middle East ought to be primary points in formulation of U.S. government policies.

1. The basic U.S. perception of Israel ought to be that Israel exists as a focus of high technology, and must enjoy a truly independent sovereign existence as a force of high-technology internal development and export programs in a condition of durable peace with its neighbors.

2. The basic formula for durable peace is a "drying out" of the region adjacent to a sovereign Israeli state based essentially on Israel's 1967 borders.

3. No "drying out" of this sort can be established without the establishment of an independent Palestinian Arab state based on the Jordan West Bank and Gaza Strip occupied territories. No such state can be successfully established without including the Palestine Liberation Organization as a recognized *multiparty* government-in-exile, a government recognized as such by the majority of Palestinian Arabs.

4. However, a mere "real estate" agreement does not constitute a basis for durable peace. Without economic-development credits, a new Palestinian state would be a political ulcer in the region, and not a positive factor. Without new hardcommodity credits for Israel and adjustment of Israel's massive foreign debt situation, economic problems will nourish social and political instabilities inside Israel, constantly favoring external adventures by Israeli factions.

5. The critical recent development favoring a solution is the recent installation of the government of Menachim Begin, on the included basis of strong support for Begin from among the Sephardic majority within the Jewish population of Israel. This means that Israel is moving now with some degree of independence from the longstanding foreign rule by the so-called "Jewish Lobby" in the United States (the same "Jewish Lobby" integral to the forces whipping up press hysteria against Bert Lance).

6. In the long term, Israel ought to be allied in economic cooperation with Arabs of the Ismaili tradition for general, high technology-oriented Middle East industrial development. In the short term, deeply rooted prejudices being what they are, such future direct economic cooperation will probably be in the form of parallel efforts, mediated through third parties, such as the United States, friendly to both.

7. This must be complemented by a stabilization of Lebanon, and a solution to the deadly situation in Egypt.

8. A United States policy, publicly set forth and firmly perpetuated, would readily secure principled and practical agreement among the majority of EEC and CMEA nations. Although initial reactions to such a U.S. policy would include loud ideological tantrums from among Middle East principals and others, an unwavering well-managed commitment to principles which are actually in the common fundamental interests of all involved must prevail if a firm, unshakeable posture and practice are supplied to that purpose.

The Egyptian Side

The vulnerable point in your Administration is the deepening monetary crisis, with the accompanying downward spiral in U.S. exports and in production levels and employment in basic industry.

The solution to this problem is clear, as I believe Bert Lance would tend to agree at least in significant part. The only way to stop a monetary crisis is to lower the effective debt-equity ratio, so that domestic and in-

ternational credit can flow adequately into hard-commodity trade, production and new capital formation. However, unfortunately, exotically leveraged financial interests are so far hysterically refusing to face up to their virtual bankruptcy, and are rabidly demanding solutions which are in fact monstrous aggravations of the problem.

The Egyptian element in the Middle East situation is a reflection of this.

It is most amusing, in one manner of speaking, to witness the press outlets of Lazard Freres financial interests denouncing Bert Lance's banking practices. One should compare their own involvement in creating one of the most monstrous bubbles in modern history, in the so-called "offshore" Eurodollar operations centered around the Cayman Islands.

What Egypt requires is a program of economic development through which its gross and net per capita production-output grows more rapidly than its debt service obligations. Although appropriate industrial development must absorb the unemployed and marginally employed Egyptian urban populations in productive activities, the success or failure of an Egyptian development program will depend upon an effective agricultural package.

The Egyptian farmer, although poorly educated, is one of the most resourceful farmers in the world. However, he is presently faced with a shortage of suitable arable land and other essentials. Thus, we see in Egypt the cumulative effect of excessive displacement of the Egyptian rural population from agriculture, combined with a worsening food shortage in the nation.

I propose that you turn your attention, with aid of professionals from the U.S. Department of Agriculture, and information on West German studies of this problem, to the map of Egypt, with emphasis on the old bed of the Nile running into the Qattara Depression. What is obviously wanted is a reopening of the old channel of the Nile in a carefully controlled manner, to the purpose of effecting a "quantum-leap" increase in the quantity of fertile land brought under cultivation.

This project does face certain considerable engineering difficulties. Like the Euphrates in Iraq, the old bed of the Nile is spoiled by very bad salt blisters, which are the topmost reflection of heavily concentrated salt water deposits underneath. Therefore, a package of desalination and related engineering projects is required to make the controlled use of the old bed of the Nile a success.

This problem with the old bed of the Nile is not unique. The dangerous desertification of regions of Africa, notably the Sahel region, requires an aggressive ecological recovery program, with substantial included emphasis on desalination. Such projects, by restarting plant growth over large areas, will restart needed rainfall patterns, as plant respiration develops suitable new weather patterns over the developed areas. In that way, the desalination and other water programs will have a bootstrap effect in the overall effort to increase food-producing acreage.

Lacking such programs, Egypt is a political ulcer in the region, an ulcer of deepening poverty, with large sections of the population falling below biological

minimal levels of nutrition and resistance to epidemic disease. Moreover, the 40 million Egyptians represent one-third of the total Arab population, to the point that without a reversal of the present trends in Egypt no overall effective USA policy toward the Arab world can be established.

Managing U.S. Policy

Apart from other shortcomings in recent Administration Middle East efforts, a most dangerous feature was the conflict between the White House and Secretary of State Cyrus Vance. The resulting appearance of vacillation and cross-purposes in the total picture of U.S. Middle East policy in both Arab and Israeli eyes led to the worst possible results.

It should be left to *private* channels to explore options alternative to those of the U.S. government. Since those private explorations have no official weight, they do not directly reflect on U.S. policy, and have the usefulness of providing a forum for systematic discussions from which governments may extract beneficial conceptions.

The government itself must have a clear and coherent Middle East policy, without one section of the Administration deploying at cross-purposes to White House policy. Policy should be thrashed out at the Cabinet level, and all alternative options should be restricted to the area of studies of future alternative options. Confusion in U.S. policy in the eyes of the Arabs, Israelis and others is the worst variant.

Above all, the factional struggles between the government of Menachim Begin and Israel allies of the so-called Jewish Lobby means that the Administration plays a dangerous game if it permits itself to be influenced by the so-called Jewish Lobby. To the extent that the Jewish Lobby wishes to aid Israel in coping with its present debt problems, and to the extent that Israel wishes such assistance, the pro-Israel efforts of the Jewish Lobby as private citizens is desirable, commendable. However, as the majority of Israelis attempted to make clear with the recent election, the New York-centered Jewish Lobby are neither citizens of Israel, nor do they own Israel.

Let us speak plainly. The so-called Jewish Lobby is politically a collection of dupes deployed chiefly by investment-banking interests typified by Lazard Freres. Felix Rohatyn's proposal of "corporatist" measures modelled on those of Nazi Finance Minister Hjalmar Schacht for the United States suggests that the dupes of the Jewish Lobby, thus insensible of fundamental U.S. interests at home, may not be exactly the world's most gifted geniuses in determining, behind the back of the Israeli government, what is best for Israel.

Possibilities For Policy-Change

The Bert Lance case is key to the possibility of new policy options for the Carter Administration.

At present, forces in the City of London and forces in Manhattan financial circles are committed to looting the credit of the OECD nations, including the United States, to support what is in effect a dangerous and growing financial bubble in both international and domestic debt. The increase of the mass of debt service by measures which constrict the level of hard-commodity trade, production and capital formation, mean that the current

required debt service payments are growing geometrically while the means for payment are plunged into a downward spiral.

Bert Lance, although not necessarily a proponent of solutions to this problem, did more or less competently reflect the saner perceptions of those forces who resist the hyperinflationary road to sure disaster. The predominant forces in France, plus forces in other OECD nations, plus key forces in developing nations, are committed to supporting any real solution to this problem from the side of the United States. If such a real solution is put forward, a profoundly new set of possibilities for agreements with the Soviet Union is available to the Administration.

The key to effective U.S. policy is this. The American trade-unionist and skilled farmer are the most advanced expression of the productive powers of labor on earth. If we stop the present shrinking of high-technology productive capacities in steel, aerospace and other basic industries, and enable our farmers to expand per-acre and per-capita outputs, the combination of these capacities and the productive powers of our labor enables the United States to quickly reach such an outpouring of tangible wealth that the value of the dollar can be restored to the strength it enjoyed in the pre-1968 period, and all problems of financial reorganization of

excessively leveraged debt-holdings can be solved in an orderly fashion.

We require, above all, a reorganization of Third World debt, to the effect of permitting a new series of long-term indebtedness on a secure basis in those nations. This is key to fueling a resumption of high levels of industrial, high-technology exports into the developing sector from the OECD nations. That is the only available course for stopping the present depression-spiral and solving the deepening monetary crisis.

Within that context of overall policy, Middle East solutions come rapidly within reach. It is not possible to make the world's poor rich overnight. However, steady and credible progress upward from poverty and disease is the adequate basis for durable political solutions to all the principal problems before us. Such policies are in the urgent interest of labor, industry and farmers in the United States, and the only real solution to the problem of the unemployed and disadvantaged minorities.

Once those strata are aware that at last an effective approach is being taken to resume industrial and agricultural progress, once hope of progress is seen as politically realizable once again, the majority of Americans will rally to make the sort of policies required for a Middle East solution unstoppable.

House Votes Full Funding For Clinch River Breeder

The U.S. House of Representatives yesterday voted overwhelmingly to authorize \$150 million for research and initial construction of the Clinch River, Tenn. nuclear fast breeder reactor.

The House took its stand for the breeder after rejecting, by a vote of 246 to 162, an amendment that would have killed the program by authorizing a worthless \$33 million, and, by a vote of 277 to 129, another amendment which, like the Senate version passed earlier, would have authorized \$75 million to hold some scientific research and development teams together for a year. The bill now goes back to a joint House-Senate compromise committee to work out a final version.

The U.S. fast breeder program to develop a method of energy production which, at the same time, breeds fission fuel has been lagging far behind the programs of particularly France and the Soviet Union. The two nations recently signed a cooperation agreement for more rapid development of fast breeder technology.

"A Brand New Ball Game"

"What presently appears to be very much in the making," noted U.S. Labor Party Chairman Lyndon LaRouche in a press release on Sept. 19, is "a brand new ball game around the Carter Administration. A rejection of the so-called Carter energy program," the product of an alliance with forces around Fabian Senator Humphrey and his confrere Walter Mondale, "does not, in fact, injure Carter's position, but rather gives him freedom of action to shift to fresh approaches...taking Nelson Rockefeller's revised energy proposal as a point

of departure," suggests LaRouche.

Felix Rohatyn of Lazard Freres, who received a political black eye from Budget Director Bert Lance's unanticipated counterpunches during last week's Senate hearings, "is boiling in frustration over Nelson Rockefeller's appearance before the Senate Finance Committee, chaired by Senator Russell Long (D-La.)," writes LaRouche. "Rohatyn, pushing a Nazi-modelled corporatist urban banking scheme, views Rockefeller's shift from energy conservation to energy production as a deadly threat to Lazard's schemes."

Liberal Wrath

Rockefeller reemerged onto the political scene via Long's Committee, which today rejected the so-called gas guzzlers tax recommended in the Carter energy packet. In an apparent bloc with Long, Rockefeller testified in opposition to the energy program, proposing in its stead a \$100 billion national Energy Development Authority to fund a potpourri of energy programs including competent proposals like uranium enrichment facilities and floating nuclear plants, but also including inefficient "energy independence" schemes like solar energy, coal gasification, and the like. The money would come from the revenues of the Carter-proposed Crude Oil Equalization Tax (or well-head tax), the "heart" of Carter's energy package, according to the Washington Post.

Rockefeller's testimony, the vote for the breeder, and committee votes against the energy packet have "liberal" Democrats like Senator Edward Kennedy and

the "liberal" press furious, denouncing Rockefeller's proposal as a "bailout for Rockefeller's private oil and other investments," and threatening filibusters until they get their way.

The original Carter plan announced April 20 calls for using the sizable revenues from the largest single tax package ever proposed in Congress for various "consumer rebate" chimeras, while demanding a 30 percent slash in domestic energy consumption.

At a joint press briefing, Sept. 19, "liberal" anti-industry Senator Howard Metzenbaum (D-Ohio) and the UAW's Doug Fraser reversed their initial support for the well head tax to recommend that the Senate Finance Committee reject the use of the oil tax for funding energy production programs, calling it a "kickback or plowback" to the oil industry.

Metzenbaum's aides today blamed the whole disaster on Carter "who doesn't even enthusiastically back his own energy program." They reported with much dismay that Secretary of Energy-designate James Schlesinger and his staff will be meeting with Long and his committee to work out a compromise energy proposal more favorable to the "sunbelt" oil and gas interests Long represents.

Economic Growth The Issue

The Rockefeller-Long bloc for energy production is just the most publicized response to an increasingly vocal demand from trade unions and industry for an end to the Lazard Freres-Naderite looting and destruction of U.S. industry and advanced technology.

A representative for the U.S. nuclear industry reported this week that on a recent visit to Washington to push for development of the fast breeder, he witnessed a mobilization in its favor from sections of organized labor "the likes of which I've never seen before." Steel, sections of the building trades, and other unions, unlike Nader's friends in the UAW, have avidly lobbied for the fast breeder and other capital intensive energy development programs, including support for the development of fusion.

West Coast political pollster Pat Caddell told Democratic Party leaders earlier this week that "economic growth is the paramount issue in the west." The issue of growth versus conservation has split the Democrats "along class lines," said Caddell, with union members and minority groups favoring economic growth and "suburban liberals" more interested in environmental concerns. Caddell warned Carter not to give credence to the alleged influence of environmentalist California Governor Jerry Brown.

Whatever his motives, Nelson Rockefeller has made a political move to add his weight to the growing alliance for industrial growth in his factional attempt to save his political hide from the Lazard Freres financial faction's assault on the old Rockefeller oil-based empire.

The vote yesterday authorizing full funding of the Clinch River fast breeder, organized largely by members of the House Science and Technology, and Armed Services committees, gives a good indication of what Rockefeller will have to respond to if he is to consolidate a position of strength in the ongoing, factional brawl House members, feeling constituency pressure, have refused to deal a killing blow to U.S. technological leadership. Schlesinger, attuned to the political change, has agreed to sit down with Senator Long and seek a compromise, provoking liberal attack for not supporting Kennedy's proposal for a form of horizontal divestiture of large energy conglomerates, such as Rockefeller's Exxon Corporation.

As it stands, the Rockefeller-Long proposal for an Energy Development Authority, is a boondoggle coopting sources of loot from Carter-Mondale's original program. The development of energy and, in particular, the technologies of fusion and fission can only be based on the industrial and agricultural expansion of the economy as a whole.

Either Congress and the U.S. Administration adopt a credit policy based on the U.S. Labor Party's proposal for a Third National Bank, or any program, be it conservation or Rockefeller's production scheme, will bring a fragile U.S. economy to its knees.

— Bill Engdahl
K. Stevens

Lazard Tries To Steal Rocky's Thunder

Less than one week after Nelson Rockefeller injected his slightly refurbished proposal for a \$100 billion Energy Finance Corporation into the current energy program debate, the Lazard Freres crowd has attempted a flank operation to steal Rocky's thunder.

Fabian Senator Abraham Ribicoff (D-Conn.), fresh from leading the Lazard-directed witchhunt against Bert Lance, emerged on Sept. 21 with a "energy development" plan of his own. The scheme, designed to appeal, in particular, to the conservatives who might otherwise support a Rockefeller-type plan, has two principal components. Like the Rockefeller proposal, it would establish an energy development financing entity to recycle monies from the proposed Carter oil equalization

tax program into energy development. The facility would be drastically scaled down from Rockefeller's \$100 billion equity figure to somewhere around \$2 billion, according to Ribicoff's office. Capitalization would be through loans, equity, and federal loan guarantees, creating a total pool of around \$10 billion per year. This figure is termed "open for discussion" by informed sources. Secondly, it would create a public transit trust fund to dispense upwards of \$2 billion for a variety of projects; this fund would be administered by the Department of Transportation.

Ribicoff's office has stated that their plan is "totally compatible with the proposals from Governor Rockefeller." They also claim that the plan has the support of

Senate Finance Committee chairman Russel Long (D-La) and the Administration. Such claims are important misrepresentations.

Important Differences

The Rockefeller plan and the Ribicoff proposal have little in common save appearance — and even that similarity is a deliberate contrivance. Whatever its shortcomings, the Rockefeller proposal was heavily committed to nuclear power development. “We are interested in funding the more exotic forms of energy production and conservation like solar and biomass,” said a Ribicoff aide. “We are not in favor of giving money to nuclear power... let that be funded by the private sector.”

The Rockefeller interests are clearly to be “junior partners” under the Ribicoff-Lazard scheme — at least that is the intention of its framers. “Rocky’s Project Independence scheme died a deserved death two years ago,” said the Ribicoff aide. “His new plan is nothing more than setting up a ‘window’ to give handouts to his family’s oil companies. We intend to make sure that this doesn’t happen. We are working on language that would prohibit handouts to Exxon by making the (energy

development) fund available to companies who have below a certain net profit level.”

Ribicoff’s office also reports that they are attempting to work wording into any legislation that might come out of the committee that would specifically support “efforts to establish regional energy corporations.” Lazard partner Felix Rohatyn’s \$32 billion Energy Corporation of the Northeast (ENCONO) has been specifically mentioned as an example. Ribicoff intends to cosponsor Congressional legislation to create Rohatyn’s monstrosity

Ribicoff’s office was quite blunt as to why they felt obliged to move. “We have to develop a consensus to save the thrust of the Carter energy program,” said an aide. The Rockefeller plan, which had wide appeal among conservatives, trade unionists, and industrial layers disgruntled with the conservation-oriented Carter program, “opened up a whole new ballgame which threatened to move too far away from the program. So we come up with a compromise that has the flavor of what Rocky is saying, and scale it down so it can be lived with by both the Administration and its opponents.”

But Ribicoff’s people most definitely want Rocke-

CIA Economist Admits Being Forced To Produce Incompetent Oil Estimates

U.S. Central Intelligence Agency economist McDonald, who was in charge of producing the April 1977 so-called Turner Report on world strategic energy resources, has admitted that the report was prepared on orders, using incompetent methodology. The report was made public at the same time that the Carter Administration announced a national emergency energy program whose central premise is that world energy supplies are rapidly diminishing. In an exclusive interview, McDonald revealed that his estimates that Soviet oil production would peak by 1978 and then begin a precipitous decline, forcing more aggressive Soviet military intervention to gain control of Persian Gulf oil reserves, was developed by looking only at current production and ignoring reserves and resources of Soviet future production. This method is grossly incompetent because it leaves out any allowance for introduction of more efficient technology that would allow recovery of untapped reserves. When queried on whether he realized this as being incompetent, McDonald admitted, “Yes, but this is the way I was ordered to do the report.” He declined to reveal who had ordered the report done this way.

