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EXECUTIVE INTELLIGENCE REVIEW

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In This Issue

“The Clinch River Breeder reactor is a battleground, a symbol between a Congress that feels very strongly that **this country ought to have a growth policy** and is hawkish on resources development and an Administration that is at least perceived by many people to be contrary to that,” Rep. Flowers tells **Congress** . . . The United States needs a policy of **expanded trade and production** Secretary of State **Cyrus Vance** tells the National Governors Conference . . . this week the commitment of the overwhelming majority of the U.S. population for nuclear energy and a strong dollar **broke out into the open** . . . see the **U.S. REPORT** for the **fight** that has broken out in Congress and in the **White House itself** against the treasonous policies of the City of London’s Tories in the White House — James **Schlesinger**, Werner **Blumenthal**, and Zbigniew **Brzezinski**.

* * *

But an open fight was not enough to stop the fall of the dollar which for the first time this week dipped **below the 2.00 deutschemarks** level . . . leaving Europeans with little choice but to **look toward gold** as the only way out of the dollar’s sinking ship . . . see **international report** . . . Europeans attributed the dollar’s fall to the **paralysis in the White House**: “Washington doesn’t know what it is doing or why it is doing it. That is not in America’s long-term self interest.”

* * *

Washington does not have much time to act — either on the dollar or in putting forward a policy of world peace — as **Lyndon H. LaRouche** makes clear in his **SPECIAL REPORT: London Pushes for World War III**

—the world is now heading incontrovertably for war . . . and is now at the same point as the **Munich Pact of 1938**.

* * *

The Administration’s paralysis showed up most dangerously in Zbigniew Brzezinski’s attempts (to the cheers of the **London press**) —despite **official Administration policy** — to perpetrate a **linkage** between Soviet involvement in the Horn of Africa crisis and SALT talks . . . for Brzezinski’s sabotage of an **almost concluded SALT agreement** . . . see **INTERNATIONAL REPORT** . . .

* * *

In the **SOVIET REPORT** is USSR President Brezhnev’s **report to the Supreme Soviet** . . . grossly distorted in the U.S. press . . . which indicates that the **way for SALT is open** except for those forces in the U.S. “who are interested neither in good-neighborly relations between the USSR and USA **nor in detente** in general.

* * *

Also in this issue . . . **exclusive to the Executive Intelligence Review** — the complete dossier on Energy Secretary James Schlesinger’s **troops in the coal fields** . . . deployed to make sure that the **ratification** of the coal settlement **doesn’t go through** . . . in our **LABOR REPORT**.

* * *

Plus . . . British intelligence in Canada . . . how **Canada runs drugs from Peking** to Europe . . . and the real story behind the **Canadian intelligence purges**.

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Gold Option To Defend The Dollar ?

Authoritative Swiss government sources report that the Swiss National Bank's Pierre Longuetin, who conducted meetings with U.S. monetary officials in Washington this week, proposed that the United States employ its gold reserves to defend the dollar. According to the Swiss sources, "there is a configuration inside the Administration which is considering such things," although "nothing has materialized yet."

Although there are no indications at deadline that the "configuration" which wants to deploy American gold in the dollar's defense will have its own way in final policy-making, the fact of such discussions is a useful measure of the depth of the present monetary crisis. The Swiss evaluate the Longuetin mission to the United States as "a complete failure." In particular, the Europeans are incensed over the Treasury's blunt rejection of Swiss and West German proposals for additional central bank swap lines to finance currency intervention, as well as the Treasury's refusal of a Saudi offer to make foreign-currency swaps available to the U.S. "I have no confidence in anything in the United States at this point," commented the chairman of a leading Swiss bank.

Apart from Pierre Longuetin, another senior European official — West German Foreign Ministry Undersecretary Karl von Dohnanyi — visited Washington last week to sound Washington's stance towards the dollar. Apparently European governments and the financial sector had built up sufficient cynicism concerning the Carter Administration in the course of the week such that the market failed to react to press statements by the President Thursday March 2 indicating that the United States would take no special measures in support of the dollar.

In a grim assessment, the editors of Switzerland's leading newspaper *Neue Zuercher Zeitung* wrote yesterday: "Washington does not know what it is doing or why it is doing it. That is not in America's long-term self-interest. America's capacity for leadership has been gravely damaged. The fall of the dollar undermines the foundation of the world edifice. Strong finances and a strong currency are the basis of national sovereignty."