However, in a related development, knowledgeable sources have confirmed the existence of an earlier CIA world energy report, prepared approximately one year ago, whose results are more in line with a recent series of other government agency reports to the effect that Soviet petroleum reserves are vast and far from exhausted. This earlier report, according to the same sources, was

ordered suppressed by then-White House Energy Adviser James Schlesinger after the Carter Administration took office.

The Soviet daily *Izvestia*’s top international commentator Viktor Matveev roundly refuted as lies the CIA’s recent report, which concluded that the Soviets would be forced to rely on foreign oil supplies by the 1980’s. In a Sept. 14 article, Matveev wrote that this is only a cover for “expanding U.S. military presence in the Persian Gulf region.”

Izvestia ripped apart the supposed factual basis for the conclusions by citing statements of the Soviet oil minister V.D. Shashin on the USSR’s collaboration with European and Japanese oil independents. “The resources of our country are such that they allow us to successfully cooperate with the developed capitalist countries. Thus joint work in exploitation of off-shore deposits and the transportation of oil are being conducted with British petroleum. The Soviet-French group for the oil and gas industry functions actively. In the beginning of 1975, an agreement was signed between the USSR and Japan for coordination of exploring the Sakhalin shelf. And, if American companies are presently standing aside from such mutually beneficial cooperation, then they have only themselves to blame.”

Last week, the Soviet Party daily *Pravda* reiterated the warning on potential U.S. military options for the Gulf area, citing a *Washington Star* report on Presidential Review Memorandum No. 10, which provides for U.S. invasion of Arab oil fields in the event of an “oil embargo.”

feller's support. "We hope he'll join us," an aide to the senator said. "We could use his help in selling the business community and the Republican Party."

Rockefeller's New York office said today that the Governor "is not necessarily opposed to what is being discussed in the committee but has decided to stand on his public statement."

Ribicoff's people, meanwhile, report that the Senator has taken on a "mediating role between the Finance Committee and the Administration." Almost daily meetings were reported to be taking place between various individuals in James Schlesinger's energy Department and committee members and staff. A spokesman for Schlesinger's office today confirmed such meetings.

"You could say that we have given up on getting the oil equalization through Congress in its present form," said a high Energy Department official. "We'd like to see full rebates, but we'll have to take less. We're going to have to take some kind of energy development plan coming out of the Finance Committee. But I would not jump to any conclusions about what it (the Committee's plan) will look like until it comes out on Monday."

The official stressed that "we (the Administration) will walk away from the bargaining table over any proposal that goes against the basic thrust of our program. That means we don't want Rocky's \$100 billion and we

don't want anything that will push nuclear — and we don't want anything that will fund the breeder through the back door..."

Wide Open

The Schlesinger aide said, however, that "whether we come on board really depends on Senator Long..."

Long — or rather the progrowth forces who give him his "muscle" — is the wildcard here. While Ribicoff said two days ago that Long was fully behind his proposal, the Senator's office was far less definite. "Let's just say we like some of what he (Ribicoff) is saying and are uncertain about the rest," said a top Long aide. "We are going to have some good, old-fashioned hard bargaining over the weekend. That's what the Senator is best at." Long's office is of the impression that their boss will play off both Rockefeller and Ribicoff, while "holding his own with the Administration," in the end, they say, "he (Long) will come up with a progrowth oriented energy development financing agency."

But sly fox Long is carrying around a great deal of excess baggage — especially some misconceived ideas about the need for a national energy autarky to protect America from the Arabs and the need for high energy prices — that provides hooks for both Lazard and Rockefeller to manipulate.

— L. Wolfe

Fall Primaries Confer Major Party Status

Vote tallies for U.S. Labor Party candidates in municipal primaries in Detroit, Mich., and Seattle, Wash. demonstrate that the U.S. Labor Party is now acknowledged nationally as the leadership of opposition to the deindustrialization, no-energy policies of the Carter-Mondale Administration.

The U.S. Labor Party's official third party status was recognized by Democratic Party pollster and former Carter campaign strategist Patrick Cadell, who, speaking before the Western Democratic convention, said a "fresh approach" in electoral politics was needed. Only "suburban liberals" are interested in environmental concerns, Cadell said, while trade unionist and minorities of urban areas want economic growth.

To prove his point, Cadell cited a special congressional election in Seattle last spring where the Democrats had been defeated by a progrowth republican. In that race the issue became zero-growth versus industry in an atmosphere shaped by U.S. Labor Party congressional candidate Ted Andromidas. Both Cadell and his audience knew that the Labor Party's Andromidas (also a candidate for city council in Seattle's Sept. 20 primary, see below) had led the campaign to discredit zero-growth "environmentalism" in the eyes of the voters.

On Sept. 13 voters in Detroit registered a progrowth mandate as U.S. Labor Party candidate Mel Brown placed fifth in a field of thirteen candidates.

In Seattle's Sept. 20 primary, U.S. Labor Party city

council candidate Patrick Ruckert, one of several candidates run by the USLP, won 10.18 percent of the vote or 9,000 votes. While neither Brown's or Ruckert's names will appear on the ballot in November, the U.S. Labor Party still has 42 candidates in eight states and the District of Columbia campaigning for city and state posts.

U.S. Labor Party analysts are still preparing voter pattern reports in Detroit and Seattle primaries since in both cases vote fraud tended to obscure the absolute returns. These reports as well as studies of electoral strength and voter preference in areas of Labor Party campaigns appear below.

DETROIT:

The official tally of 8,715 votes for the U.S. Labor Party's black mayoral candidate Mel Brown marks the first time in four years that Detroit working-class support for the party has been so strong that it has not been erased by vote fraud. Brown campaigned strongly against drugs and for the expansion of education to insure adequate skills in the workforce; interestingly, he was the only candidate whose vote was evenly distributed between both black and white, high and low-income areas.

The Sept. 13 primary was shrouded in fraudulent procedures including the arrest of a Democratic party official for allegedly voting twice, and a breakdown of

the central computer processing returns. The final primary results gave incumbent Democrat Coleman Young 163,000 votes, an incredible lead of over 101,000 votes against second place candidate Ernest C. Brown, Jr.

There were 13 precincts scattered throughout the city where Brown's vote was especially high. In these 13 precincts, there were 50 to 140 votes as opposed to 4 to 10 votes in adjoining precincts. The Brown campaign staff has calculated that these precincts represent the *actual* citywide Labor Party vote that slipped by the electronic vote-stealing apparatus.

Taking these 13 precincts as a rough guideline, the party actually got 20 to 35 percent of the total votes cast — an estimated 60,000 to 100,000 votes in all. No other candidate had more than one or two neighboring precincts where the vote varied so dramatically.

The city's blacks backed Mel Brown and the Labor Party program. In the heart of Detroit's all-black area, in six districts, Brown placed third beating so-called major candidates John Moak and Thomas Bailey. These are the areas where the Black Muslims are the strongest and where the Labor Party has had the longest history of literature sales at the auto plants and on the expressway ramps.

Even higher absolute totals in the Labor Party vote were recorded in the high-income, white and mixed black and white skilled worker neighborhoods on the outskirts of the city: 750 votes in one northeast district, 600 in another, and 500 in two northwest districts. Here Brown came within 200 votes of beating Young.

Taken together with the inner-city results, this vote proves that the Labor Party program is capable of uniting all elements in the city.

SEATTLE:

With 14 candidates competing for the mayoralty, only two candidates offered the voters in this center of the high-technology aerospace and defense industries an alternative to zero-growth environmentalism: U.S. Labor Party candidate William Wertz and conservative independent Roy Larkin.

In the two weeks prior to the Sept. 20 runoff Wertz appeared on nine major radio and television shows while both the *Seattle Times* and the *Seattle Post Intelligencer* gave his campaign favorable coverage. Despite this, official tallies awarded Wertz a total of 82 votes or .07 percent, a figure totally incommensurate with his voter recognition or his official tally of 25 percent in the 1975 election.

Roy Larkin was given a weak third place showing while official tallies placed Democrat environmentalists Shell and Royer on the November ballot with 23 percent and 28 percent respectively. The proenvironmental vote is even more questionable since the electorate overwhelmingly endorsed progrowth politics last spring in a special congressional election (see introduction).

Five other USLP candidates for city council and the Kings (Seattle area) County executive were given widely varying totals, as low as .77 percent, seeming to make fraud almost a certainty. While USLP city council candidate Ruckert received a close-to-plausible 10.18 percent of the vote, his running mate Ted Andromidas, who shared with Ruckert an endorsement by the William

S. Kelso Young Americans for Freedom chapter, received only 2.95 percent of the total vote. In the same election a newly-converted "Democrat," Weatherman terrorist Chip Marshall, took first place with 42.71 percent of the vote.

TACOMA:

Twenty miles to the South of Seattle, this industrial city of 70,000 residents has been traditionally progrowth in outlook and voting patterns. All four of the Labor Party candidates in the primary received a "good" rating by local press but only school board candidate Brian Lantz will remain on the ballot for the November elections. Other indications of voting pattern are inconclusive as of this writing.

VIRGINIA:

A three-way race for the gubernatorial chair being vacated by incumbent Mills Godwin, has been regarded by the Carter Administration as a crucial test of support for the President's energy program. The only southern state carried by Gerald Ford in the 1976 presidential election, and a state heavily reliant on nuclear power, Virginia has been extremely receptive to the campaign of the USLP's Alan Ogden. At times, Ogden emerged as the most publicized candidate over his opponents Republican John Dalton and former Democratic state senator Henry Howell when two blatantly Democratic party-inspired attempts to jail him pushed Ogden into the limelight.

Ogden's prominence coincided with Howell's attacks on expansion of the Virginia Electric Power Company (VEPCO), making the U.S. Labor Party's campaign for nuclear power especially visible to the Virginia business community. After Ogden appeared on the podium with Howell and Dalton before such groups at the Richmond Metropolitan Chamber of Commerce, the *Washington Post* characterized him in an Aug. 16 feature as a "spoiler" in the race.

NEW YORK CITY:

Since the Sept. 19 Democratic primary runoff between Mario Cuomo and Edward Koch, the New York City press has played the November mayoral election here as a closed question with victory assured for Koch — the candidate backed by the Lazard Freres investment house. The traditional democratic machine identified with Mayor Abe Beame and City Council President Paul O'Dwyer, both defeated in bids for reelection, was dealt a no-confidence vote, while "black community leader" (also a defeated Democratic mayoral hopeful) Percy Sutton felt compelled to remain neutral. U.S. Labor Party candidate Elijah Boyd has been given consistent access to the black community through coverage in the weekly *Black American*. Boyd is the only candidate to call the question on illegal rule of New York by the Emergency Financial Control Board headed by Felix Rohatyn, a general partner of Lazard Freres. Boyd's staff has scheduled a debate between the Labor Party mayoral candidate, Republican candidate Roy Goodman who claims to advocate "fiscal responsibility," and the Conservative Party candidate, Barry Farber.

WESTCHESTER COUNTY, N. Y.:

Made up of nine cities, Westchester County houses two of Con Edison's main power grids, including the nuclear power plant at Indian Point. As Republican candidate Gordon Burroughs keeps a low profile, U.S. Labor Party candidate Mike Billington is the only actual opposition to incumbent Democrat Albert Del Bello in this traditionally Republican area. Del Bello has been implicated in recent efforts to remove Billington's name from the November ballot through selective enforcement of a residency requirement.

At a Sept. 20 debate sponsored by the Americans for Energy Independent, Del Bello tried hard to sell to 250 construction unionists and building contractors the dismantling of the country's power system and a "people's control of energy" scheme. Billington rebutted Del Bello's plan by locating it as part of Felix Rohatyn's ENCONO scheme to deindustrialize the Northeast, "the type of plan used to decimate the construction industry in recent years."

Since area trade unions have not yet endorsed a candidate, the three future debates between Billington and Del Bello take on an added importance.

ROCHESTER:

Democratic Party personnel linked to the Xerox

Corporation have devised spurious legal technicalities to keep the U.S. Labor Party's candidates off the ballot in the Nov. 8 school board and city council elections. Michael Loessinger, a Board of Elections member, and Paul Haney, a city councilman, challenged the 1,650 nominating petition signatures submitted by USLP School Board candidate Bill Bates, on the ground that the party logo appeared on the petitions for this "non-partisan" race, and by USLP City Council candidate Joe Fisch, who Haney charges has not lived in Rochester long enough to qualify for election.

So far, the courts have upheld the challenge to Bates, and served Fisch with a show-cause order requiring proof of term of residency.

On Sept. 9, candidate Fisch held a press conference later covered in the city's major paper, the *Times-Union*, accusing Xerox of complicity in illegal and secret government actions. Now, Fisch and Bates campaign workers are exposing the fact that the Democratic court challenges to their candidacies were ordered by local Xerox executives.

Xerox sponsored the rise of the Democratic Party faction in Rochester of which both Loessinger and Haney are part. Xerox also funds local "radical" ecology and related hippy groups.

Business Week Blows The Whistle On Federal Reserve Chief Burns

The recent spurts in the U.S. money supply, which have been engineered by Federal Reserve Chairman Arthur Burns and the New York-centered "toilet paper dollar" financier faction, are coming under bitter attack.

"The Federal Reserve has backed itself into an awkward corner," *Business Week's* Friedmanite editor William Wolman wrote in a scathing attack on the money supply balloon in the Sept. 19 issue of that publication, "and it may have no way of getting out of it without putting the U.S. economy through another painful bout of accelerating inflation, a recession, or both."

BUSINESS OUTLOOK

The news that the country's basic money supply surged ahead another \$2 billion in the week ending Sept. 14 will no doubt kindle more fears about the inflationary potential of this money supply expansion. During the last four weeks both M1 and M2 have risen at an annual rate of nearly 11 percent — well above the Fed's upper target. The accelerating growth of the money supply, now coupled with the Fed's own belated and half-hearted attempt to check the money supply growth that it has unleashed by raising interest rates, have helped to push the Dow Jones industrial average to below 840 to the lowest levels since late December 1975.

Central to feeding the inflationary potential is Burns' role in pumping reserves into the banking system to keep the money center-Eurodollar banks liquid and prevent the U.S. economy from going through the floor. Burns, Treasury Secretary Michael W. Blumenthal, Assistant Treasury Secretary for International Affairs C. Fred Bergsten, and other Administration economic officials have been trying to pressure West Germany and Japan to reflate their economies fast enough to take the burden of sustaining the bankrupt dollar monetary system off the United States. In the face of continued European and Japanese resistance to go all out for reflation, the U.S. Federal Reserve has been working overtime pumping out reserves to be multiplied several times over in the economy and the Eurodollar market.

Now *Business Week* and other business community spokesmen have blown the whistle on Burns — who has been raising interest rates and "fighting inflation" with one hand, and pouring out liquidity in the form of bank reserves with the other. Burns's efforts to drown the U.S. with banking reserves has led some economists to rechristen the U.S. currency the "toilet paper dollar."

Production Plummet

In spite of the explosive money supply growth, output

levels in the U.S. economy are trailing off, and basic industry, led by steel, is suffering from the depressed state of capital goods orders.

* Industrial production fell 0.5 percent for August, the first such drop since January.

* In the most drastic cutback yet announced in the steel industry's current self-triage, Lyke Steel Corporation stated Sept. 20 that it will slash its steelmaking operations in Youngstown, Ohio reducing its total steel capacity 27 percent and cutting 5,000 jobs. Lyke's long-term debt had ballooned up to \$690 million by the end of the first half of the year, up 30 percent from \$526 million at the beginning of 1976.

* On Sept. 22 Armco Steel announced that it was eliminating 600 workers, or about 8 percent of the workforce, at the company's Middletown and New Miami works. The plants produce flat rolled steel used in autos and appliances; until recently orders for that product had been holding up. U.S. Steel also said that it is reducing steel rolling operations at its Youngstown plant because of the lack of orders.

* Unemployment in August climbed back to a 7.1 percent rate, as 103,000 production workers lost their jobs. For manufacturing workers overall, the Department of Labor's Hourly Earnings Index in dollars of constant purchasing power rose on a year-to-year basis ending July by a minuscule 0.3 percent.

* With manufacturing income down, workers have turned to record consumer borrowing, an increasingly risky proposition. Between April 1975 and June 1977 new debt as a percentage of after tax income jumped from 14 percent to 17 percent. The maturity on car loans has lengthened more than 50 percent during the last two years, demonstrating the disregard of prudent lending risks by credit companies desperate to make car sales.

But without the incredibly built-up pyramiding of consumer credit, the auto and housing sales spurt — which has held up the economy — would have died on the vine, and the economy would have collapsed months ago.

Root problem: Capital Spending Lag

At the root of the production collapse now unfolding is the absence for the last 18-24 months of capital spending for long-term industrial growth.

The lack of such spending is further exacerbated by both the collapse in U.S. trade levels, and a new binge of hyperinflation, prompting industrially linked interests to launch their counterattack against Arthur Burns this week.

First, the drop in U.S.-world trade levels, fed by the leap of indebtedness which has crippled Third World nations' ability to import U.S. high-technology goods, has pushed export-led capital spending plans further onto the

back burner.

Second, in response to the explosive growth in money supply which he created, Fed chairman Burns has had to raise interest rates. Whereas such moves normally dampen borrowing and lending, and therefore money supply growth, the reverse has thus far happened.

Nonetheless, short-term money market instruments, whose interest rates Burns pushed up, have suddenly become very attractive investments. Money is flowing increasingly into speculative sink-holes, which drain funds from needed real capital investment, and actually feeds inflation.

During this period industrial expenditures for new added capacity, when corrected for inflation, are virtually flat. At the same time, approximately one-half of all business spending for new equipment has in fact been for the purchase of new truck and car fleets, the purchase of computers, and used for paperwork, not production. The remaining equipment purchases went for machinery replacement, but not expansion.

Dollar on the Block

The offshoot of these developments is another run against the dollar. Gold, the hard-commodity fallback option against the dollar, has risen in price dramatically over the last few weeks: from \$144 an ounce two weeks ago, to \$151 an ounce today. At the same time, *Handelsblatt*, the German industry newspaper, warned this week that continued U.S. hyperinflation will lead the Arabs to accelerate their flight out of dollar holdings, and all the nasty repercussions that follow.

Within the U.S., Irving Kristol, a member of the *Wall Street Journal's* board of contributors, soberly wrote this week, "If the American economy should now slump, the world economy would come close to collapse. International trade and investment — the major force behind our postwar economic expansion — will dry up. Protectionism will become rampant. Many of the poorer countries will demand a moratorium on their debts. Bankers will become more nervous than they are now."

Citibank, Swiss Gain Edge In Race For Euro-Funds; Commentators Moot 'Cold, Hard Reality'

The \$300 million medium-term Eurobond to be floated Sept. 29 to raise funds for the New York-based commercial banking giant Citibank is being watched with exceptional interest. It will be the biggest issue ever for a non-governmental borrower; moreover, it has been tailored by its lead managers, Citicorp International and White Weld-Crédit Suisse, to draw OPEC and Western European placements. The bond comes in the \$1,000 slices preferred by these investors, while its spreads — the amount of interest paid by the borrower above the

European financiers want to use their funds to enhance their own deposit bases. For their part, the New York banks are forced to hustle for volume Eurolending, as witness Chemical's willingness to put more stakes into the hapless London Multinational in order to possess itself of a fully-owned London merchant bank. In this scramble, Citibank's attempt, through its Swiss connections, to shore up its assets against imminent loan losses on bad Third World debt and domestic holdings of the shaky real estate type, is a decidedly defensive move; but it has the corollary effect of pushing Chase Manhattan and London's lifeboats into even stormier waters.

BANKING

London interbank lending rate — are extremely low, to Citibank's advantage. Citibank is expected to mop up the brimming liquidity on the Euromarkets to an extent which may well make things tougher for subsequent borrowers, including the prospective Eurosterling bond issuers newly mobilized by the City of London, as well as the City's Eurodollar bond clients. "Citibank is coming into the market just in time," said several top bond international bond analysts; if Chase and Bankers Trust et. al., try it next, they will have problems.

At the same time, along with Barings of London and Northern Trust, Crédit Suisse has just happily relinquished to chemical Bank its share in an unprofitable Euromarket operation, the London Multinational Bank. Crédit Suisse "prefers its other connection," observed one analyst, "I mean White Weld" — the London-based money-market bank with ties to Citibank. Recently, the British-bank Kleinwort and Benson and the French bank Paribas also sold their interest in Bank of America Ltd., another European-U.S. joint venture. In perilous times,

The Swiss banks will have extra resources to aid their allies, because of this very instability. Last week U.S. money-supply hypertrophy and Mideast war signals impelled a significant flow of short-term investment into both gold and swiss francs (also creating a bull market for gold mining shares). Swiss central bank chief Fritz Leutweiler announced Sept. 23 that his governing board is "quite willing to see a further appreciation of the franc" — an invitation to further speculative outflows from London, New York, and Frankfurt. The City of London, counting on a strong pound sterling to backstop domestic deflation and heightened international lending, could face a sinking pound instead.

The necessity of broad international monetary and credit solutions was meanwhile acknowledged from diverse quarters last week. A most uncharacteristic feature article appeared in the Oct. 3 issue of *Business Week*, headlined "Floating Rates — Invitation to an Economic Storm"... without the *pro forma* question mark. Despite recent calm on the foreign exchange markets, warns *Business Week*, "cold, harsh reality" must be itemized, including grave unemployment, in-

flation and trade deficits around the world, soon to be exacerbated by a new U.S. slump and the "sudden slowing" of world trade already visible. After quoting maverick monetarist Robert Triffin against the floating-rate monetary system imposed by the U.S. in 1971-73, *Business Week* hopes, with sad, self-affirmed implausibility and a fine disregard for questions of productive investment, that "some sort of grand realigning of world economies" could pull things together through a combination of reflation, austerity, and fixed exchange rates.

Much the same warning, again with no commanding remedies offered, came from financial commentator Alain Verney in the Sept. 23 issue of the conservative

French daily *Le Figaro*; and the Japanese bank Dai Ichi Kangyo went so far as to advertise in the Sept. 23 *Wall Street Journal* calling for an unspecified new world economic order to replace the "broken down" Bretton Woods system and its General Agreement on Trade and Tariffs (GATT) adjunct. These jeremiads confirm the prospect of a very animated, very painful International Monetary Fund gathering in Washington next week; they should also remind the broader international public that at this point banking and monetary restructuring are too crucial to be left to commercial and central bankers alone.

'From Austerity To No-Growth'

The following are excerpts from an article by L. Lamers, published in the Sept. 16 issue of Energies, a publication related to the French employers association, the CNPF.

There will probably be no new major monetary crisis in 1977... It is very unlikely that a strong attack could be launched during the last quarter...

Avoid Monetary Decomposition

This does not mean that all is well. Far from it. It is precisely because the situation has reached a crucial point that no one wants to take the risk of unleashing a wind that could turn into a storm. The monetary bomb is like the nuclear bomb: one should think twice before using so destructive a means.

INTERNATIONAL FINANCE

... There has been much talk recently concerning the role as watchdog of monetary orthodoxy played by the International Monetary Fund (IMF). Emphasis is placed on the "inhuman" conditions imposed by it. True, striking examples can be cited: Egypt, Peru, the United Kingdom, Portugal, Italy, Zaire, Mexico, Pakistan, etc., have all announced that they have taken the sanitization measures demanded by the IMF... All have had to precipitously cancel these measures, as the result of the political action these measures set off...

This element indicates the seriousness of the situation. No one can alter a social or political structure, the economic model accepted by a society, simply because of the requirements of accounting orthodoxy.

In other words, what is not being said is that in the last 18 months, leading figures have become aware of the danger of a situation created by the measures taken and implemented throughout the world economy over the last 15 years, and particularly those concerning the financing of Third World growth.

Third World indebtedness has reached \$300 billion, and the obvious inability of the Third World to settle its ex-

ternal accounts and reimburse these sums even in the long term, is a cause of concern for big Western banks as well as countries which are net dollar creditors. For a long time, the U.S. has used its foreign exchange surplus to relend to deficit countries, and if the latter were incapable of repayment, the creditor countries could demand reimbursement from the U.S.... In sum,... today the U.S. banking system and Western banks linked to the dollar could be faced with the impossibility of standing up to the accumulated risk.

What would happen if, at the onset of a major monetary crisis, in the context of international economic difficulties, as is the case now, the U.S.'s leading creditors demanded reimbursement? No bank or group of banks could stand up to it, and the United States would go bankrupt.

Such a threat cannot be tolerated much longer... The question of the cure is essentially a question for the U.S.

The IMF imposition of general deflation, with all its very risky implications,... is an incentive for revolutions... But if inflation, indebtedness and so on cannot be controlled, other new monetary solutions should be envisaged. This is what is being done in the United States.

A Choice With Incalculable Consequences

The only means of restricting monetary demand is to limit the requirements for it, and for that, to limit growth. But such a policy must be worldwide if it is to be accepted by hook or by crook. This seems to be the conclusion of the present U.S. Administration.

A fundamental analysis of that option leads to the conclusion that the limitation of growth is seen as an exclusively monetary necessity, an absolute necessity to save the dollar and keep the United States hegemonic. Fundamentally, it has nothing to do with any ecological, scientific, economic or resources necessity or financing potential...

Two tendencies are confronting each other: one which wants to limit growth to save the present monetary structure, because it is unable to find a solution that would not undermine the essence of the present system. The other (tendency) rejects such an artificial limit to growth... and therefore wants to do away with the dic-

tatorship of "accounting" and build a united system for reaping wealth. On the one hand, an international system with its rules and institutions all dominated by essentially U.S. economic and financial forces. On the other, a search for the means to recreate the principle of nations, and organize the political, regional and social forces through geographic federations...

After elaborating on the "recognized necessity for a new organization of international economic relations," Lamers concludes:

Concretely, the immediate and fundamental fear of the

United States is that there will be a dollar crash. This could be set off as soon as the usefulness of American hegemony is questioned, which would be done monetarily through an alliance of some industrial countries with OPEC, while the scientific and technological tutelage of the U.S. remains a fact...

But of what use is such a tutelage in the instance of a deliberate decision to stop growth, a choice made by the U.S., whose dominant interests also have at their disposal a card they skilfully manipulate and fully control to stop growth and industrial development both at home and in the EEC: muscled environmentalism?

Policy Statement On Use Of Bundeswehr Against Terrorists

The following policy statement was issued on Sept. 19 by the European Labor Party Executive Committee.

The European Labor Party Executive fully agrees with Chancellor Helmut Schmidt's posture of maintaining democratic forms in the approach to the present escalation of international terrorist deployments. However, the proposal for using the West German Army in aid of anti-terrorist efforts should not be rejected out of hand.

The ELP Executive offers the following policy statement and background advisory for consideration by the government and others on this delicate problem of the use of military forces.

First, the present wave of terrorism in the BRD is not an internal problem peculiar to this nation, but is merely a part of a current wave of escalation of terrorism internationally. In fact, the terrorists in the BRD are deployed in part through routes, training camps and safehouses in other nations, and are chiefly under the control of foreign agencies, with British intelligence the most prominent governmental element behind the current wave of terrorism.

Second, the present wave of terrorism against the government of the BRD is a special black operation whose objective is not only to destabilize the present BRD government, but to force the BRD to abandon nuclear energy development and to give up its resistance to hyperinflationary-austerity demands of relevant foreign financial interests.

Third, the most relevant historical precedent for this current experience is the wave of British intelligence-supported fascist terrorism in the 1920's including the assassination of AEG official Walter Rathenau, and the wave of mysterious deaths of others associated with the German Rapallo effort to break free of the grip of the Versailles Treaty's cruel terms. The secret war of British intelligence against the German patriot, and leading defender of German democracy, General von Seeckt, is connected to the Rapallo affair most directly, and is also analogous to British intelligence activity in terrorist operations today.

In summary, the current terrorist activity against supporters of high-technology global industrial and agricultural development in the BRD is fundamentally a form of warfare against the BRD as a nation, warfare conducted by British intelligence and other foreign agencies, with complicity by "fifth column" forces inside the nation.

The objectives of the foreign enemies and their internal accomplices are as follows:

1. The immediate, short-term objective is to destabilize the present government, with the minimal included objective of stopping the BRD's breeder project, enforcing the Social Democratic Party-Free Democratic Party "left" "Baustopp" demands, and forcing the BRD to make at least a limited capitulation to IMF-bailout reflationary programs.

2. The correlated objective, accomplished in more devious and sophisticated ways, is to set the CMEA countries into a firm posture of mutual hostility with leading political forces of the BRD, especially industry. This operation, which involves British intelligence agents prominently on the CMEA side, parallels the role of Anglo-Dutch agents such as Karl Radek during the Rapallo period.

3. The included, general and further objective of the current wave of terrorism is to escalate a combination of terrorism, environmentalist hooliganism, violent youth rampages, and similar activities throughout Western Europe to the point that NATO forces are directly deployed for "stability operations" in, most notably, Italy and the BRD, and also in the United Kingdom more generally. Through nests around figures such as Roy Jenkins in the EEC Commission and the NATO military-political command, continental Europe is intended to be put under the boot heel of a quasi-military government of NATO, in a modified "Chilean" operation.

Security Measures

The following general policies for defense of the BRD and its constitutional order are energetically recommended by the ELP Executive:

1. The first, and most fundamental measure of defense of the republic would be an immediate, ruthlessly unwavering, open commitment of the BRD to both a nuclear energy domestic and export program *expanded beyond presently existing programs*, and a commitment to resist reflationary monetarist demands in favor of mobilizing BRD credit for restoring internal industrial employment levels through credits for an enlarged high-technology exports program.

2. If the government is afraid to name exact names of the foreign and domestic persons and agencies responsible for terrorism, afraid to risk diplomatic crises and to risk certain domestic political confrontations, the government must at least identify the terrorist problem as chief-

ly the work of foreign intelligence agencies *within the Atlantic Alliance*.

3. The government should also openly avow itself committed to tough alliances with governments and political forces which ally with the BRD government's policies as a matter of common fundamental interests.

Within that political context, effective defensive and counterintelligence measures can be conducted with the support of the overwhelming majority of the population.

The proper uses of West German Army and other BRD military and paramilitary (Bundesgrenzschutz) personnel should be governed by the following considerations:

1. To preserve the constitutional order of the nation, all internal police responsibilities within the BRD must continue to be under the control of the regular parliamentary government and regular police agencies. Military and paramilitary (Bundesgrenzschutz) forces should be deployed only as support for the police agencies. This policy involves technical-professional as well as constitutional considerations. Police forces trained and experienced in law enforcement practices within the general population have an ability to act with suitable restraint, to the effect of minimizing casualties from police action, especially casualties among innocent portions of the population. Military forces should be deployed only to act as reserve support for the police engaged in action. *Under no circumstances should foreign troops be involved.*

2. The principal deployment of military and paramilitary units should be in such tasks as providing security for probable terrorist targets, preferably fixed targets, to the included purpose of freeing regular police forces for the increased regular police duties against the terrorist and environmentalist actions.

3. However, qualified special operations units of the military should be attached to police forces for special, limited assignments, under police command, for those situations in which their skills for a special operation are best utilized.

It should be understood that deployment of military and paramilitary forces for "civic operations" in effect defines the target-area of operations as a "free fire zone" for such deployed forces. Such forces cannot operate effectively under other conditions, since their habitual mode of operations does not generally qualify them for effective alternative forms of action, better assigned to police units.

Some technical problems:

The need for use of West German Army and other forces for augmentation of police internal security strength is illustrated by the review of manning problems incurred in proper modes of defense of a building and adjoining area deemed a probable terrorist target.

Three levels of physical defense are required. On the premises itself, two concentric circles of physical security are required, one outer and the other inner. In addition, an externally situated reaction force should be in place on alert. This implies deployments in the order of two to three squads per watch-shift or more for each defended point.

Multiplying those numbers by the number of points presently to be defended as high-priority possible terrorist targets suffices to indicate the burden such deployments would place on police forces without supplementary assistance.

Warsaw Pact Involvement

Foolishly, certain elements of governing parties and security forces of the Warsaw Pact countries have permitted themselves to be implicated in aspects of the international terrorist networks. This involvement by Warsaw Pact circles is despicable and should be most energetically denounced. However, such action by the BRD should be taken under the governance of a correct view of the principal responsibility for the overall terrorist problem, and protests delivered to Warsaw Pact representatives should be properly formulated so as to avoid traps set up in this area by British intelligence and allied forces.

Although Stalin himself issued a statement during the 1940s which correctly identified the leading role of British intelligence in a general way, top-level and other Soviet circles continue to be significantly infiltrated by British intelligence and related agents and agents of influence, centering around the Anglo-Dutch and Warburg-linked networks of the incredible superagent, Alexander Helphand-Parvus. Furthermore, official Warsaw Pact agencies have foolishly accepted the various British-concocted cover stories designed to conceal the fact that Admiral Wilhelm Canaris was not only the top British agent in Germany during the Nazi period, but had been continuously a British agent since no later than 1916. Accordingly, all official Soviet and East German evaluation of the Hitler problem is premised on a grossly false doctrine, a doctrine which hangs on the assumption that Canaris was not a British agent.

This is underlined by the current rash of idiotic propaganda pouring daily from official East German radio, "Stimme der DDR," on the terrorism issue. Turning the pages of history back to the early 1930s, the propaganda line from "Stimme" today is essentially identical with the earlier line of Anglo-Dutch agent Karl Radek. The foolish responsables for "Stimme der DDR" and other Warsaw Pact circles still labor under the delusion that German industrialists created Hitler, in idiotic ignorance of the fact that Hitler was a creation of the Inter-Allied Control Commission (despite Hitler's evolution, especially after 1936-1938), and was placed in the Chancellorship on direct orders of London and New York City financial interests.

It is the definite knowledge of the ELP Executive that circles within the Warsaw Pact under the influence of British intelligence and other networks allied to British intelligence are the motivating agency for the convergence of Soviet and other Warsaw Pact polices and propaganda exactly dovetailing with the propaganda line of the London *Times*, Paris *Le Monde*, Washington *Post*, and related press sewer-outlets on the "German question."

This definite knowledge is based on the following categories of information. We have received specific information from the most qualified intelligence sources in the USA, Italy and France. U.S. Labor Party security and intelligence sections have also collected a mass of information from private sources, including the financial

communities of several nations. A detailed gridding of Soviet and other East Bloc publications, as well as of Communist Party publications in the capitalist and developing sectors, has been maintained on this and other matters. Several special undercover investigations, including aid through reliable "cut-outs," have also been conducted. These parallel sources converge in light of the U.S. Labor Party's and ELP's ongoing close study of related matters since 1973.

However, unfortunately, toleration of the British intelligence line is not limited to British and other agents of influence within the Warsaw Pact nations.

First, the terrorist networks which British intelligence and allied agencies deploy into the United States, Canada, Western Europe, and Japan are interlinked with terrorist and partisan networks in the developing sector, notably including such circles as Dr. George Habash's within the PLO. The "Tri-Cont" networks associated with Cuba are a nest of penetration of Communist Third-World activities by such terrorist agencies as the CounterSpy affiliate of the Washington, DC Institute for Policy Studies (e.g., Philip Agee) and elements of British intelligence. The interface between Third World and OECD terrorist networks tends thus to involve the Warsaw Pact and allied nations with the British-led terrorist networks from the Third World side.

Second, the Eurocommunist networks within Communist parties, which are part of the same networks as certain responsible elements of the Socialist International, are a key conduit for certain aspects of the British-led terrorist operations. Exemplary is the case of Nordman, a French attorney closely associated with the intimate circles of François Mitterrand. Nordman, one of the French lawyers closely associated with Klaus Croissant, is otherwise notable as the lawyer conduit for transmission of funds and other arrangements between elements of the Communist Party of France and aging British agent, Santiago Carrillo, nominal head of the Eurocommunist association as well as Trotsky's assassin (through his protégé, Mercader) and chief of the Communist Party of Spain. Carrillo is also a special protégé of one Bettino Craxi, a collaborator of former Allen Dulles' agent Riccardo Lombardi and of Ugo LaMalfa, and secretary of the Socialist Party of Italy. In the same British intelligence network associated with Allen Dulles during the war is Giorgio Amendola, together with Ingrao, the leading Eurocommunist in the Communist Party of Italy, and also a close associate of Ugo LaMalfa. Also key in this same network, although not nominally Eurocommunist, is the leadership of the Communist Party USA, which has been a joint British-Warburg-Rockefeller intelligence nest since not later than 1938. There is a reciprocity in political line and action between the Eurocommunist networks and the Eurocommunists' friends in the Warsaw Pact countries.

Third, among the Soviets and the older generation there are long memories of what is popularly known as "Operation Splinter Factor" and the subsequent paramilitary operation of Allied intelligence known as "Operation Rollback" of the 1950s. Among present Soviet KGB and military leaders there are long and embittered memories of close associates killed during those operations. Hence, it has not been exceptionally difficult for British intelligence to focus this stored-up rage

against the BRD, on the basis of those earlier operations, with the thought among some Soviet and other officials, "Let them have a taste of what they did to us."

Fourth, Soviet "official Marxism-Leninism" enshrines an absolutely idiotic misconception of the processes by which socialist outlooks actually develop among populations of the industrialized capitalist countries. Although the Soviets despise the terrorists and their sympathizers politically as lunatics and potential fascists, the fact that the terrorists and their sympathizers enshroud themselves with the name of the "left" inspires a foolish, Pavlovian reaction of semi-sympathy for the terrorists' sympathizers, to the extent that the terrorists are "leftists" deployed against the "forces of big business."

Fifth, and more fundamental, the developments following the announcement of the election of the Carter-Mondale Administration, especially the developments following the Moscow trip of Vance and Warnke, have convinced the Soviets that they are very close to the brink of total war. In this connection, Soviet attitudes toward the BRD are strongly influenced by the fact that the BRD military forces are the only operationally acceptable significant military forces of Europe immediately deployed by NATO, and that the BRD ground is the territory which the Warsaw Pact is committed to destroy in the European facet of total intercontinental thermonuclear war.