At deadline, the dollar continued to hold the line against the mark at above 2.01 and against the Swiss franc at above 1.85, or approximately the rates of last Friday, Feb. 24. The only surprising element of the situation is that the dollar has not fallen further. Vaguely, traders fear that governments might come in substantially with some tough measures, and are wary of taking positions. Shorts had their fingers burned badly after the Feb. 24 announcement of an agreement to settle the coal strike, coincident with the announcement of Swiss exchange controls.

Other Options Fading Fast

However, the options of governments have been narrowed down, over the past week, to the Swiss gold proposal, which would act as an impressive show of strength of the cooperating governments and central banks. Other options have faded. On Wednesday March 1, when the dollar fell below DM 2 for the first time ever, central banks intervened with almost \$2 billion combined, including \$500 million in Frankfurt, \$1 billion in Zürich, and \$300 million in Tokyo. The dollar's fall continued through what European traders characterized as "desperate and violent intervention" without affecting the price. Most of the slight recovery of the dollar from the lowest levels occurred as a result of profit-taking. As the most outspoken Congressional opponent of support for the dollar, Rep. Henry Reuss (D.-Wisc.) told a Chicago audience Feb. 28, \$20 billion of central bank swap lines cannot stand up to a \$600 billion private Eurodollar market. The central banks are outgunned. The only hope of overriding this lack of firepower is to use gold in central bank reserve operations, which would place a huge amount of best-quality liquidity in the hands of the central banks rather than the ragtag and bobtail of the private markets.

The second option, the subject of continuous rumors on the wire services throughout the week, is the imposition of exchange controls in West Germany and possibly other members of the joint float (see *Economics*). Although short-term foreign exchange movements have been attributed to expectations that the Bundesbank will impose controls, smart money believes that talk of controls is largely bluff. The Swiss have imposed controls which include extension of the 40 percent negative interest rate to all alien deposits, including those of central banks, and a blanket prohibition of purchases of Swiss securities by foreigners. Among the immediate side-effects was the worst-ever fall in the Swiss stock market last week. The West German stock and bond markets fell sharply early in the week on the mere threat of exchange controls, and the likelihood that the West German credit system could sustain controls for more than a few weeks is small. West German bankers believe that the leading internal European credit systems are likely to suffer more than the international credit markets under the present crisis.

The Gold Option

The gold option is therefore under serious discussion for the first time in years, although there are different proposals with varying and even opposing content in

circulation. Most significant was the statement of Deutsche Bank's chairman emeritus Hermann Abs most respected man in West German banking. In an interview with *Die Welt-am-Sonntag* Feb. 18. Abs said, "No new monetary arrangement which might be created will work unless it contains a role for gold." Abs insisted that he was not talking about the classical gold standard, but about a major gold reserve role, "to rid ourselves of our fatal dependency on the dollar." West German bankers insist that Abs, who has never been a gold advocate in the past, reflects a growing opinion trend.

Federal Reserve officials note that gold is now a virtually constant subject of discussion at the Bank for International Settlements at Basle, and serious consideration of gold has reached the level of multinational corporate treasurers. However, the Oval Office is still dominated by the opinions of Blumenthal, Mondale, Schlesinger, and Schultze, the "gang of four," and there is no indication whatsoever that the White House will go along with any of the Western European suggestions. European estimates and the views of prodollar men in the Administration concur.

The form of Western European proposals, as stated in public in December by Swiss National Bank president Leutwiler (in his well-circulated "benign neglect" statement), involves a U.S. transfer of gold market prices to the European central banks, in return for foreign exchange for intervention purposes. However, the political content of the proposal goes beyond mere foreign currency intervention. Mobilization of gold reserves by political agreement among central banks, even for "Maginot Line" foreign exchange intervention purposes, rewrites the axioms of the foreign exchange market. Not only does it express a far higher level of political determination to defend the dollar among central banks, but it implies the use of a mass of presently frozen liquidity under strict central bank control.

In its current newsletter, the Washington Forum, a subsidiary of Drexel Burnham Lambert, argues that reported European suggestions that the United States raise funds on the international capital markets through foreign-currency denomination bonds are actually a means of pressuring the United States to employ gold, given that no one expects the U.S. to act on such proposals on face value. Virtually all sources concur that the Treasury has no intention of issuing foreign-currency bonds, which in any case would give investors who currently hold dollar-denomination U.S. Treasury securities an incentive to switch out, and yield no benefit whatsoever. Whether or not the Europeans have such a ploy in mind is not certain, but the European monetary authorities are keenly aware that currency juggling will not much help in the situation, whereas gold will.

The Europeans also have the option of unilaterally repegging the joint-float currencies to gold and issuing gold-backed central banks credits. That would have the double effect of insuring a zone of monetary stability in Europe (and probably Japan through a link-up), and removing much of the pressure from the dollar on the foreign exchange markets. Investors are now switching out of dollars, even though the currency is wildly undervalued by any standard and affords the best investment bargains in the world, because the entire commercial

world is disinvesting to an increasing extent from dollar balances. Corporations and banks that hold dollars as working reserves cannot afford to maintain short-term dollar balances, despite the obvious long-term advantages of investment in an undervalued currency. Most of the current pressure against the dollar is due to this specific form of diversification. If central banks provide an alternative form of gold-backed liquidity, some of the pressure will be relieved.

Whether the Europeans attempt such a maneuver, bolder than anything they have done since World War II, is an open question, although it might be their only means of averting the economic depression that virtually all serious financial forecasters expect for 1978. There is one further consideration that operates in a special way in West Germany. Since the Europeans permitted their reserves to rise out of proportion to their needs to accommodate the American deficit, the standard Brookings Institution or Atlantic Council maxim has been that Europe will make any monetary concession to the United States demanded because of their military-strategic dependency. However, NSC Chairman Brzezinski's public sabotage of the SALT negotiations (through the "link" to the Horn of Africa charade), and the ferocious Warsaw Pact response to Brzezinski's attitude, have shaken the West Germans profoundly. If American cabinet members can get away with actions that jeopardize, rather than enhance, West German security, through London-inspired scenarios, the unwritten pact linking monetary and security questions works in reverse.

A final element in the situation is the Arab view of the dollar. The British financial press gave great play to the proposal of the Emir of Kuwait for an emergency OPEC meeting to consider whether OPEC should continue to price oil in dollars. Arab sources in the United States report that the new Emir is following British financial guidance, and that Kuwait is leading Arab moves to break with the dollar. The London *Financial Times* headlined its lead story on Thursday, "Warning from oil producers renews pressure on the dollar."

These reports are manifestly inaccurate. According to U.S. government sources, the meeting last week of Gulf country central bankers was the first that entirely avoided discussion of a break with the dollar, which generally takes the form of proposals for a "Gulf dinar." Saudi attendance at the meeting, also unusual, reportedly had a dampening effect on Kuwaiti and other plans to unload the U.S. currency. In the Paris daily *Les Echos* of March 2, the Saudi finance minister stated emphatically that Saudi Arabia will not abandon the dollar, no matter how low it falls.

However, the prospect of a small increase in the OPEC oil price at the emergency OPEC meeting the Kuwaitis have called is not to be excluded. Some Saudi sources believe that the Saudi government will, if necessary, yield to pressure for a price increase in order to head off the greater evil of a change in oil pricing from the dollar to a currency basket or SDR arrangement.

OECD's Proposed Solution

Last week's meeting

Cooperation and Development in Paris witnessed the

most exotic attempt to lure the world into accepting London policy aims thus far. Since the public confrontation last month between West Germany and the United States over American reflation demands, British Chancellor of the Exchequer Denis Healey two weeks ago — and just now the British-dominated OECD staff — abandoned the old Brookings Institution “three-engine” theory of U.S., BRD, and Japanese reflation. Instead they propose reflation by all the countries that can, as soon as possible. The official acronym for the proposal summarizes its content.

The OECD unveiled a plan for money-printing under the formal title, *Coordinated Reflation Action Program*, or CRAP. According to the London Financial Times, CRAP is designed to “ease the blockage” in the in-

dustrial economies and “spread the load” of reflation. In a coprophagic fit, British Chancellor of the Exchequer Denis Healey told the meeting that the advanced sector should use CRAP for “collective stimulation,” according to wire-service accounts. Otherwise, Healey threatened, “political and economic strains” would spread “from the Mediterranean fringe of Europe” to “the European heartland.”