The Soviets foresee an impending capitulation by the BRD and Italy to the energy and monetary policies of the Carter-Mondale Administration and London. They no longer believe that Western Europe excepting possibly France, has the moral fibre to resist. The recent capitulation of the Saudis to the City of London has strengthened that evaluation. Although they continue to seek economic cooperation, overall they are in a mood for impending war, a war they see as prefigured by a BRD capitulation on nuclear energy and monetary issues. Thus, they tend to write off the political value of an industry-labor programmatic alliance in the BRD.

It is the insurgence of that perception and mood in Warsaw Pact circles which tends to remove the corrective impulses against the other four considerations involved.

Hence, there is no effective approach to the Soviet involvement in the British intelligence-centered international terrorist operations unless the BRD demonstrates its capability for absolute resistance to the Carter-Mondale "environmentalist" energy policies and the New York-London debt-bail-out reflationary policies. If the Soviets are convinced that the BRD will fight London and New York, and can ally with France to this purpose, then the Soviet policy toward African, Middle East and terrorist issues will be adjusted to conform to Soviet vital interests in defending the independence of the BRD and France through suitable Soviet foreign policies, including matters of economic cooperation and mutual political security agreements.

This understanding should shape BRD dealings with the CMEA countries on the terrorist issues.

War Against England?

The recent visit of British minister Merlyn Rees to Italy to discuss the terrorism issue with Italian Minister

Cossiga is one of the more despicable political farces of the recent weeks. The British government and its intelligence services have been running one of the nastiest, most bestial operations in modern history in Northern Ireland. Contrary to the cover-stories headlined in the British press, British intelligence created the IRA provisionals, and has played certain Catholic and Protestant gangs much as a puppeteer manages a Punch-and-Judy act, for years.

The tested experimental hypotheses of Northern Ireland, including important brainwashing hypotheses contributed by the London Tavistock Institute, has been transported from Northern Ireland, and conduited into continental Europe and other locations through an augmented and reformed MI-6 operation which has incorporated the old Special Operations Executive.

In effect, the government of the United Kingdom has launched warfare (special operations warfare) against France, Belgium, the BRD, and Italy. However, despite the recent hysteria from an otherwise likeable Prime Minister James Callaghan, it is not the people and regular parliamentary government of England that are the guilty persons in this war.

Apart from the responsible war-criminals in the City of London, there are specific other forces chiefly responsible for England's war against France, the BRD, and Italy, forces chiefly outside the parliamentary government, forces centered in the special powers and privileges of the British monarchy.

First, formally, the British intelligence services are at the discretion of the monarchy, and not the parliamentary government. This arrangement involves both the specific funds of the monarchy and funds conduited through the institutional cover of the monarchy, including business interests controlled by the monarchical machine. This privileged area is also shielded by the British "Official Secrets Act," which effectively prevents the parliamentary government from auditing or checking the actions of the intelligence services.

However, this intersects both the permanent government establishment and sections of the parliamentary parties. Exemplary is the nest within the Labour Party centered around Roy Jenkins, the figure described by some other leading Labour Party circles as England's potential "Ramsey MacDonald."

These circles around Jenkins continue the tradition of

a faction associated with the old Fabian Society, the old Independent Labour Party faction, as distinct from the Fabian current running through such figures as Ian Mikardo. This was the section of the Fabian network intersecting the Nazi-sympathizing Cliveden Set (of which British intelligence operative Kim Philby was a part), and also the "mother" for the creation of the British fascist party of the 1930. It was also a very special intelligence network adjacent to the Socialist International of the 1930s, allied with the German-labelled SAP.

This section of the Labour Party, which also includes Denis Healey, and presumably Healey's protégé, David Owen, was formerly the chief conduit for racial, ethnic and nationalist studies, developing the scenarios for launching "nationalist" and other sorts of "separatist" movements as a device for destabilizing continental European and other governments. Later, these activities were concentrated in part in the London Institute for Race Relations, currently part of the international networks of the Washington, DC Institute for Policy Studies (IPS), and linked to both the Amsterdam IPS branch, the Transnational Institute, and to Bertrand Russell-spawned networks of "peace and conflict studies" associations.

In effect, this cabal of financial and other forces centered around the privileges of the British monarchy represents an intelligence dictatorship over the people and parliamentary government of the United Kingdom. That monarchical government above the parliamentary government is the enemy of the people of Western Europe in this ongoing terrorist war.

There is no need for the BRD, France, Belgium and Italy to go to war against the United Kingdom as such. Rather, our objective must be to free the people of the United Kingdom from this de facto monarchical dictatorship, this hideous political anachronism, by taking ourselves an independent course for global high-technology-oriented industrial and agricultural expansion which nullifies the power and evil objectives of the forces behind the current wave of international terrorism. If the forces around the monarchy persist in their evil ways, they must be bankrupted, and thus stripped of their power so that the ordinary people of the United Kingdom, the labor-industry alliance forces of that nation, can rid themselves of the anachronistic relic once and for all.

WerBell Bids Soviets Crack Down On Terrorists

The following statement was issued Sept. 20 by Mitchell L. WerBell III, the prominent U.S.-based geopolitician. WerBell has been retained to provide personal security for U.S. Labor Party Chairman Lyndon H. LaRouche, currently in the Federal Republic of Germany, who has been listed as a leading target for assassination by the Baader-Meinhof Red Army Faction.

I know I speak for a great number of retired United States military and intelligence community personnel when I voice my personal disgust and outrage at the stupid and dangerous conduct of the Soviet bloc leadership in condoning and supporting the international wave of bloody terrorism sponsored by the networks associated with Willy Brandt, François Mitterrand, Roy Jenkins and certain New York City and London-based investment houses. The free access to such Soviet bloc capitals as Havana, Prague, Moscow itself and Yugoslavia for terrorist training, recruitment and safe-keeping has now reached such a level of strategic seriousness that it takes on the character of an immediate threat to world peace.

I know — and I know that the relevant Soviet bloc officials know — that the terrorist activities of gangs like the Baader-Meinhof Red Army Faction, the South Moluccans, the FALN, the Italian Red Brigades and so forth are aimed at the destabilization of sovereign states and at particularly those states currently acting to

counter the destructive policies of the City of London financial circles. We both know that the assassination of the West German banker Juergen Ponto and the current kidnapping and potential assassination of West German industrialist Hanns-Martin Schleyer are relevant examples of this operation.

The current wave of bloody terrorism can be ended with the appropriate combination of political intelligence, counterintelligence and classic police and military action — without abrogating any constitutional rights or international guidelines. The lying claims by Willy Brandt and other spokesmen for Lazard Freres to the effect that there is a genuine resurgence of Nazism and neo-Nazism in Western Europe are pure bunk — calculated to draw the Soviet bloc leadership into a hostile posture towards Western governments and intelligence services moving against the terrorists, and into increasingly active support for the terrorists themselves.

To the extent that the Soviet bloc leadership breaks from this crass stupidity, the Willy Brandts and the Roy Jenkinses cease to represent an effective barrier to the swift roundup of the terrorists. As a military man and an experienced geopolitician who cut his teeth fighting fascism during World War II, I hope that the Soviet leadership can at long last learn the lessons of the Munich Pact and break from their policy of support for terrorist outrages.

Lazard Terror Operation Dangerously Weakens Schmidt, Andreotti Gov'ts

Two major public addresses by West German Chancellor Schmidt last week demonstrate that the present wave of terrorist attacks in Western Europe, including the recent kidnapping of leading West German industrialist Hanns-Martin Schleyer, have paralyzed government functioning in West Germany. In Italy, the government of Premier Giulio Andreotti is likewise being forced to its knees under the pretext of manipulated terrorist incidents.

Speaking before parliament on Sept. 15 and again before a Social Democratic conference in Hamburg on Sept. 16, Chancellor Schmidt refused to announce a concerted program for defeating terrorism, or to give any indication of the knowledge he has as to who is behind the terrorist wave. Moreover, even though his parliamentary address was originally scheduled to be a major government statement on economic policy, Schmidt did not utter a single word on this determining issue.

The plain fact is that the Baader-Meinhof terrorist gang, the Red Brigades in Italy, and the interconnected "secessionist" movements in Spain, Ireland and southern France, are all tendrils of a British financier-controlled intelligence apparatus coordinated by Britain's MI-6. It is not just a vicious joke that West Germany's Baader-Meinhof dubs itself the R.A.F. (Roter Armee Fraktion), the old name for Britain's Royal Air Force.

The British financial interests responsible for Schleyer's kidnapping and for the July 29 assassination of West German banker Jürgen Ponto are the Lazard Freres investment house, their friends in Lower Manhattan, and allied Rockefeller family networks. Second International bigwigs Willy Brandt, François Mitterrand, Roy Jenkins, and Denis Healey are central operatives of this financier clique, who directly engineer the political climate and intelligence misinformation maneuvers which facilitate terrorist attacks.

This publication, and a number of leading European journals have published more than sufficient evidence to indict the above-named individuals, and a large number of their co-workers for their murderous conspiracy. In addition, since the Schleyer kidnapping, conservative newspapers in West Germany have issued a series of unprecedented attacks against Willy Brandt, dating the emergence of terrorist organizations by name to Brandt's rise to the Chancellery in 1969. Last week, the *Frankfurter Allgemeine Zeitung* and the *Munchener Merkur* began an all-out press campaign against François Mitterrand and his connections to "environmentalist" organizations in France.

Nevertheless, Schmidt has openly refused to throw his weight behind these exposés. Just as important, Schmidt has failed to take advantage of an important and burgeoning alliance between his government and France's Gaullist-influenced government to announce the export-oriented economic policy that could pull the rug out from under the Lazard-Rockefeller clique.

"Holding Firm"

On Sept. 15, during his cited parliamentary address, Schmidt presented the stately image of a leader determined to "stand firm" in the face of a threat to his nation. Reporting that he would be willing to "go to the very limits of the democratic state" to capture Schleyer's abductors and bring the terrorists before the law, he also urged the parliament to demonstrate unity among all political parties during this emergency.

Schmidt was echoed a few days later by West Germany's Federal President, Walter Scheel. In a speech specifically addressed to the international community, Scheel firmly protested imputations on the part of the international press that West Germany's reaction to the terrorists' acts had been to encourage "fascist" tendencies. The President also emphasized that "terrorism is an international phenomenon, and must be fought through international cooperation." But, in parallel with Schmidt's "careful" attitude toward identifying his country's enemies by name, Scheel did not elaborate on this statement.

Lazard Freres' *Washington Post* derided Schmidt's appeal on Sept. 16, snidely asserting that the kidnapping has paralyzed the government and its ability to deal with the economic crisis. The conservative *Frankfurter Allgemeine Zeitung*, however, angrily warded off such a cynical view of Bonn, asserting that the parliamentary debate proved that the terrorists had not succeeded in achieving their major aim: to fuel destructive partisan in-fighting. The *Munchener Merkur* also declared that the parliament "showed strength," and collaboration among all political factions.

The inaccurate optimistic appraisal of the political situation in West Germany's press is largely based on the government's success in pulling the opposition Christian Democracy — closely tied to industry — into a series of all-party "crisis staff" meetings on the terrorism problem. Influential industrial leaders are now enthusiastically pushing for such informal all-party deliberations to strengthen the government's ability to implement an economic program of domestic nuclear energy development, high-technology exports to the Third World

and increased East-West trade. The chief opponents of this program are the so-called "left" or zero-growth wings of the governing Social Democracy and Free Democratic Party, both under the immediate guidance of SPD chairman Willy Brandt.

At an industrialists' meeting in France in early August, Hans-Gunther Sohl proposed that Federal Economics Minister Hans Frederichs resign from his government post to replace the murdered Jürgen Ponto as chairman of the nation's second largest bank, the Dresdner Bank. After Schleyer's kidnapping, Friederichs announced that he would accept this offer and, in addition, resign from his deputy chairmanship of the FDP. This move has been widely interpreted as an attempt to facilitate collaboration between the government and the Christian Democrats on economic policy directly contrary to the interests of Lazard Freres and company.

Despite these preparatory moves, Schmidt's Sept. 16 address at the Hamburg Party conference demonstrated

that the *Washington Post's* evaluation of government paralysis is closer to the truth. For the first time, Schmidt adopted a "sociological" explanation of terrorism, attributing it to the alienation of middle class youth. The "sociological" explanation of terrorism has been developed by British operatives, such as Italian university professor and creator of the terrorist "Red Brigades", Francesco Alberoni, to cover the obvious conspiracy involved.

Secondly, Schmidt urged a cessation of public attacks on the terrorist "sympathizer" networks (university professors, "prominent intellectuals," leading "left-wing" newspapers, etc.), saying the attacks created unnecessary strife. This appeal was directed specifically at Schmidt's conservative supporters, such as northern CDU leader Stoltenberg and Baden-Württemberg Minister President Filbinger, who have consciously led such campaigns in their efforts to discredit Brandt.

Schmidt's fear-ridden, "into the trenches" appeals to the public have been accompanied by an official an-

Franco-German Alliance Can Break Lazard Control

West German Chancellor Helmut Schmidt has at his disposal the means to shatter the Lazard Freres' operation, as a result of an alliance he and leading West German industrialists have been pulling together with the Gaullist-influence government of French President Valéry Giscard d'Estaing. Recent reports that Schmidt and Giscard have been in frequent phone communication on the terrorist threat are merely one facet of the bonds that have been developing between the two foremost powers of Western Europe.

Following a June agreement between Giscard and Soviet President Brezhnev for intensified scientific collaboration on fastbreeder development, West Germany and France have finalized an official agreement for scientific cooperation on nuclear power development. France has offered Schmidt technical assistance in handling "nuclear waste," the major obstacle holding back West Germany's domestic energy program.

On a semi-official basis, banking and industry layers in both countries have worked out detailed plans to develop capital markets and gold exchanges in Luxembourg, and have openly stated they intend to do this to destroy the financial hegemony of the City of London. Moreover, the *Frankfurter Allgemeine Zeitung* last week denounced the "Croissant affair" as a blatant attempt to destroy relations between the two countries. Croissant, a Baader Meinhof "lawyer" in the Lazard Freres' network, was recently smuggled into France to conduct a high-profile publicity campaign against the "repressive" West German government. Croissant has been directly implicated by European police forces in the terrorist wave.

In outline, the Schmidt-Giscard program for nuclear energy development and financial reform could destroy London's financial networks, rapidly free Andreotti of the Cuccia plague, and soon thereafter undermine Lazard Freres' ability to control even British economic policy. The potential in the Franco-German alliance was demonstrated last week by the visit to France of Polish Communist Party chairman Gierek. In an outstanding interview in *Le Monde*, Gierek praised Poland's economic ties to West Germany as exemplary of the "spirit of Belgrade," referencing the groundbreaking Conference on Security and Cooperation in Europe (CSCE), which is the chief forum for discussion of international detente.

The present, devastating flaw in the thinking of leading French and West German circles is their failure to recognize the urgency of the present situation. Lazard Freres' destabilization networks — intersecting a broad operation prominently involving Second Socialist International head Willy Brandt and extending into the Soviet bloc — could easily provoke global, thermonuclear war. The creation of a new, gold-backed international monetary system, a move which would immediately pull the plug on Lazard Freres-Rockefeller terrorist deployments, is long overdue, and will not wait for some time later this year, or 1978. Similarly, every hesitation on Schmidt's part to implement a hard-commodities, high-technology export policy in favor of fiscal and tax concessions to various party cliques, threatens to turn West Germany into a decrepit economic power with no political muscle to defend Europe's interests.

* * *

nouncement that he has cancelled a late September state visit to Poland, at which time major economic deals were expected to be discussed.

NATO Dictatorships for Europe

British intelligence networks have not lost an instant in taking advantage of West Germany's developing foxhole mentality, and have moved against another crucial weak point in Europe — Italy. Following meetings Sept. 17-18 with British Home Secretary Merlyn Rees, the man previously in charge of "pacifying" Northern Ireland, Italian Interior Minister Francesco Cossiga made a proposal that would go considerably beyond mere destabilization of Italian Premier Giulio Andreotti and West German Chancellor Schmidt, but would impose direct NATO military control of European governments.

Cossiga had the gall to announce such a plan under the guise of fighting terrorism, even though his personal involvement with Manhattan-directed Italian terrorists is well known to readers of the Italian press and of this journal. Cossiga ascribed the Europeanwide coordination of terror to such "social changes" as progress towards European unification, détente, and the trend of the West European Communist Parties toward a "bourgeois" political structure. In an interview in *Il Giorno*, he claimed he had proposed to Rees closer European (read: British) coordination of antiterror operations than the current Interpol framework allows. Because democratic industrial society gives rise to terrorism, Cossiga lied, then "either we must learn to live with terrorism, or accept the idea that terror is not working at the level of normal life but at the level of war."

Enrico Cuccia, chairman of Mediobanca and an agent of the Lazard Freres banking network, has already demonstrated the nature of such warfare. Chaos descended over the Italian parliament when Cuccia operatives in every party except the governing Christian Democracy and the fascist MSI launched a campaign for the resignation of Italian Defense Minister Vito Lattanzio. Lattanzio, accused of having facilitated the extremely suspicious escape earlier this month of a Nazi war prisoner from a Rome hospital, was shunted into the minor Ministry of Merchant Marine over the weekend, and the former Merchant Marine Minister handed the Defense portfolio.

The Lattanzio issue is completely phony, and is being used by Cuccia and his ally Gianni Agnelli to cover up a massive operation to force the Andreotti government into suicidal economic policy concessions, which would literally hand them complete control of the economy. The intensity of the pressure on Andreotti became clear Sept. 16, when the Prime Minister delivered weak-kneed testimony before a court in Catanzaro investigating a 1969 terrorist bombing incident. It is well known that Andreotti has iron-clad evidence linking DC leader Moro — an important figure in the Cuccia network — to this terrorist incident, but he refused to release it during his testimony.

The weekend of Sept. 24 promises to mark a new stage in the intimidation of both Andreotti and Schmidt. In the north Italian city of Bologna, herds of drug-infested, illiterate, and unwashed youth calling themselves "autonomists" will gather with their lawyer and "environmentalist" supporters from all over Europe to protest against "repression." Simultaneously, at least 20,000 Maoist-led demonstrators are expected to arrive in the West German town of Kalkar to demonstrate against the construction of a nuclear fast-breeder reactor in the vicinity. At both events, the demonstrators have promised that violence will occur.

Cossiga: Either Coexist With Terror Or Go To War

An interview with Italian Interior Minister Francesco Cossiga (excerpted below) was published in the daily Il Giorno on Sept. 18, following Cossiga's meeting with British Home Secretary Merlyn Rees.

The talks with Secretary Rees had different levels of discussion. First, the generic level, the level of general cooperation (Interpol, etc. —ed.) and specific bilateral cooperation among the Common Market countries and the EEC-linked countries... The philosophy I expressed to Rees is based on the assumption that we must take into account the eco-social-political changes in Europe. The interdependence of the European countries occurred at both the technical and the financial level... as well as an ideological-political level.