There is no mistake — the above was said in public and reprinted in the public press — the British have told the world precisely what their odorous plans are. CRAP would mean world hyperinflation, and a monetary situation dominated by uncontrollable runs from one currency to another, with London acting as arbiter.

—David Goldman

Brzezinski Pushes Linkage To Wreck SALT

Aided and abetted by such City of London spokesman as Winston Churchill III and Henry Kissinger, a faction within the Carter Administration led by National Security Advisor Zbigniew Brzezinski has been acting over the past week to manufacture anticommunist hysteria over the Horn of Africa crisis with the intent of making negotiation of a new Strategic Arms Limitation Treaty impossible.

At an “emergency press conference” in Washington Feb. 24, Brzezinski alleged, contrary to State Department reports, that 11,000 Cuban troops led by a three-star Soviet Red Army general are now fighting in the Horn. Since then, he has been locked in a highly-visible battle with saner Administration forces grouped around Secretary of State Cyrus Vance and has publicly acted to force the U.S. to make a SALT II accord contingent upon Soviet withdrawal of support from Ethiopia—contrary to current Administration policy. Such a “linkage” policy, borrowed directly from Brzezinski’s predecessor, Henry Kissinger, will not only not succeed in its immediate goal, but will threaten to bring the U.S. to the brink of thermonuclear war.

Stymied thus far in his campaign to force the Administration into adopting a Horn-SALT linkage as official policy, Brzezinski has been nevertheless successful in bamboozling President Carter into going along with a slightly-modified version of this tactic, even though no real support for Brzezinski’s linkage line exists in the Congress.

A highly ambiguous statement of linkage first emerged in a response issued by the Carter Administration Feb. 25 to a speech given by Soviet leader Leonid Brezhnev the day before warning that “some in the United States would like to retard” the SALT negotiations. The Administration statement, while making no direct connection between the success of the SALT talks and the Horn, pointedly cautioned that the future of U.S.-Soviet relations “depends upon constructive efforts to help resolve local conflicts, such as the Horn of Africa,” adding that Soviet “intervention in this area... inevitably

widens and intensifies hostilities and raises the general level of tension in the world.”

Although ostensibly published by the State Department, this news service has since learned that the document was in fact written by Brzezinski’s National Security Council (NSC) staff, which then pressured the White House into laundering it through State. While spokesmen for the NSC and a whole range of British-

Two Policies On SALT

The main media are reflecting the faction fight in the Administration. Compare how the New York Times and the Washington Post covered Brzezinski’s March 1 statements on the relationship between the Horn of Africa and SALT:

New York Times, “Brzezinski Sees Ethiopia Issue Slowing Arms Talks,” March 2:

Zbigniew Brzezinski, the President’s national security advisor, said today that Soviet military involvement on the Ethiopian side in the war against Somalia could complicate efforts to achieve a new strategic-arms accord. But he said the United States was not formally linking progress in the talks to Soviet actions in the African conflict.

Washington Post, “U.S. Links Salt to Horn of Africa,” March 2:

The White House for the first time yesterday directly tied the fate of the strategic nuclear arms negotiations with the Soviet Union to the concerted administration concern with Soviet and Cuban military presence in the Horn of Africa... It was the first time the administration explicitly has pointed to a potential rebound against Salt, the core issue in U.S.-Soviet détente. It was also the first time the Carter Administration has so explicitly invoked American political linkage between disparate issues on the U.S.-Soviet scene.

linked press outlets have gleefully insisted that the statement did imply a SALT-Horn linkage, the State Department has strenuously denied this.

*Mondale and Brzezinski:
The SALT Saboteurs*

On March 1, an emboldened Brzezinski escalated significantly. As the guest of honor at a breakfast for reporters hosted by Vice-President Mondale, Brzezinski threatened the Soviets that if they did not pull out of the Horn pronto, then Congress would reject SALT. It's only "a matter of realistic judgment," announced Brzezinski, that the "unwarranted intrusion of Soviet power into a purely local conflict... will inevitably complicate the context not only of the (SALT) negotiating process itself but of any ratification that would follow the successful conclusion of the negotiations."