For example, while the ecologist movement is pacifist in ideological outlook, they sometimes organize demonstrations which provoke violence particularly in Italy, France, (West) Germany...

With the terrorists so well integrated... we must have a modus operandi for fighting terrorism which is more inter-linked than presently. We must prevent the contagious spread of terrorists... Now, merely the analysis of the origins and the cause of terrorism is not sufficient...

There are links and sympathies between the groups with different origins, for example the Catholic Irish Republican Army (IRA) and the Marxist-Leninist Red Brigades... In a certain sense, we must realize that the terrorists are accommodated in this world by the psycho-economic cultural structures provided by a democratically developed industrial society. Thus it is necessary that the society make a choice: either to co-exist with the terrorists or to accept the idea that terror is waged not at a normal level but at the level of war... The road to terrorism was opened by a certain evolution of the Euro-communist parties and by detente... With detente, the terrorists saw the possibility for waging a final assault disappear — the Communist parties are not for armed struggle and the extremists cannot be considered a channel for protest any longer...'

W. Germany's Ruling SPD Splits Over Nuclear Energy Issue

The ruling Social Democratic Party (SPD) of West Germany is in a major faction fight over the nuclear energy expansion program of SPD Chancellor Helmut Schmidt. The party's trade union base, whose jobs depend on high technology industries such as nuclear energy, has lined up behind Schmidt's program, as have industrialists in the opposition Christian Democratic Union party. On the other hand, SPD chairman Willy Brandt, the chief ecologist and terrorist controller in West Germany, has been trying to rig the fight by arm-twisting the party executive committee into calling for "a minimal three-year moratorium on nuclear power plant construction," and by giving party backing to a document in support of zero growth.

WEST GERMANY

Last week, while Schmidt was occupied with the terrorist kidnapping of industrialist Hanns-Martin Schleyer, Brandt railroaded a resolution through the SPD executive committee Sept. 20, demanding a ban on nuclear energy construction until an alleged waste problem is settled. Brandt's maneuver was immediately denounced by the authoritative West German Nuclear Technology Association in an unprecedented open letter to all SPD members. "After a moratorium has been enacted," the Association wrote, "the best scientists and engineers will certainly no longer be ready to put their professional future in such a politically insecure basket. You cannot freeze scientific and technological potential until you want it."

Federal government spokesmen responded to Brandt's move by stating that a moratorium would cost West Germany at least 25 billion deutschmarks (\$10 billion) in investments.

On Sept. 21, Brandt allowed the SPD to release a three-year zero-growth study, "Basic Values in an Endangered World," written by Brandt, Erhard Eppler, Richard Loewenthal, Peter von Oertzen, and Johanno Strasser — all of them known to be linked to terrorist activity in West Germany. Schmidt's Justice Minister, Hans-Jochen Vogel, was also duped into co-authoring the document. The document proclaims that "people's belief in progress has been shaken" and that "a one-dimensional presentation of progress reduces democracy to a formalism." Johanno Strasser, a former leader of the SPD's "new left" Young Socialist (Juso) wing, summarized the document by saying that Schmidt's energy program "is endangering the SPD's basic values."

The Chancellor gave short shrift to this attempt to substitute a tiny clique of ecologists and terrorist sup-

porters for the vast majority of the West German population who support his program. When asked about Brandt's nuclear moratorium, and the "Basic Values" document on nationwide TV on Sept. 23, Schmidt mocked Brandt: "Back in the 1960s, when Brandt was preparing to be Chancellor, he stated that the Chancellor must be above all parties, even his own. I think that was a very stimulating answer and I too think that the Chancellor has to represent the country as a whole and not just his own party."

Rank and File Rejection

• Brandt's attempt to wreck the West German nuclear industry has been particularly rejected at a series of regional SPD party conventions where the party's progrowth base outweighs the zero-growth Juso wing. The regional daily *Kölner Stadtanzeiger*, close to SPD circles, reported Sept. 20 that proBrandt SPD executive committee member Erhard Eppler, one of the authors of "Basic Values," is having difficulty holding together an antienergy and antiSchmidt faction in the SPD.

The *Stadtanzeiger* said that a pronuclear energy platform is gaining hegemony in large SPD working-class regions like the Franconia area around Nuremberg, and in the western Ruhr industrial belt. The entire Ruhr region alone contains one-third of the West German working class, and one-third of the SPD's 700,000 members. The SPD's Lower Rhine district, adjacent to the Ruhr region, officially resolved this week: "Under Willy Brandt, the party executive committee has been schizophrenic on the energy issues, allowing the Jusos to push their ban on nuclear energy."

The ecologists replied by convincing the southern Bavarian, West Berlin, and Bremen SPD conventions, which were heavily infested with student and zero-growth participants, to call for a total nuclear power plant moratorium. The southern Bavarian resolution hysterically denounced Schmidt's energy program for creating "an atomic police state," and the Bremen resolution denounced West Germany's multibillion dollar technology transfer with Brazil. Widely recognized as the cornerstone of Schmidt's foreign policy of aiding Third World development, the Brazil pact insures the livelihood of at least 100,000 highly skilled West German workers.

West Berlin's convention demonstrated the stalemate inside the party by electing West Berlin mayor Dieter Stobbe, a staunch Schmidt supporter, as chairman of the region while, at the same time, supporting the moratorium. The Hessen SPD convention straddled the issue by calling for "as much energy as is necessary" — showing the split between local Jusos and Hessen's chemical, auto, and office workers.

PCI Mobilizes Against Fascist Demo At Bologna

Thousands of environmentalists and terrorists from all over Europe converged on the Italian industrial city of Bologna today for a weekend-long "anti-repression" conference which is planned to kick off a new continent-wide escalation of terrorism. The conference, organized under the aegis of British Intelligence-linked brainwashers Felix Guattari and Jean-Paul Sartre, expects to draw 30,000 ready-for-blood maniacs from Italy, West Germany, Spain, France and Britain. In the words of one of the organizers, the conference will spark off an escalated "process of destabilization and transformation on a European-wide level."

ITALY

The first target of this destabilization is the alliance between Italian Prime Minister Giulio Andreotti and the Italian Communist Party (PCI) — the alliance which remains the chief obstacle to total control of Italy by the City of London monetarists and their Italian allies, grouped around Enrico Cuccia, director of Mediobanca.

The European Labor Party (ELP) has taken the leadership of the fight to stop this process of planned disintegration, and has begun to advise Europe's governments, as well as trade union and business leadership who support these governments, on how to identify and decapitate this British intelligence operation. The PCI, so far, has moved the closest to the ELP's strategy for defeating the coordinated terrorist escalation.

Corriere della Sera, the leading Milanese daily, indicated on Sept. 19 that PCI general-secretary Enrico Berlinguer "re-examined" the text of his speech before delivering it to the party festival at Modena, after he had read the ELP leaflet denouncing the "autonomists" march on Bologna this weekend as a coordinated assault against Italian democratic institutions. The ELP flooded the PCI festival with 40,000 leaflets and sold 400 copies of the Italian-language weekly, *Nuova Solidarietà*. *Corriere* reported that Berlinguer, implying the tremendous support which the ELP's anti-terrorist campaign has among his membership, commented "We have to succeed in understanding what these people (the ELP —ed.) want."

The revised version of Berlinguer's speech was one of the toughest blasts against the "autonomisti," until now tolerated by the PCI as a possibly viable mass of recruits. Berlinguer said: "The right wing is disguising itself with a left-wing mask... and since fascism is not a good word anymore, they use the word 'autonomisti'."

PCI secretary Berlinguer, furthermore, met with the leadership of the region surrounded the city of Bologna, ordering them to put their cadre on guard against the autonomists' planned siege of the city. Immediately, *Il Resto del Carlino*, the regional daily, reported 20 percent of the PCI membership was on call for deployment to keep peace in Bologna. Estimates are that 60,000 PCI and a 5000-police contingent are ready to keep order.

Today, Berlinguer, in the official party paper *Unita*, gave the final instructions: "The PCI stands firm; these people are fascists... As in the 1920s, young fascists used revolutionary slogans, and at the time, as today, democratic individuals (referring to Noberto Bobbio who in yesterday's *La Stampa* supported the rights of the autonomisti to storm Bologna) were indulgent towards them... But there is no doubt, these people are fascist."

While a violent confrontation in Bologna immediately threatens the PCI, who rule the city in coalition with the Italian Socialist Party (PSI), the other democratic parties realize the threat unbridled terrorists pose for the state itself and have moved to support the PCI's fight.

Yesterday's *Corriere della Sera* commented on the importance of this alliance, stating on its front page: "Behind its tranquil facade, Bologna, that great city, that city where people want to live in peace... watches in apprehension. Apprehension, but not fear. There is a new and positive fact: there is an awareness that the game is no longer one-on-one, a face-off between the PCI and the so-called extreme left, but it comes down to those who want chaos and civil disorder and those who want order... At least on this there seems to be an agreement among the parties. Certainly, the PCI is the most exposed party. But if the bell tolls at Bologna, it will toll for all."

Today, *Il Giornale* reported that the Bologna PSI federation held an emergency meeting and "declared they are ready to go out in support of the PCI... if military reactionaries try for a coup during this (Bologna demo —ed.) we will mobilize in the streets against them."

Barre And Carter: Polite Disagreement

On Just About Everything

“The French government admits that it expects practically no decision and no immediate results out of (Barre’s) trip” to Washington, warned the French wire-service *Agence France Presse* before French Prime Minister Raymond Barre’s departure for Washington, D.C., last week. Indeed Barre’s official three-day visit to Washington did not accomplish anything substantial beyond the traditional diplomatic mutual pledge of friendship between the two countries. As the Soviet paper *Sotsialisticheskaya Industriya* commented, “There does not exist a single problem between the two countries which does not create divergences. It is believed in France that Washington’s concern with non-proliferation of nuclear weapons stems primarily from the U.S.’s determination to keep its nuclear monopoly.”

FRANCE

If anything, France’s continued, strong stand on nuclear energy and irrevocable commitment to its fast-breeder reactor program, despite relentless U.S. pressures to the contrary, emerged as the only positive feature of the talks the French Prime Minister had with various Carter Administration officials. While Barre confirmed France’s willingness to participate in the Washington Conference on nuclear nonproliferation Oct. 21 (an idea first raised by President Carter at last spring’s London summit meeting of the Western powers), he also insisted that, 1) the Soviet Union must be a full-fledged conference participant; 2) the conference must not impose any policy decisions on individual nations; and 3) the Europeans must have guaranteed access to the uranium essential to their nuclear industries.

Discussion on the other topics on the agenda — “the economic problems common to all the industrialized countries,” disarmament, the Middle East crisis,

southern Africa, etc. — did not produce any concrete known proposals.

On the economic-financial questions, Mr. Barre explained what France means by “organized free trade” — not a return to protectionism but only a defense reaction against the more brutal imbalances in trade patterns.

As far as the Middle East conflict is concerned, Barre expressed France’s preoccupation that any prolongation of the current deadlock in the Mideast peace talks beyond the end of the year will seriously jeopardize world peace.

On disarmament, Prime Minister Barre expatiated on the declarations made a few days before by Foreign Minister Louis de Guiringaud. The French government, Guiringaud declared to the French daily *Le Monde*, Sept. 15, “means to put up (fresh) proposals on disarmament,... favors an independent, hence international to some extent, control of arms reduction.” Barre further declared that France will present its views on the question after consultations with “our American allies and our Soviet Friends” at the special United Nations session on disarmament in spring 1978.

Last, Barre wished full success to the Carter Administration’s energy policy, on the grounds that the continued increase in U.S. oil imports contributes heavily to unbalance the world oil market, and, by aggravating U.S. trade deficit, further endangers the world financial situation.

In view of the meager known “results” achieved during those three days of talks, it is not surprising that most of the U.S. press viewed Barre’s trip as a “public image-building” venture. Indeed electioneering concerns loomed large in Barre’s (and French President Giscard’s) mind. Barre is the first French Prime Minister to officially visit the U.S. since the foundation of the Fifth Republic. Supporting this conclusion is the fact that Giscard — apparently in the interests of bolstering his “strong-man” image in the face of RPR party leader Jacques Chirac’s continued bid to replace him as the nation’s president — has entrusted Barre with a new series of diplomatic-trade missions in Moscow, Bonn, Hungary, and Syria in the coming weeks and months.

Dayan, Sadat Exposed In Alliance for Mideast War

Moshe Dayan and Israel's military and intelligence establishment have established a covert alliance with the former Nazi Intelligence-linked Arab circles led by Egypt's Anwar Sadat and including the Lebanese Falangists. According to informed Washington sources, the relationship between the Dayan faction and Anwar Sadat's clique has reached the point of a virtual mutual cooperation pact.

The Egypt-Israel alliance is backed by private Washington intelligence circles associated with the same banks which, in the 1930s, created and financed Hitler's National Socialism — Rockefeller's Chase Manhattan and the big international Jewish investment banks, like Lazard Freres, Kuhn Loeb, Lehman Brothers.

The prime deployment for Dayan-centered Middle East capabilities is to break the Organization of Petroleum Exporting Countries (OPEC). The timing of the Dayan moves against OPEC, in which Sadat has fully integrated Egyptian resources, coincides with hearings into the OPEC petrodollar surplus conducted this week by Senators Frank Church and Jacob Javits in the U.S. The goal of the Dayan-Sadat forces on behalf of the named London and new York financiers is to seize surplus OPEC — especially Saudi — oil revenue and to create an "oil crisis" including higher prices and sharp cuts in production, which can be used to undercut the political-industrial momentum of Western Europe and conservative U.S. circles.

Within the U.S., the so-called "Jewish Lobby" has been activated to terrorize through threats and blackmail those U.S. forces that are seeking a fair and equitable solution to the Arab-Israeli conflict. Admiral Stansfield Turner, the CIA director, and Vice President Walter Mondale, along with a group of senators led by Javits et al. are the leaders of the Jewish Lobby's operation.

The Facts of the Conspiracy

The Israeli-Egyptian alliance is based on four points. First, Egypt has agreed to support an Israeli escalation of the Lebanon crisis to put pressure on the Palestine Liberation Organization (PLO) and Syria, in order to eliminate the PLO as a political cadre force in the Middle East.

Second, the financiers who initially brokered the Dayan-Sadat marriage will provide financial support to keep Sadat afloat.

Third, Egypt has agreed to join Israel in Rockefeller-Lazard Freres efforts to break up OPEC. The attack on Libya by Egypt is part of the more general operation, and it is known that the Egypt-Libya conflict in August

was prompted by Sen. Jacob Javits during a visit to Cairo.

Fourth, U.S. and Israeli intelligence have deployed within Egypt, in coordination with Egyptian security services, to protect the Sadat regime, which is increasingly isolated both domestically and in the Arab world.

It is also reported that as part of the Egypt-Israel alliance, Israel and its supporters in the U.S. Congress, notably Javits, will not object to proposed U.S. arms sales to Egypt, including the rehabilitation of the Egyptian air force.

The most recent manifestation of the Sadat-Dayan pact took place in Paris on Sept. 17, when, during a surprise visit to the French capital, Dayan held a meeting with several high-ranking officials of Egyptian intelligence. At the meeting Dayan received Egyptian approval for the escalation of the Lebanon crisis, and also received renewed assurances that Egypt would act diplomatically to disperse Arab support for the PLO, including at the United Nations.

The Egyptian betrayal of Arab interests has thus become the primary roadblock to a just and fair solution of the Middle East conflict. This fact has become apparent to important U.S. conservative forces typified by former Texas Governor John Connally, who despite extensive Arab ties have been unable to achieve an Arab consensus on the question of Middle East peace.

Dayan, Nuclear Madman

The longstanding military and intelligence clique around Gen. Dayan is the primary source of the political power in the Middle East wielded by the Rockefeller-Lazard clique. Dayan and his allies (Gen. Yadin, Shimon Peres, Gen. Aaron Yariv, and so forth), as a political faction within Israel's politics, are concerned primarily with the subjugation of Arab interests to the Anglo-American financial cabal that fostered the Zionist movement since the days of the Rothschilds. The so-called "Jewish Lobby" is in fact a subsumed political arm of this international faction.

The political terrorists at the B'nai B'rith Anti-Defamation League and the American-Israeli Public Affairs Committee, under Dayan's personal supervision, and working with the full support of Vice President Mondale and CIA Director Turner, have launched a systematic campaign to destroy what they refer to as the American "Arab Lobby." Among their chief targets are John Connally, the Nixon forces, Spiro Agnew, independent Texas oil men, and a select group of Washington law firms. Among the latter are the firms

connected with former Sen. J.W. Fulbright and former Defense Secretary Clark Clifford. The power of the "Jewish Lobby" in fact reflects the enormous financial power of the New York and London banks and the liberal Eastern press like the *New York Times* and the Lazard Freres-owned *Washington Post* and *Newsweek*.

The exposé that appeared in the advertisement in the *New York Times* this week by the American Palestine Committee, accusing Dayan of having personally ordered the bombing of the USS Liberty by Israeli forces during the 1967 war, reveals only the surface of an important story. Although Dayan in fact did knowingly order the

attack on the Liberty, the background is this: the Liberty, a U.S. intelligence-gathering vessel, had learned that Dayan had just ordered the activation of Israeli nuclear weapons and had issued preliminary instructions targeting Cairo, the Aswan Dam, and Egyptian troop concentrations for atomic attack. The attack on the Liberty was meant to eliminate evidence of this plan — but it did not succeed, and such records exist.

In Israel, at present, the Dayan forces have made a fool of Prime Minister Menachem Begin. Begin, who is by no means of the Dayan circle, has been sucked into playing Dayan's game and has been led to believe his

Anwar Sadat: Israeli Agent

While presuming to be a defender of the Egyptian nation against "Zionism," Egyptian President Anwar Sadat has been a pliant tool of exactly those same New York-based banking interests that control Moshe Dayan and a significant related wing of Israeli politics and military intelligence.

Sadat's earliest claim to fame was the contact man between the Nasser-led "Free Officers" and the Muslim Brotherhood, an organization to which Sadat himself belonged in the post-World War II period in which the Brotherhood increasingly became a repository for the operatives of the Otto Skorzeny-controlled Nazi intelligence services. Sadat was the most pro-terrorist member of the "Free Officers," in factional distinction to the "industrial capitalist"-oriented faction around Nasser himself.

In the early 1950s, in his book *Revolt on the Nile*, Sadat longingly eulogized Adolf Hitler.

Serving in the 1950s to late 1960s period in an "advisory" capacity to Nasser for many issues — being, for example, a prime exponent of the disastrous Yemen operation which strategically wrecked Egyptian capabilities — Sadat was chosen by U.S.-linked Egyptian military-intelligence as Nasser's most likely successor, a choice which was foisted on the demoralized Nasser.

Since that time, Sadat has opened the door wide to the Rockefeller-Lazard-controlled International Monetary Fund. His "Open Door" policy has opened Egypt only to foreign speculative banking arrangements and has left the country in disastrous economic shape.

Sadat has opened Egyptian intelligence wide to U.S. National Security Council penetration while stripping his country's military defense capabilities bare through his Kissinger-ordered anti-Soviet policies.

By his conspiratorial collusion with Kissinger, Dayan, and corrupt Saudi Arabian networks in 1973, Sadat helped coordinate the 1973 Arab-Israeli war and ensuing oil hoax. The astronomical rise in the price of oil has been used to factional advantage by Chase, Lazard, and allied New York banking interests to impose Eurodollar and related financial bubble swindles on the world economic system.

The past two years' Sadat dossier exposes his return with those New York-linked circles who tightly control him.

* Signs Kissinger-orchestrated Sinai Two agreement in September, 1975, activating the genocidal war in Lebanon.

* In March 1976, holds meetings with David Rockefeller, who conveys to him Israeli Defense Minister Shimon Peres' promise not to move militarily against Sadat if he collaborates with U.S.-Israeli networks. Sadat receives promise of \$250 million loan in return for playing the game.

* In late 1976, Sadat works out austerity measures with the IMF, holds early 1977 meetings with Edward Levi, ex-U.S. Attorney General and 1940s defender of the Standard Oil-I.G. Farben cartel, and J. Paul Austin, head of Coca Cola and key Carter-controller on the Trilateral Commission. Soon after, Sadat announces imposition of food subsidy cutbacks, triggers major national riots, and follows this up with sweeping internal reorganization of domestic security forces, large-scale crackdown against the Egyptian left, and barely covert alliance with Egyptian right-wing forces funded by private Rockefeller-connected Saudi networks.

* In mid-May 1977, Sadat plans invasion of Libya. Consults to this end with New York Senator Jacob Javits, "the Senator from Chase Manhattan," who informs Sadat in a mid-July visit to Egypt, that Lazard Freres has declared "Open Season" against the Organization of Petroleum Exporting Countries (OPEC). The Javits meeting follows closely on heels of visit to Egypt by Kamal Adham, adviser to Saudi King Khaled and prime architect of Rockefeller-linked Saudi-Egypt axis formed during and after 1973 war. In mid-July, Sadat orders invasion of Libya, key moment in Lazard's "Bust OPEC" strategy.

* In early August 1977, Sadat secretly meets with Austin again, days before Vance arrival in Egypt. On Vance's arrival, Sadat calls for "working group" proposal, destabilizing various Arab, European, and U.S. schemes for an overall peace accord.

own propaganda about the Israeli position. This has happened despite Begin's reputation for being a shrewd politician, and despite important feelers by Begin toward the Soviet bloc. But Begin, through Dayan's influence, has been misled into believing that the Eastern European countries would refrain from intervention if a new Middle East conflict should erupt — a dangerous misperception, and one that makes Israeli brinkmanship over Lebanon an exceedingly dangerous gamble.

Throughout the years, Dayan has personally coordinated an intelligence war against opponents of the Dayan faction within the U.S. military and intelligence community. According to informed sources, a large number of U.S. agents have been arrested and "executed" on orders from Dayan, in coordination with the pro-Israeli Pentagon and CIA network in Washington.

The Enemy

The extent of the alliance between the Dayan forces and Sadat's clique underlines the fact that the primary

enemy of both Arab and Israeli peace forces are the financiers behind the Dayan-Sadat pact. The necessary measures to meet the conspiracy involve striking at the source of the threat, which can be done chiefly by urgent measures to cement a pro-industrial growth, pro-energy development alliance between the Arabs, Western Europe, and the United States, including efforts to develop and industrialize the Middle East in preparation for the post-petroleum era.

This urgently requires the use of Arab surplus funds internationally for capital formation and investment in heavy industry, with a view toward Third World development projects — including Egypt.

It is this — and only this — approach that can provide the framework for a real settlement of the Arab-Israeli crisis, including a policy of vast U.S. and European credits to rebuild Lebanon, to finance the development of a West Bank Palestinian state, and to provide for the economic security and development of Israel. In addition, the urgent task of rebuilding shattered Egypt, for which daring plans and project designs already exist, must be part of an overall Middle East solution.

Dayan, Carter Didn't Meet Eye To Eye

For days prior to the arrival of the Israeli Foreign Minister Moshe Dayan in the United States, the press unanimously predicted "a fundamental confrontation" between Dayan and the Carter Administration. Based on Dayan's statement after his talks with Jimmy Carter that "We didn't see eye to eye," this is in fact what happened.

The crux of the problem is Dayan's proposed "peace plan." The plan calls for "Palestinian autonomy" in a West Bank which remains under military occupation of Israeli troops, but politically integrated with Jordan. This plan has been vehemently rejected by all Arab states in the region and the Palestine Liberation Organization who are agreed on the establishment of a sovereign Palestinian state on the West Bank with PLO the predominant government force.

Dayan's plan is part of a broader operation — by his Chase Manhattan-Lazard Freres controllers to use Israel to back Saudi Arabia and other oil-rich Arab nations into a Mideast war with an oil crisis and a jackup of oil prices to \$25 a barrel as the intended result.

Dayan's purpose in Washington is to insure that the Carter Administration does not make good on any accommodations to the Arabs towards a peace settlement, and that it drops its tendency to link up with anti-monetarist forces who favor a Mideast peace based on development.

In his Washington press conference, Dayan categorically rejected the possibility of the creation of an independent Palestinian state on the West Bank and a return to Israel's 1967 borders. He also repeated his refusal to negotiate with the PLO at a reconvened Geneva Conference. Belgian officials report that while in Brussels, Dayan stated that peace is only "theoretically

possible," contingent on separate peace agreements worked out with each Arab state one by one, with Egypt first on the list. Dayan has also called for the establishment of a U.S. naval base in Haifa for the Sixth Fleet. Dayan added that he would welcome the introduction of U.S. troops in Israel in the event that the USSR becomes directly involved in a new Middle East conflict.

Help from his Friends

Within the United States, Dayan is getting backup from the Jewish Lobby — also run by Dayan's controllers — and the Senate Foreign Relations Committee, and the CIA Director Stansfield Turner, National Security Council chief Zbigniew Brzezinski, and Vice President Walter Mondale. The latter three are all supporters of the Lazard-Chase operation to bust up OPEC and met with Dayan during his stay in Washington.

The Jewish Lobby is to act as a major blackmailing force against the Carter Administration. According to a top official of the lobby, lobby leaders like Senator Jacob Javits (R-N.Y.) and Rabbi Alexander Schindler will personally pressure Carter to go along with the Dayan plan and will organize the press and public opinion against Carter if he does not.

Meanwhile, in the Senate Foreign Relations Committee, Senator Stone (D-Fla.) declared his support for the proposal of Secretary of State for the Near East Alfred Atherton for the U.S. to repair Egypt's Soviet-built MIG fighter planes. Stone said that Dayan has "no objection" to the proposed rearming of Egypt.

Two days earlier, Stone and Committee Chairman Senator John Sparkman attacked Carter for being too pro-PLO. Stone also suggested that if the plan to rebuild Sadat's air force is not sufficient, then perhaps Egypt should consider buying new warplanes from the U.S.

Europeans Move Against Dayan

France, Belgium and West Germany are now coordinating action to prepare a new resolution to be introduced at the United Nations Security Council in support of Palestinian rights. "This scared the shit out of Dayan" when he was informed of this development by the Belgian Foreign Minister in Brussels last week, reported a former Israeli parliamentarian.

Rather than veto such a resolution, the U.S. is expected to abstain from voting altogether in order to facilitate its passage without igniting a crisis between the U.S. and Israel. The French, who are leading the European efforts to intervene in the Middle East, are in the forefront of action to stop Dayan. *France Soir* featured major exposés on Dayan's secret meetings in Paris last week with Egyptian and Jordanian officials.

Israel Makes Military Grab For Southern Lebanon

After five days of ferocious combat in southern Lebanon including Israeli land and air incursions, Israeli Prime Minister Menachem Begin last week offered the Lebanese government a truce. Begin's terms are Israel's participation in settling the crisis in southern Lebanon — a demand which is juridically outside of Israel's sovereign interests.

Just before the eruption of fighting — which is directly under the orchestration of Foreign Minister Moshe Dayan — the Palestine Liberation Organization (PLO), Syria, and the government of Lebanon were on the verge of settling the southern Lebanese crisis through deployment of special Lebanese forces into the region in accordance with the painstakingly negotiated Chtaura Accords. Under the conditions of the accords, both the Palestinians and their rival right-wing Christians all but agreed to peacefully withdraw. The Israeli intervention "broke" the accords, noted an Arab diplomat, when they were "awfully close" to finally being instituted. The big danger now facing the Mideast is whether the 30,000 Syrian troops occupying Lebanon will intervene on the side of the Palestinians.

Target Syria

According to Britain's *Guardian*, the Israelis hope to call Syria's bluff in Lebanon and in so doing, "humiliate" Syrian President Assad into doing nothing to defend the PLO. Such an operation is designed to discredit the Syrians in the eyes of the PLO, and break the Syrian-PLO alliance. This would leave the PLO more vulnerable, in Dayan's calculations, to being sold out by the Arab states in a Mideast settlement.

Both Egypt and Saudi Arabia, says the *Guardian* are not "unhappy" about Assad's precarious position, noting that Assad may "suffer another blow to his personal prestige" at home. Assad has been heatedly opposed to both Egypt and Saudi Arabia's willingness to go along with a Dayan-dictated sellout of the PLO. Alone, Syria could hardly confront the mighty Israeli military machine. Assad has ordered a near press blackout of the Lebanese situation for fear that Syria's lack of action may provoke unrest against his none-too-stable regime.

At the same time, Dayan hopes that the southern Lebanese fighting will physically weaken the PLO forcing them to accept his formula for a Mideast peace. In

this connection, the violence in the south has also disrupted the crucial Central Council meeting of the PLO where a strategy was to be set for the ongoing United Nations General Assembly. The outcome of the Central Council meetings in Damascus has been eagerly awaited by Europe.

Israeli Ultimatum

Lebanese right-wing warlord, Camille Chamoun, arrived in Damascus shortly after the outbreak of fighting, acting, according to British sources, as a "plenipotentiary" of the Israeli government. Chamoun informed Syria that if the large Palestinian population is not cleared out of the south and taken to Syria "where they came from," Israel will intensify its escalation. Such an ultimatum underscores Israel's intentions of virtually annexing the territory south of the Latani river — a process clandestinely begun through the "Good Fences Policy" during the Lebanese war.

Israeli military incursions are aimed at breaking the Palestinian supply lines through the eastern route from the Bekaa Valley and to the west by sea through Tyre, which is presently blockaded by Israeli gunboats. While Israeli troops are well inside the border, Israeli artillery shells are being lobbed as far as the Latani. According to the Cuban newsservice, *Prensa Latina*, Israel bombed a dam on the Latani knocking out its power generating station and half of Lebanon's electricity and creating near panic in the country.

The Israeli plan is to beat out of the beleaguered Lebanese government an agreement to set up a buffer zone on the Lebanese-Israeli border in which the Israeli controlled Falangists would remain. The Lebanese government has officially condemned the Israeli invasion, and has called on Washington to stop the Israelis. To date, the only response from the White House has been to diplomatically act as a middleman between Jerusalem and Damascus, in a capacity strikingly similar to the role Washington played during the long and bloody Lebanese war.

Israel, meanwhile, is intent upon violently bullying its way into the next round of talks which produced the nearly instituted Chtaura Accords — after having insured its solid control over its new piece of Arab real estate in southern Lebanon.

— Judy Wyer

The Struggle For Indian Freedom: A New Program

Part 2

This program was submitted as a contribution to the programmatic discussions of the Committee for Democratic Action (CDA), a non-partisan forum recently organized in India by leaders of major parties and concerned independents. New Wave, a weekly in India, reprinted the program in full to fuel discussion and debate now occurring in all major parties and organizations in India.

This month, the Janata government of India will complete its first six months of rule. Many political forces, from industrialists to pro-growth leftist spokesmen, who viewed the defeat of the Gandhi state of emergency government last March as a victory for economic and political progress, have been deeply disappointed by the glaring failures of the Janata mandate. Economically, the country is spiralling toward deep trouble—prices in all essential consumer goods are skyrocketing as landlords and hoarders have taken control of state governments. In what is perhaps the greatest failure of the government, the pledge by the Janata government to revoke the Maintenance of Internal Security Act (MISA), the ruling used to implement the repression and arrests of the emergency period, has been “forgotten”. It is the greatest irony that Indira Gandhi’s recent statement to Time Magazine in fact carries the most accurate assessment of the Janata rule: “I would not use the word dictatorship because it has been bandied too much. But if my rule was a dictatorship, than this is a dictatorship.”

This is the political setting in which the U.S. Labor Party’s Indian development program, Part II of which is reprinted below, has been put forward. The program, which appeared in its first publication as “The Struggle for Indian Freedom—A Program” develops the issues a committed pro-growth government must answer directly. It portrays Indian history from the standpoint of the real contribution to progress made by India’s first Prime Minister Jawaharlal Nehru and presents the appropriate economic and political direction for his followers today, if they are to deal with the Janata misrule. The USLP program has been circulated through various political parties, to intellectuals to business groups which are willing and ready to pursue the battle for Indian development—This battle involves immediately reversing the government’s capitulation to World Bank demands that India’s state sector be opened up randomly to foreign companies, and that agriculture, the Achilles’ heel of the economy, be the central focus for labor-intensive low-growth programs.

PART II of the program follows. Part I appeared in EIR, No. 38, Sept. 20, 1977.

"The crisis in industry spread to the land and became a permanent crisis in agriculture. Holdings became smaller and smaller and fragmentation proceeded to an absurd and fantastic degree. The burden of agricultural debt grew and ownership of land often passed to moneylenders. The number of landless laborers increased by the million."

JAWAHARLAL NEHRU

III. The Modernization of Agriculture

Within 10-15 years India can produce over half a billion tons of grain. Within five years or less, agricultural production can be doubled. In a slightly longer period with further expansion of irrigation and fertilizer use, we can sow the entire 70 million hectares of the Indo-Gangetic region's fertile soil with two or three crops a year — at 3 tons a hectare this itself would yield over 400 million tons of grain, four times our current levels of national production!

The key to our present and future agricultural abundance lies in the Ganges Plain, with its fertile soil, plentiful water, and huge labor force — all untapped resources that give us the immediate potential to leap out of our semi-stagnant condition into the 20th century.

The master project for this region around which we will mobilize our population consists of infrastructural and construction works and agro-industrial complexes centered around super-power plants for water-pumping, industry and consumer use. The agricultural aspects of our project consist of large scale water control, storage and irrigation projects, scientifically distributed water systems, large increases in fertilizer use, and the application of high-yield varieties of grain.

We propose the following concrete measures to give every sector of our agricultural population, from the impoverished peasant to our most advanced agronomists and scientists, a productive job in our national development effort:

1) Construct dams on the headwaters of all the tributaries of the Ganges. This will trap in reservoirs the

maximum amount of the monsoon flood waters that our geography permits, relieving flooding, providing power, and vastly increasing river flows in the dry season.

2) Utilize the natural aquifers to store 60 billion cubic meters or more for dry season use. For the flat regions of the plain where dams are impractical, this will tap the extensive network of underground aquifers as natural reservoirs. The method, as outlined by American hydrologist Robert Revelle, is to pump river water into the aquifers during the monsoon, and pump it back into the river or irrigation canals in the dry season. This can irrigate 20 million hectares in the dry season and greatly relieve flooding in the monsoon.

3) Irrigate the Chambal River Basin by a diversion canal originating at Allahabad. Water will be pumped several hundred meters uphill into the Deccan, and then channeled to run downhill in an arc around the Chambal watershed. 60 billion cubic meters will irrigate a large area.

4) Build a second diversion canal at Patna to irrigate 20 million hectares in Rajasthan. About 60 billion cubic meters can be pumped from Patna into the Chambal canal and extended to Rajasthan.

5) Build a third diversion canal along the lines of the existing plans for a link canal from the Ganges basin south connecting all the southern rivers into one system. This will permit double cropping and more reliable water in the totally rain-dependent southern states.

6) Use a minimum of 70 kg. of nitrogen fertilizer per hectare for wheat and rice, building up to 85-100, and the corresponding amounts of potassium and phosphates. This will entail 10 mt of nitrogen, 5 mt of phosphate and 3 mt of potassium within five years and 14 mt, 7 mt and 4 mt respectively within ten years, for the Ganges, plus

more for the south.

7) Reorganize and rationalize the irrigation grid and water delivery system. The existing anachronistic system of water distribution helps nobody and must be replaced by a computer-run region-wide system based on schedules for maximizing benefits of the high-yield varieties employed.

8) Extend irrigation canals to the entirety of the 70 million hectares of the region.

9) Implement a crash research and development program on new varieties and crops. This has the potential to permit three and more crops a year, vary diet greatly, fight pests, and phase seasonal work loads. A revolutionized agricultural technology can revolutionize production in this field.

10) Establish regional cooperation and development with neighboring states. Regulating Bangladesh's flood-drought vise by reducing Ganges monsoon flow, damming the Brahmaputra in southern Tibet, and releasing more water in the dry season, through trilateral India-China-Bangladesh cooperation is the model for such programs. Agreements with Nepal for headwaters dams will provide Nepal with electricity, India with water control and access. Mutual development of the Indus watershed with Pakistan is the basis for a lasting peace with that country. A major channel-deepening of the Hooghly River in India, already under construction, is also required to take off the Ganges flood crest to prevent Bangladesh flooding. Diversion canals to reroute Brahmaputra water into the Ganges and then into diversion canals to the south or for storage for dry season use in Bangladesh, will provide further water.

Carrying out this program, especially during the early years, will require a total mobilization of domestic industrial resources and foreign assistance. We cannot accumulate the total resources domestically without a level of austerity that would grind out people down and vitiate the purpose of the program. Our immediate need is to give our people a breathing space to get their feet on the ground and develop as human beings. For this reason, the foreign assistance component for this program will be substantial. Even after gearing up our hardly used construction equipment industry, we will need to import thousands of pieces of earth-moving equipment. Our truck-building capacity is pitifully below needs and substantial imports will be needed for years. The same applies to the hundreds of thousands of tractors we will need. There is nothing wrong in this — it is the very means to ensure real self-sufficiency at the earliest moment.

A New Social Structure

Even before our Ganges project yields its first fruits, we can greatly increase productivity of our agriculture, increasing outputs 40-50 percent in 2-3 years, by merely harnessing the inputs already available — 45 hectares of irrigated land, 4 million tons of fertilizer, extensive use of high-yield varieties and a large extension program.

Here our constraints to date are not physical, but social and political. The World Bank and various newly discovered advocates of native economics all claim in unison that our country must continue to export its industrial goods because "there is not internal demand."

We say our demand is in our countryside, stifled and suffocated by the inheritors of the zamindari system, the money-lenders, and the new intermediaries. India can end this vicious cycle of scarcity by the stroke of decisive political actions in our march toward progress. We repudiate those who with quavering voices tell us to find fulfillment in bee-farming, khadi weaving, and cotton spinning. We repudiate the "basic needs" approach to our country as a direct conspiracy to enforce backwardness on our people.