Although White House press secretary Jody Powell and State Department spokesman Hodding Carter III both told reporters later that afternoon that Brzezinski's contentions directly reflected the President's views, Secretary of State Cyrus Vance went public with a strong counterattack the following day. Appearing before a closed session of the Senate Foreign Relations Committee, Vance stated bluntly: "There is no linkage between the SALT negotiations and the situation in Ethiopia." Furthermore, said Vance, "I believe very strongly that it is in our national interests... and the interests of our Allies to proceed with the SALT talks.... I think that substantial progress has been made in the SALT talks during the last few months. I think it (a new arms accord—ed.) is possible to accomplish."

Unfortunately, President Carter has temporarily succumbed to Brzezinski's spell. In what many informed observers viewed as a dangerous undermining of his Secretary of State's moderating efforts, Carter told a press conference just hours after Vance's Senate appearance that while "We don't initiate the linkage," Soviet involvement in the Horn "would make it more difficult to ratify a SALT agreement... and therefore the two (the Horn and SALT issues—ed.) are linked because of actions by the Soviets."

Brzezinski's efforts are being given substantial support by other pro-British conduits. In testimony before the House Budget Committee March 1, Defense Secretary Harold Brown warned that "events in Angola and the Horn of Africa could well be the prototypes for more ambitious projections of Soviet power in the future" and urged that the U.S. be prepared to respond "in a real way." Brown's warmongering testimony was seconded by Kissinger protégé General Alexander Haig, who told the Senate Armed Services Committee the same day that the Soviets have "a military posture global in its potential which clearly exceeds any reasonable defensive or deterrent requirement." Meanwhile, London's press sewers in the U.S. and Great Britain itself, have been working triple-time spinning out scare stories far surpassing the worst 1950s Cold War rhetoric (see press grid below) aimed at pressuring Carter and the Congress into confrontation with the Soviet Union.

Brzezinski's One-Man Band

Ironically, despite Brzezinski's insistence that Congress is becoming so alarmed by "Soviet aggression" in Africa that it will probably block a SALT II agreement, the actual sentiment in Congress is far different. Brzezinski's allies number such Senators as Henry Jackson, who is privately accusing Brzezinski of "bluffing" while at the same time attempting to blackmail Carter into hardening U.S. posture vis-a-vis the Soviets in exchange for a compromise on the energy bill. In addition, some misguided Republicans under the tutelage of Henry Kissinger (who is pushing the line that a SALT-Horn linkage is not sufficient, and should be bolstered by a show of U.S. military might in the Horn area) are aiding a policy of linkage. But most members are either for a SALT agreement or simply have not made up their minds yet. According to one knowledgeable Capitol Hill source, "Anyone pushing stories that the Senate is against SALT is misleading people. Most Senators haven't committed themselves one way or another." So far, Brzezinski's hysterical allegations about Soviet actions in Africa have failed to produce any significant Congressional opposition to SALT, making him a virtual majority-of-one.

The Need For "Positive Linkage"

However, Brzezinski is counting on the anticipated failure of the Vance faction to mount any significant *organized* opposition to his antics to create such a vacuum within the Administration that he will be able to dictate policy by default. Even though the State Department, the Joint Chiefs of Staff, the Arms Control and Disarmament Administration, the CIA, and the Defense Department have all come out in the last week either defending a new SALT accord or refuting those critics who have been loudly claiming that the Soviets have violated SALT I, pro-SALT forces in the Senate are becoming uneasy and confused by the raging faction fight in the Administration. Said an aide to one Senator with expertise in the area: "We can't understand what Administration policy actually is.... Some spokesmen are saying there is linkage, others are saying there isn't. It seems to us that Brzezinski is winning the fight...."

In these circumstances, efforts by the Vance faction to defend SALT in itself, however laudable, will not be adequate to defeat Brzezinski's wrecking operation. What is required is that Vance, together with other pro-American Administration figures such as Special Trade Negotiator Robert Strauss, force a policy of "positive linkage"—making a SALT II accord part of a broad package of global economic development highlighted by U.S. acceptance of Soviet Academician Basov's recent offer for a joint U.S.-USSR fusion development program. Such a policy—whose potential was underscored by Vance's address to the National Governor's Conference last week linking global political stability to increased world trade—would not only receive tremendous popular support, but would also pull the rug out from under Brzezinski, Schlesinger, and the entire City of London Cold War gameplan.