We propose below the measures that will in one stroke uproot the social structure that today governs, the structure that utilizes casteism and manipulation of superstition to enforce backwardness on our people.

The feudal reactionary landlords, the monetarist quick money businessmen and the International Monetary Fund-World Bank have worked hand-in-hand to enforce upon our people the *politics of scarcity* for 30 years. One asks why so many land reform proposals, so many land-ceiling acts, so many big business investigations, have been shelved before the ink has dried on the paper? For 30 years of independence, the pro-growth followers of Nehru have fought without a political base for their programs. Lip-service to rural and industrial reform has barely disguised the black money rackets, the speculative hoarding operations that are today the institutional cancer eating into most of India's political parties. The Congress backbone and the Janata structure in this sense share the same puppet status. If the Congress governments abolished the zamindari system, the Maharajas, that is, the top layer of the British East India company's intermediaries, the second layer of these forces, the jotedars and others were let scotfree. Today in the countryside, they reign supreme, resisting and evading taxation, fixing prices, and hoarding what precious little grain there is. In periods of harvest abundance, our people face drastic artificially defined scarcities.

Similarly, our industrial policies are the mockery of Indian planning, turning our planners into the impotent chaprassis for the big ministers. The consumption levels of our people, the need for an ever more developed labor force, has motivated little in the Birlas and their allies. Goods and services are specifically produced for a small luxury market, or better still for export, to turn India into a quick money "Brazilian miracle." The anti-growth monetarist perspective of the Birla money, spreading into the money-lending and rural financial structure is the foundation of the unity of interest between business and the feudal lords in India.

We propose the ruthless dismantling of this oppressive structure that binds us to foreign enslavement. The policies of abundance, above all to make us self-sufficient in food production, necessitate the following immediate measures:

1) Land to the tiller. Abolition of landlordism and ruthless enforcement of the land redistribution policies by both the central and state governments. All land-holdings over 10 hectares (more in arid regions) not currently worked by the cultivator, to be distributed to the landless and poor. Scrupulous review of land laws and establishment of land ceilings at a minimum of 5 hectares and a maximum of 15 hectares.

2) Cooperative farming and state farming to form the core of both economic and educational efforts in agricultural regions. Both forms of organization, as has been experienced in the Kerala case, attack directly the problems of atomized, casteized, persecuted peasantry and immediately replace his small plot conception with a larger understanding of the meaning of his activities in terms of national development. At the farm level, cooperative farming in particular, provides the small farmer with critical inputs to increase his production and is the germ of the worker-peasant committees that at the base level deliberate the planning process.

3) Full-scale mechanization at rates made possible by overall development effort. Optimal utilization of fertilizers and high-yield varieties of seeds, with government subsidies to small farmers.

4) Rural debt moratoria effective immediately. The state will take over full responsibility for providing adequate credit to rural areas, for both production and consumption needs as a key function of a new banking structure, with the purpose of freeing the rural masses, no matter what their land or collateral status be, of going to the money-lender. The economic evils of money-lending will be eradicated immediately, and the social relationships defined by the money-lending will soon atrophy and disappear. The state will absorb the minimal losses and defaults in the short-term for this longer-term gain.

5) State take-over of the grain trade, purchasing and selling of essential commodities, and determining the price level of all goods and services for rural and urban areas. Rigorous implementation of these measures will break the back of the rural black market and speculative hoarding activities. In areas such as the Punjab, where viable medium-sized private holdings exist, the state will be the major business partner in sales, credit, and improvement of regional development.

These are the measures that ensure that the Planning Commission, for the first time, operates with a mass base. These are also the measures that show up in the most stark fashion the incompetence and limitations of our planners and five-year plans. Political strategy and planning are inseparable.

"Ever since the demand for the development of modern industry arose in India we have been told that India is pre-eminently an agricultural country and it is in her interest to stick to agriculture. Industrial development may upset the balance and prove harmful to her main business — agriculture. The solicitude which British industrialists and economists have shown for the Indian peasant has been truly gratifying. In view of this, as well as the tender care lavished upon him by the British government...in India, one can only conclude that some all powerful and malign fate, some supernatural agency, has countered their intentions and measures and made the peasant one of the poorest and miserable beings on earth." JAWAHARLAL NEHRU

IV. Steel and Heavy Industry

Our steel-heavy industry sector has three tasks: to provide the inputs to modernize agriculture; to create the consumer industries to provide the means to rapidly

elevate the material condition of our labor power to a high level; and to turn out the material for a monumental construction boom which will see built hundreds of new cities, tens of millions of housing units, and thousands of miles of roads and railroads. To accomplish these tasks it will need as well to supply its own machine tools, capital goods, etc. on an expanding basis, along with an increasing component of its power machinery needs.

To achieve these goals, our steel industry must be producing 50 million tons a year by 1985, and 100 million by 1990. We can turn out 15 million tons by 1979 if we will utilize to the full our existing and soon-to-be-onstream capacities, a large portion of which is still not commissioned due to incompetence, bottlenecks, and statistical deception. Annual rates of growth of 20-25 percent until 1985, and 15 percent thereafter in steel production are the sine qua non of our program. These goals are fully realizable with a total mobilization of resources and the assistance of the International Development Bank. That same total effort can move our production of heavy machinery ahead at the necessary annual growth rate of 15-20 percent to meet the needs of machinery, new factories, power equipment, fertilizer, transportation and machine tools.

Our first task entails: a program of tractor and agricultural machinery production to totally mechanize Indian agriculture by the year 2000, and to tractorize the countryside by 1985; the production of 20-25 million tons of nitrogen, phosphate and potassium fertilizers by 1985; the rapid expansion of tube well equipment production for complete tube well installation in all feasible areas by 1982; and running our ridiculously underutilized earth-moving equipment plants at 100 percent capacity while tripling that capacity to encompass the rural infrastructure development we need.

Our second task is the answer to the murderous babblings of India's new-found proponents of regression to the backward villages to "meet the basic needs" of our population by cottage industries, khadi production, and nauseum. The mass production of agriculture-tied light industries — textiles, food processing, flour milling, vanaspati, sugar reining, lumber, jute, leather, etc. plants—to be located in the rural areas, will be the first stage in mass-producing the consumer goods needed to raise the productivity of our rural labor power, while providing needed rural employment, and will be an essential step in bringing our backward village inhabitants into the industrial sector. The emplacement of light industry consumer goods factories for production of household fixtures, labor-saving appliances and other items in the rural areas is the second stage in this program, and offers the prospect of a standard of living to our 400 million-strong rural population at a level they have never dreamed of.

Our third task is the refutation of the press-gang "food-for-work" rural construction slavery of the World Bank. We will refute it with the notion of mobilizing our people for the total transformation of both the countryside and our abysmal urban culture. Tens of millions of tons of steel, and stepped-up cement production to reach 50 million tons by 1982, will go for dams, irrigation canals, roads, railroads, diversion canals and floodlevies in the countryside, and for schools, houses, and urban infrastructure (sewage, water, utilities) in the

cities. Initial concessions to labor-intensivity will be made where appropriate *within* the context of the huge capital development projects defined, so that such work serves as the introduction of unskilled rural labor to technology and industrial skills. The improvement of transport is an urgent priority, demanding the accelerated production of rails, rolling stock, locomotives, trucks and coastal ships, the complete standardization of rairoad gauges, and massive road repair and building.

The much-argued question of the role of small industry is answered by this program: *small industries as adjuncts of the modernized sectors, are not only excellent sources of employment, but essential for the proper functioning of a modernizing economy.* When fostered in industries better performed by mass production or as the glorification of ruralism, they are entirely regressive and have no place in our program.

Our minimum program is for an overall growth rate of industry of 15 — 100 percent growth every five years. The faster this program consumes the full energies of our population, the sooner even this target can be exceeded. New industrial cities will sprout throughout the country, our existing slum-cities will be rebuilt, and an accelerating transfer of population from the countryside to the city will transform our peasantry into the largest working class in the world.

V. The Production of Power

India's power and energy sector must be wrenched from its "poor relation" status as the inadequate provider of power to a small industrial base, to the showpiece and driving engine of our entire development program. Energy production is the central task of global development from now into the 21st century, for which the deployment of fusion reactors around the world beginning in the late 1980's will provide the basis for a new industrial revolution in all spheres of industry. The development of India's energy sector is the connection of our country to the world development program. At the same time, it is the means to pull the mass of population from the 18th century into the 21st century during the next decade. Energy production *per capita* for the entire world must be 5-10 times what it presently is for the *American* population by the year 2000. We must chart now a course for India consistent with attaining the goal on schedule.

Our power program must be geared to two goals: crash maximization of existing and near-term power capacity and emergency creation of new capacity for the 1980-85 period, and the broad swing to nuclear fission, plutonium breeder, and fission-fusion plants especially from 1982, as the preparation for the transition to the fusion mode which will accelerate after 1990. Default of the first spells disaster for every aspect of our agricultural and industrial program. Default of the second will limit our ability to make the transition and preclude the rates of energy increase our economy will demand in the coming two decades.

Energy production is not just another industrial sector defines the basis for our new cities, and establishes the focus for our entire science policy. Every major new city

to be constructed will be built around a super-power plant complex, and every such city will be a scientific nexus with universities, technical schools and compatible industrial and research facilities. Such centers will then serve as foci for the most advanced levels of scientific accomplishment of our scientists, technicians and workers, from which higher technological competence will radiate into the population as a whole.

Because of the long lead time to build a power plant, we need the following emergency policies:

1) Emergency measures to increase utilization rate of existing installed capacity: schedule more off-peak power use, round-the-clock race to ease bottlenecks, especially in our nuclear plants, complete the nationwide grid, etc.; and a crash construction program to bring on-line construction work in progress to completion way ahead of schedules.

2) Immediate planning of dozens of new power stations in the 1200-2000 MW range. Our full capacity to manufacture coal-fired thermal plants should be used, but beyond that capacity, we should emphasize nuclear fission plants. Our indigenous nuclear capacity should be used to the full, but International Development Bank-financed import of fission and fission-fusion plants must be a centerpiece of our program. We cannot afford to wait ten to twenty years to generate "self-reliantly" the power we need in five to ten years, at the expense of our necessary rate of development and elevation of our people. Our uranium will be shortly supplemented with plutonium from reprocessing plants and fast breeder reactors.

The conception of the new, increasingly nuclear, power complexes should be modeled in part on the regrettably shelved 1969 prospectus produced by the Department of Atomic Energy, Bombay for two 1200 MW nuclear generating stations in Rajasthan and western Uttar Pradesh to function as agro-industrial complexes. In Uttar Pradesh, the plant was to fully irrigate 1.5 million hectares of land year-round, permitting over 13 million tons of grain production, an eight-fold increase over the present, and 11 million tons of sugar cane. It was also to power the fertilizer plant required for the region, and an aluminum plant. In Rajasthan, it was to power a desalination plant and a fertilizer plant. Such a project, combined with our proposed diversion canal to Rajasthan, could irrigate 15-20 million hectares. At modest yields and total double cropping, this area *alone* could produce 90-120 million tons of grain per year, equivalent to our entire crop now.

3) Future hydroelectric generation, which will be substantial from the new dams, will be an important addition to our power grid, but location and variability of power levels restricts this power source's ability to serve as a focus for development centers. New thermal plants must be designed with a view to the almost perfected MHD (magnetohydrodynamics) technology developed by the Soviet Union for almost pollution-free burning of coal at much higher temperatures and doubled thermal

efficiencies. Such centers will function as will nuclear centers for high technology diffusion. If begun immediately, this program will be able to supply 50,000 MW by 1982 and 100,000 MW by 1985, capacities which will be barely enough for our needs. We can tolerate no less.

VI. CREDIT AND TAXATION POLICIES

Much nonsense has been written about the budget, deficit financing, inflation and credit. No program which limits itself to mobilizing productive resources that actually exist, and which includes provision for rapid expansion of food and consumer goods production and of employment, can be inflationary. The cause of our inflation has not been and is not now over-rapid increase of the so-called money supply, "deficit financing," of other such bogeymen. The cause of inflation is the "politics of scarcity" program that has distorted and limited our resource mobilization and utilization for two decades.

The inflation is caused by too-low rates of growth in most industries, bad agricultural production years, stagnant rural consumer demand, protected, hot-house private sector concerns with vast underutilization and high profit rake-offs, cast unemployment and under-employment, land speculation, commodity and food grains speculation, usury, exorbitant rents, and all other regressive features of our society that limit production and accumulation. In short, inflation is caused not by too much money, but by too little production. Austerity measures to restrict money to "cure" inflation only bring us recession and depression. The return of inflation in the last year correlates with the end of the recession, as un"cured" as ever.

Our budget, banking, credit and price policies are an abomination transplanted from the London School of Economics and World Bank geniuses who now have the world in the grip of chronic "stagflation;" this condition must be remedied immediately. The Government budget revenue account is absurd, with a patchwork of mainly regressive excise and sales taxes allocated higgledy-piggledy in current and development budget slots. The revenue budget must be consolidated and tax structure revamped. The excise tax structure must be abolished as a drag on production and a regressive tax hitting poor and lower income worst: it is passed along as part of *costs*; it must be replaced by a tax on corporate income. Income taxes for all incomes above a certain level, including rural incomes, must be instituted, with tax write-offs for farmers who re-invest profits in improving their farms. Public sector profits should rise by raising prices to a truer price, based on costs plus proper profit. These should be the bulk of Government income.

Expenditures must go to four categories: the direct

costs of Government (administration, defense, etc.), social services (health, education, science, etc.), maintenance of economic infrastructure (roads, etc.) and net capital formation of development. This last category is to be determined by the Planning Commission, based on estimates of total available capacity of the economy at each point in time. There is no requirement for the budget to "balance." Credit used by the Government strictly for real production is not inflationary.

The Planning Commission will calculate savings resources to be drawn on, savings and investment in the private sector, and remaining capacity in the rural and urban sectors to be mobilized. Credit extended to bring into production otherwise wasted resources becomes merely the means of payment needed to circulate the output of the ensuing production; far from being inflationary, it tends to be deflationary as increased production lowers prices, and as technological advances are brought into play. Finance is a tool of economic development, not a zero-sum game that must "balance" at the end of each frame, and only "causes" inflation when it is issued for non-productive purposes in a sluggish economy.

To operate the nation's credit operations, the 1969 Bank Nationalization must be completed, along with the founding of the National Bank of India. This bank will take over the operations of the RBI, SBI, and the rest of the nationalized banking and credit structure, including ICICI, etc. Its purpose is to unify planning and finance, and will be responsible to and closely monitored by the Planning Commission. It will be credit from the Bank that will finance the development of public and private sector expansion, and control how it is used. Its credits for industrial or agricultural production will be at 2 percent interest for administrative expenses, and spread over a long term. The creation of credit in excess of the economic surplus calculated for the present will be done by the Bank, in proportion to estimated increase thereof the following year. The Bank will also finance short-term accounts.

The Bank will facilitate policy against money-lending, by making available consumer credits at under 10 percent, payable over several years. Most will finance consumption by households of rising prosperity to increase circulation of consumer goods, but also encompassed are the poor who would otherwise turn to a money-lender and may be a bad risk; the risk to the Bank is more than outweighed by the gains of abolishing usury.

These reforms are integral to the required resource mobilization, rates of economic growth, and indeed to the entire prospect for self-sufficiency. They merely mirror the economic policies and bringing the accounting side into line to the ongoing economic activity being accounted.

New Wave Call To Defend Indian Science

The Aug. 28 issue of New Wave makes another major contribution to these programmatic efforts. The Committee For Democratic Action and in particular, New Wave issued a call for the defense of the Indian scientific establishment, led by the Center for Science and Industrial Research (CSIR). The major scientific institutions, under attack and on the verge of reorganization, represent the leading edge of India's 25-year-long effort for self-reliance, industrialization, and development. We reprint that call.

Defeat Janata's Anti-Science Conspiracy... Save CSIR

The anti-Nehru tirade, which is aimed at destroying the reconstruction of the national policy on the basis of democracy, secularism and socialism, gathered momentum at the three-day long Janata working committee meeting. The three decades of Congress rule was repeatedly denounced as 'Congress misrule'. Prime Minister Morarji Desai, Defence Minister Jagjivan Ram, Petroleum and Chemicals Minister H.N. Bahuguna and a host of other former Congressmen who were closely associated with the formulation and execution of the policies quietly listened to the denunciation of the organisation they once belonged to.

These tirades, reminiscent of Hitler's fulminations, are by no means accidental. The forces which are totally opposed to building a modern India with a self-reliant modern economy based on the application of advanced science and technology, have captured power, thanks to the misdeeds of the Indira caucus.

It is also not accidental that in the midst of anti-industry and anti-science chorus, the government has decided to dismantle the research and development infrastructure of the nation which is a sine qua non of industrial and agricultural development. The Cabinet has decided to liquidate the CSIR under the pressure of multinational corporations and their Indian agents.

This decision was taken without consulting any of the national scientific organisations like the National Committee on Science and Technology, Indian Science Academy, Indian Academy of Sciences, Bangalore, and National Academy of Sciences, Allahabad. The governing body of CSIR and Directors of the various prestigious laboratories were totally ignored. The government decision is also in violation of the recommendations of the various committees and commissions, including the Administrative Reforms Commission of which Morarji Desai was the chairman.

A number of members of parliament, including R.K. Mishra, Saugata Roy, P.N. Sayeed, Ahsan Jafri, K.D. Rajan, Somjibhai Damor and M. K. Chandrashekar Murthy have strongly protested against the government decisions and asked for its reconsideration.

The CSIR was formed by a resolution of parliament. The only competent authority that can reverse the decision is again parliament. Naturally the haste shown

in taking the decision is inexplicable.

The decision to hand over the various laboratories to respective ministries will lead to a complete disorientation of the various interdisciplinary projects currently in hand. It is not the ministries but the public sector undertakings, including defence establishments and private sector industrialists, who use the scientific and technological achievements of the laboratories. They will be the worst sufferers.

Secondly, it will lead to large scale, brain drain and flight of talent from India to other countries. This process is bound to take place not only because of the disorientation in the sphere of scientific investigations but also because of the inspired propaganda against scientists and engineers which one can already see in a section of the mass media.

Wages of Sin

For cow dung age politicians, who cannot distinguish between the requirements of developing a modern society and the dictates of IMF and the World Bank and their native and foreign agents, the dismantling of the infrastructure of research and development is evidently of not much consequence. It is the upcoming generation, which is being asked to go to the countryside for building roads, and dams without mechanical aid, that will have to pay the price for the stupidities of the Janata conglomerate.

Second Attack

The dismantling of CSIR is only a prelude to the disbandment of atomic and space research establishments. Already a well calculated whisper campaign can be heard against these bodies. This reminds one of the campaign against the Oil and Natural Gas Commission in the early sixties, in which western oil cartels and their Indian agents played a decisive role. The result was that the oil exploration programme was pushed behind by a decade and but for the timely assistance of some progressive Arab regimes and the socialist countries, India's industrial wheel would have long ago ground to a halt.