—Kathy Murphy

Kissinger Spokesman: We Must Test The Soviets

While White House National Security Advisor Zbigniew Brzezinski is trying to perpetuate a policy of "linkage" between the SALT talks and the Horn of Africa situation, spokesmen for Henry Kissinger are demanding even stronger measures. Here are excerpts from interviews with Helmut Sonnenfeldt, formerly Kissinger's personal lieutenant at the State Department and now operating out of Johns Hopkins School for Advanced International Studies, and Richard Perl, defense advisor to Senator Henry Jackson (D-Wash.);

Interview with Sonnenfeldt

Q: What is your assessment of the Carter Administration's response to Soviet actions in the Horn?

A: The real problem is that the Soviets seemed to have believed that the U.S. was not very concerned about what happened in the Horn.... Although the Administration seems to be starting to show some concern, they've been much too slow. They've misled the Russians into believing they had a free hand in the Horn and elsewhere. The Administration has been much too disinclined to get involved in the crisis....

Q: Do you think that the Administration is moving to link SALT to the Horn and if so, do you agree with this tactic?

A: The Administration does not seem to be moving in that direction, but I doubt if it will work by itself. Who's to say the Soviets won't decide they'd rather have the Horn than SALT? SALT by itself won't do the trick. We should have a much stronger, multi-pronged offensive. I'd like to see the U.S. pour arms into Somalia, carry out naval maneuvers in the Indian Ocean.... I think that Congress and the country are more hawkish than they were during the Angola crisis and would support a strong stand now... But basically, the President has not been keen about getting involved in a crisis.

Q: Do you think that Vance is responsible for the President's reluctance?

A: Well, Vance is not very combative. But it's the President who's making policy. It's Carter who hasn't shown any inclination to get into the crisis. Apparently, his pollsters are telling him he won't benefit politically by doing so. At what point they'll start telling him he should act like a man and stand up to the Soviets, I don't know.

Q: What about Brzezinski's role?

A: I think you can also say that Brzezinski does have a

strategy, which is Administration policy, of letting the Horn situation develop under the illusion that when the Ethiopians begin to move into Somalia, the Russians will object and then the Ethiopians will throw the Russians out themselves. And Brzezinski will turn up looking like a rose. Personally, I don't think this will work. Brzezinski shares the rather wide-spread belief, which is not justified, that every relationship the Soviets have with a client state eventually sours.

Q: What's your prognosis for a new SALT accord?

A: The Administration has a big problem. On the one hand, you have the Soviets in the Horn. To the extent the Administration does take a stronger stand on this, they'll find it more difficult to sell SALT to the Congress, where is already a lot of skepticism about the intrinsic merits of the agreement, suspicions about Warnke, etc.

Interview with Perl

Q: What are your views on the SALT negotiations?

A: The Administration is "concession-prone." The result is that we have not tested the Soviets as to their real minimum conditions. At the present time, the SALT agreements are going in the wrong direction. The Congress should reject them and send them a message to Administration that it will have to go back and bargain seriously.

Q: Why should the Soviets accept this?

A: Well, if the Soviets perceive a grim future they would perceive it to their advantage to reach agreements with the U.S.

Q: What do you foresee producing this?

A: The Chinese. The key to our Chinese policy is how we handle the Soviets. If they perceive us as an effective counterweight to the Soviets, then they will act in parallel with us.

Q: Won't this produce a garrison mentality within the Soviets?

A: They already have a garrison mentality as witness their arms buildup.

Q: Well, won't this heighten it with the possible result that the Soviets will see the necessity of a preemptive strike.

A: Absolutely not. That would be suicidal.

Propaganda Rev Up for Cold War

London-linked press conduits have been working overtime churning out Cold War Propaganda aimed at whipping up anti-communist hysteria in the U.S. Examples of British psychological warfare press techniques follow:

New York Post, *lead editorial*, "Soviet-Cuban Adventurism," Feb. 27:

Are (the Soviets — ed.) prepared to torpedo the whole fragile structure of détente and the accompanying quest for SALT agreements? Are they arrogantly assuming that the President would shrink from drastic economic reprisals?....All these events have given new impetus to moves toward closer American accommodation with Moscow's dreaded ideological rival in Peking. Meanwhile, the time is not too distant when the President will face increasing pressure to sponsor both economic and diplomatic retaliation....