It also reminds one of the well orchestrated campaign inspired by the oil cartels against the coal gas based energy and petrochemical industries in the sixties.

With the developing global conflict on the utilisation of fusion-fission energy, the U.S. administration and its two principal monetarist agencies, the World Bank and IMF, are undoubtedly behind the campaign against India's ambitious atomic and space research programme. Delay in these two vital fields is bound to place the country in an unprecedented crisis by the end of the century. Already not much space is left for Indian satellites; further delay will knock the country out of the space.

Stop This!

Only a nationwide protest against the anti-science, anti-technology philosophy of the Janata conglomerate

can reverse the neo colonialist designs against India's aspirations to become an industrial power with modern industry and agriculture. It is not a party or class issue. Every section of the Indian society, working class, intelligentsia, science-minded bureaucrats and forward looking industrialists in the first place, has to raise its voice of protest. If the Janata is allowed to get away with its backward philosophy it is only a matter of time, when the Planning Commission, which Indira Gandhi

has already incapacitated, would also be disbanded or turned into a department of the Ministry of Finance.

The entire developmental structure is under attack. The anti-industry and anti-science stance of the Janata, if not checked, will pave the way for neo-fascism in India. This is what the neo-colonialists want and are working for with the help of ignorant politicians, sold-out bureaucrats and the agents of multi-national corporations.

— Ganesh Shukla
Editor, *New Wave*

Colombia: When The Shock Treatment Doesn't Work

The successful mobilization of over five million Colombian workers September 14 in a 24-hour general strike against extreme austerity and military repression serves as a lesson in political economy for those who would try to indiscriminately impose the IMF and World Bank financial "shock treatment" on a mobilized working class.

COLOMBIA

Inside of 24 hours, President Alfonso Lopez Michelsen, faithful implementor of Wall Street's policy during most of his three years in office, turned himself into a lame duck. Lopez will serve the remaining months of his term as a figurehead, while an increasingly strong military presence in government confronts a mobilized working class fighting for its life.

In one blow, the successful strike politically destroyed the President and radically shifted the likely outcome of the February pre-elections which determine who will be the Liberal Party presidential candidate.

Julio Cesar Turbay, who until August looked like a shoo-in for the Liberal candidacy because of his strong pro-development program and his hold on important sections of the Liberal machine, virtually destroyed himself by going against the strike. Lopez's discreditation is a severe blow to Turbay as well.

Ex-President Carlos Lleras Restrepo, Turbay's opponent in the Liberal pre-candidate's race, is strengthened by Lopez's stumble. Lleras kept his own hands clean, while mildly criticizing the President's handling of labor, his allies in the Liberal Party egged on the President in his insane confrontationist posture. Lopez obliged, putting Lleras in the prime electoral position.

The Strike

With annual inflation running at 44 percent officially, accompanied by the collapse of hospital, school, sewage, water and other essential service systems, the Colombian worker had no choice but to join the communist-organized strike movement demanding a fifty percent wage increase, freeze on prices of food and essential services, and an end to "state of siege" laws. By mid-August, even the agent-run "democratic" union federations, CTC and UTC, were forced by pressure from their membership to support the strike.

At that point President Lopez Michelsen, to the cheerleading of the Lleras-linked Liberal Bogota dailies, *Tiempo* and *Espectador*, and most of the Liberal Party,

moved into an open confrontationist posture. Open redbaiting was backed by decrees prohibiting all public demonstrations, censorship of television and radio coverage of strike news, and the draconian Decree 2004 by which any striking worker could be jailed for up to 180 days.

Lopez's most provocative statement was his claim August 29 that workers had no "reason" to strike because the cost of living had dropped significantly for the month of July— an argument that even the planners of the liquidity squeeze and austerity regimen known as a "shock treatment" do not accept.

The Communist-led unionists were determined to accomplish a total shutdown as a show of force against Lopez's intransigence. According to all reports, they succeeded admirably. EIR correspondents on the scene in Bogota reported a 100 percent effective shutdown of the city. In most other major cities, the strike was 70 to 90 percent effective. Numerous peasant, student and professional organizations backed the strike as well.

By the early hours of the morning, Lopez had deployed 100,000 troops into the streets, who faced off against strike supporters out to stop buses and other public transportation from moving.

According to reliable reports, frightened troops were issued orders to shoot by an hysterical officer corps. The result was 20 dead and hundreds wounded. The Army has acknowledged that most of the casualties were women and children.

The strike as a whole remained highly disciplined and an undisputed success although Maoist and Trotskyist provocateur groups incited lumpen mobs to looting rampages in some neighborhoods of the capital.

The Paris-based *Le Monde* in its weekend edition ran a front-page story under the headline "A Warning in Colombia," recognizing the danger of the growing strength of the Communist Party (CP) of Colombia — as the only one in Latin America that really threatens Wall Street's power. "The left," they write, "harassed by the government and divided, has not known, up to this point, how to capitalize on the massive discontent.... But the 14th of September is a warning to the political layers in Colombia."

The CP continues to organize around the strike demands, making it very difficult for the agent-section of the labor movement to back down from their militant posture. Their reply to the co-optive proposal to invite them onto the corporatist National Council on Salaries has been to demand that the body — set up to get the unions to police themselves vis a vis wage increases — discuss all of the demands of the strike as agenda items.

The likelihood of another wave of strikes leading to a new general strike is quite high.

Lopez as a "Bordaberry"

The remaining months of Lopez's Administration will increasingly become the rule of the Colombian military acting behind Lopez's democratic facade, in a parody of Uruguay, where President Juan Bordaberry now fronts for a military junta.

Some would say the transition has already taken place. Reporter Carlos Gueron, writing in the Venezuelan newsweekly *Resumen*, notes that the long months of state of siege which Colombia has already endured "aren't very different from how things would have been if Lopez's title were 'general' instead of 'doctor'."

Generals Varon Valencia, Minister of Defense, and Camacho Leyva, Commander of the Armed Forces and named by the Communist Party as a coup plotter, have made it clear that they have no interest in a coup... since they no longer need one.

Speaking on national radio in a joint interview, General Varon Valencia declared that "the loyalty with which both police and military dealt with the strike situation is sufficient proof that the public can dispense with any fears that the military harbors desires for a coup." General Camacho Leyva defended the repressive measures as necessary and even "highly beneficial."

Lopez did not wait a day after the strike to give his thanks to these two. In a press statement, the President described the strike as "a small April 9 which was frustrated thanks to the support of the Armed Forces..." April 9 is a reference to the "Bogotano" — the 1948 uprising following the assassination of the populist Liberal leader Jorge Eliecer Gaitan — which led directly to ten years of Civil War, during which the military and police forces slaughtered 300,000 men, women and children in the name of "protecting the institutions."

The Aftermath

When the working class didn't back down September 14, most of the President's erstwhile supporters did, panic-stricken by the overwhelming demonstration of working-class muscle. Only *Tiempo* of Bogota is still

sticking to the hardline that all the newspapers manifested before the strike, attacking the "subversives" and effusively praising the military.

The rival Bogota Liberal paper, *Espectador*, reflecting the terror unleashed within ruling circles by the successful strike, acknowledges that the Lopez government and the Liberal Party as a whole took a real beating. Post-strike editorials have called for conciliation with labor, hinting that the government might consider bringing the Communist union federations into the National Salaries Council.

For the *Journal of Commerce*, U.S. conservative financial daily, the strike was a lesson in economics, teaching them that wages don't really cause inflation — at least not always. In a page one article on the September 20 edition, their correspondent wrote:

"Many — including foreign economic experts — argue that wage increases are not an important component of inflation in Colombia at present, that is due mainly to the enormous inflow of coffee dollars, that there is plenty of currency available for importing foodstuffs if excessive demand generates more shortages..."

The UNO Option

Since the major contenders in the upcoming Presidential election lack either the program or the credibility or both to deal with the crisis, the possibility of a victory for the Communist-led electoral coalition, UNO, is emerging. The CP's successful mobilization of almost five million workers in the national strike lays the basis for a UNO election victory.

The Partido Laboral Andino (PLAN), co-thinker organization of the U.S. Labor Party, has launched a campaign to turn the five million strikers into five million voters for the UNO coalition. The aim is to work with the UNO in educating the working class around a program which will extend the demands of the strike into a positive program for industrialization and rapid development of Colombia's productive resources.

Without the UNO's adoption of such a policy, Colombia could well find itself under effective military rule by next summer.

—L. Hecht

Jamaican CP Chief:

Stop Debt Payment To Halt IMF Coups

Jamaica's leading communist, Dr. Trevor Munroe, gave the entire Third World a lesson in clear strategic thinking Sept. 4 when he laid down two fundamentals of current political reality during a nation-wide radio address: 1) The Carter-Mondale Administration is ultimately responsible for fascist coup plots in the developing nations; 2) a minimal defense against these plots is a commitment to economic production over the payment of foreign obligations.

Reprinted below are selections from the address by

Munroe, Secretary General of the Workers Liberation League, as it appeared in Jamaica's Daily Gleaner Sept. 8.

Nine months ago the working people voted to defeat imperialism and the big man in our country in December, 1976.

Since then, many of us have become confused, have become worried and upset because the same imperialism we organised to fight against, the same class of big

people who we organized to fight against, the same forces the people defeated in December, 1976, these are the same forces who are now coming back in this country getting stronger and stronger, pressuring the poor people, pressuring the working people....

When basic necessities are hoarded by the big companies — that is imperialism. When prices keep going up and up because of devaluation — that is the pressure of imperialism acting through the international monetary fund, the IMF, that we are feeling. When working people are told that wage increases must be limited to \$10 per week it is because U.S. imperialism speaking through the IMF says it is so it must go.

Right now the working people are feeling the power of imperialism and the big man to hold the country up to ransom...

...Their 1976 strategy to oppress the Third World failed. So in 1977 they put Carter in power and Carter came up with a new plan to deceive and oppress Third World countries like Jamaica.

What is this plan? This plan has three parts:

1. The first part is the IMF.
2. The second part is total control of the newspapers and the media by imperialism and the big man.
3. The third part is to stir up the working people to march and demonstrate against socialism and the government.

This is the new plan of the Carter imperialists. Is this the plan Andrew Young came here a few weeks ago to put into operation?

First the imperialist acting through the IMF pressure the government to harm the working people. Then these very same imperialists turn around and organize so-called "concerned housewives" to demonstrate, not

against imperialism, not against the big companies who are hoarding, but against socialism and the government.

Then the next move of the imperialists and the big man is to run out the progressive journalists from the *Daily News* and *The Star*. So that they can say 10,000 people demonstrate against the government when it is only 200...

This is the strategy of Carter's imperialism, brothers and sisters. Unlike Ford and Nixon it is not based mainly on the CIA, although the CIA still plays a key role in it. It is based, on using the IMF to turn the working people against the government; using the newspapers to crush socialism and the true-hearted socialists in the government....

...There are people in the government who by their deeds are digging the ground and ploughing the soil for this plan to work....

Brothers and sister, these capitalist Ministers must be put under very very heavy manners by the Prime Minister now....

...What is the action that the working people can take to break down this plan of Carter? First of all, we must demand that the government renegotiate four clauses in the IMF agreement:

1. They must say no to more devaluation.
2. They must say no to the \$10.00 wage freeze.
3. They must say no to the cutback in the land policy and other social programmes.
4. They must insist that our foreign exchange be used to import food and raw materials first and then only after that to pay profits and royalties to foreign companies...

The government must also act now to take the *Gleaner*, *The Star* and *The Daily News* along with *RJR* out of the hands of their capitalist owners. These owners have turned the newspapers into propaganda sheets to play politics with the working people and to turn them against socialism and against the government...

\$5 Billion In Foreign Credits Per Year Must Go For Mexican Energy Expansion

The following is the introduction to the Mexican Labor Party program for industrial development of Mexico. The industrial program, now being prepared by the party's research and development specialists, will complete the project launched earlier this year with the publication of the PLM's "basic agricultural plan" which is designed to boost Mexican agricultural production six-fold in the next five years.

Mexico: Energy Pioneer for the Third World

There is no place in the world where International Monetary Fund's austerity restrictions are more patently criminal than in Mexico. It is a country with enormous oil reserves; there is little doubt that the 60 billion barrel reserves estimated by the Mexican

national oil company, PEMEX, is a minimum, placing Mexico in the same league as the major Arab oil producers. Its uranium resources are large and barely tapped. Its economy, only beginning to be threatened by nine-month-old IMF restrictions, is one of the most industrialized of the Third World and is poised to take advantage of the extraordinary infrastructure construction achievements of the preceding Echeverria government. Within its burgeoning population of over 60 million people, there are significant skilled labor resources particularly in the petroleum sector.

Any competent strategy for Mexican development must take advantage of the country's remarkable energy resources as the basis for a surge of production and economic development sufficient to bring Mexico into the

advanced industrial sector *within a generation*. Instead of the current \$1.5 billion in foreign credits invested in PEMEX, a minimum of \$3.0 billion must be pumped in annually. At least \$2 billion more must be earmarked for nuclear energy development and construction of electricity distribution grids. For just the bare bones development of Mexico's energy sources in the next five-year period, there must be \$5.0 billion per year in long-term, low-interest foreign credits.

This represents about one-sixth of the \$30 billion per year it has been estimated is necessary for Third World energy development, as part of a \$100 billion capital flow coordinated through the International Development Bank proposed by U.S. Labor Party Chairman Lyndon LaRouche.

There is no better investment for advanced sector forces with an eye to capital development. In the context of a temporary freezing of current foreign debt payments, the increase in Mexican oil exports will finance a huge return flow of capital goods imports for extending Mexican agriculture, rebuilding its cities, and restarting its industrial production, particularly steel. Over the intermediate to long term — that is, 15-20 years — the surge in agricultural and industrial output will so outstrip debt payment obligations (those frozen, as well as those newly contracted) as to make debt payment an insignificant budgetary item.

With the immediate opportunity to satisfy Mexico's creditors *and* its development needs, who can tolerate the IMF's presence in Mexico one day longer? Who can stand by while the oil is developed only for payment of contracted debt and the rest of the economy is ripped apart, while IMF import restrictions threaten even PEMEX's expansion, while the second stage of the giant Las Truchas steel complex is scrapped and every advanced center of production in the country, public or private, is attacked for being "too capital intensive"?

It is this prospect for growth which also uniquely constitutes the solution to Mexico's widespread unemployment problem and export of "illegal aliens." The debate over Mexican "alien workers" in the U.S. currently centers on two totally unacceptable alternatives: the Carter Administration's police-state approach within the U.S., which is combined with labor-intensive rural work programs in Mexico, versus continued rights for alleged alien Mexican workers to perform menial jobs in the U.S., combined with the same labor intensive rural work programs in Mexico.

The expansion of Mexico's energy production and subsequent industrial production, with a labor force trained in skilled, productive jobs in the U.S., as much as U.S. expanded production will allow, is the only way out. Those members of the U.S. Congress now formulating "Marshall Plan" aid packages for Mexico to deal with the illegal aliens problem "at its root" have before them the opportunity to elaborate exactly this kind of program, with the willing collaboration of nationalist forces in Mexico.

What Is Needed and What Will It Cost?

The guiding principle behind the development of Mexico's oil resources is to pump it out as fast as possible within the parameters defined by sound drilling prac-

tices. Current plans being jeopardized by the IMF restrictions would increase crude production to 2.2 million barrels per day (bpd) by 1982. A minimum target should be 4 to 5 million bpd, twice the current Venezuelan production and close to Iranian output. As Mexican nationalists properly insist, Mexico must strive to refine and process as much of this oil as possible in its own petrochemical industry. *But, the oil must not be left in the ground waiting for expansion of petrochemical capacity.* The correct strategy is to exploit the potential for very large export of crude at the same time that petrochemical capacity is built up. Anything else cuts off the financing of capital import flows for the other sectors of the economy.

To guarantee that such expanded production will not be used as a weapon against OPEC, Mexico must immediately join that organization.

For the expansion of oil and petrochemicals, including the equipping of an international PEMEX tanker fleet, at least \$3 billion in foreign financing per year is necessary. It must be complemented by larger capital expenditures from the domestic Mexican economy.

Nuclear Expansion

Nuclear energy development must be tackled with equal determination and almost equal funding. Mexico must aim for replacing the bulk of its fossil fuel sources with nuclear energy as world oil sources dwindle toward the end of the century. It must also diversify its power grid, save oil for petrochemical uses, and train the labor force for the fusion-energy based production systems that will come on line in the 1990s.

What will such a program involve?

The completion of the long-delayed 1.3 million kilowatts of electricity (KWE) Laguna Verde nuclear project in Veracruz is only the beginning. Floating Nuclear Plants (FNP), mass produced using computerized production processes in special shipbuilding centers, is the next step. Such a building process reduces construction time by half, and increases economies of scale. The result is rapid and less-costly construction. The FNP's are floated and moored to sites along the coast, in estuaries, and in river basins to serve as the centers of large industrial and agricultural complexes. The dry northwest and northeast coasts of Mexico will be particularly appropriate for such developments, coupled with large-scale desalination projects.

Supply of uranium is not a problem. Last week the head of the Mexican Nuclear Energy Institute, Vizcaino Murray, announced that Mexico's proven uranium reserves now total 10,000 tons, up from the previous estimate of 8,000 tons. To date only 10 percent of likely uranium-rich areas have been prospected; Vizcaino cited "international speculation" that Mexico's potential reserves could reach 600,000 tons.

What will it cost?

This can only be estimated in the long-term once FNP construction programs advance beyond the prototype stage in the U.S., France and the Soviet Union. But the minimum cost over the immediate period for completing Laguna Verde, initiating further plants, expanding the

country's electrical distribution grid, embarking on full-scale uranium exploration and mining, and building up the required labor force, will be on the order of the \$2 billion per year from foreign funding.

The Cases of Iran and Venezuela

Ask most Mexicans, including most high government officials, whether they see any need to give priority attention to nuclear development and they will answer "Why bother? We've got the oil, don't we?"

This blindness is fed by the environment of budgetary restraint imposed by the IMF, and precludes any serious thinking about joint oil-nuclear development at all. Everyone is "holding his breath" for the two years or so before exports are theoretically going to pay enough of the debt to get the IMF off Mexico's back.

For contrast, it is worth looking at the impressive nuclear energy program being developed by Iran, which currently pumps 6 million bpd of oil and has reserves of 70 billion barrels. As publicized at the mid-April Persepolis conference on nuclear energy, Iran plans to install 34 million kWe of nuclear power by the mid-1990s — the equivalent of 25 Laguna Verdes.

Similarly, Venezuela has entered into high-level discussions with West Germany and Spain for transfer of nuclear technology.


Mexico is in a position to far surpass even Iran's ambitious project. Mexico has the oil and the uranium in combined quantities exceeded nowhere else in the world. It is high time the oil and nuclear industries were given the green light to run the IMF out of town.

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