Washington Post, *syndicated column by Rowland Evans and Robert Novak*, "Africa: Will Carter Move Too Late?," Mar. 1:

President Carter's difficulty in ending months of studied inaction has encouraged communist belief that the United States will not move to prevent a Soviet takeover of the Horn of Africa, thereby duplicating the tragic misunderstandings preceding the Korean War.

U.S. inaction, born of the Vietnam syndrome hanging heavy on the shoulders of State Department policy-makers, now appears to be ending. Nevertheless, the end comes so late it may be beyond Carter's ability to stop Soviet penetration.

That would encourage further Soviet operations in volatile black Africa and could lead to military conflict: an echo of communist misunderstanding of American policy in 1950 that led to the Korean War....

Zbigniew Brzezinski, Carter's national security adviser, understands the danger of stunning Soviet success against the backdrop of U.S. inaction. He also appreciates the impact of that contradiction on the rest of Africa — and the rest of the world.

But Brzezinski was thwarted by upper-level political appointees in the State Department when he started warning publicly about growing Cuban military activity in Angola last fall. He is being thwarted now by those same political appointees — U.N. Ambassador Andrew Young and Assistant Secretary of State Richard Moose, among others. They are still afflicted by outmoded racial or Vietnam War syndromes that tend to reject essential great-power reactions and strong assertions of national will....

So, despite Brzezinski's bureaucratic struggle to block Soviet African operations, the administration seems

more worried about the political risks of strong action than the danger of following pollyanna advice of political ideologues in the State Department. They say: Give the Russians enough rope in Africa and they'll hang themselves.

Far from hanging, a continued free hand to the Russians will place offensive communist power on the border of Kenya, and Kenya happens to be the last pro-Western African state between Sudan in the north and South Africa on the tip. What will Carter do then?

Daily News, "It's Carter's move in the African chess game," by James Wieghart, Feb. 27:

Pressure is building on President Carter, to begin countering with U.S. military assistance to Somalia the massive Soviet and Cuban involvement on the side of Ethiopia. Thus far Carter, to his credit, has refused to panic over the Soviet and Cuban buildup and instead has followed a steady course of seeking to end the bloody fighting in the region and thereby the need for outside military intervention....

When coupled with the heavy Soviet-Cuban military presence in Angola on the western side of Africa, the Ethiopian beachhead could enable the Soviets to cut Africa in half and exert influence both to the north and to the south.

That's why Carter is now being pressed by some in the defense establishment, both at the Pentagon and on Capitol Hill, to begin building a U.S. counterweight to the Soviet push, first by supporting the Somalis and second by stepping up U.S. military aid to other nations in the area who oppose the Soviet and Cuban intervention. The suggestions range thus far from granting military assistance to Somalia, which the Somalis have requested but which Carter has steadfastly refused to do; to building up American naval forces in the Indian Ocean around the horn, which Carter has already begun to do on a modest scale....

Aside from pushing for a peaceful solution that would encourage the Ethiopians to dispense with foreign troops, about all Carter can do is make the Soviet and Cuban intervention as costly as possible. Two possibilities come readily to mind — a slowdown in the sale of American grain and technology to the Soviets and to stall the strategic arms limitation talks (SALT).

Another would be to pressure Turkey and other friendly nations that lie in the air and sea paths between the Soviet Union and Ethiopia to refuse to grant the Soviets air or sea rights to move troops or military hardware into that area. This would not only complicate and make more expensive the Soviet sealift and airlift, but it would also display in graphic terms to the Russians the vulnerability of their exposed position in Ethiopia.

' Looking at Disarmament Talks With Ideological Blinkers On '

The Indian journal, New Wave, widely read by intellectuals of all parties in India, has begun a discussion of why the Third World must support a new SALT accord. New Wave's intervention comes in the form of an article titled "Looking at Disarmament Talks With Ideological Blinkers On," in its Feb. 26 issue:

The regional colloquium on disarmament and arms control held in New Delhi last week is presumably a part of the preparation for the UN special session on disarmament to be held this summer.

The UN sessions have undoubtedly played an important role in creating world public opinion on some crucial issues concerning the survival of mankind which continues to be the prime concern of humanist forces the world over. At the same time it must be stated that the success or failure of any UN move, in its turn, has been determined by the global strategic considerations of the two superpowers.

India's farsighted leaders like Jawaharlal Nehru and V.K. Krishna Menon did not approach the problem of war and peace either from the view point of woolly-headed pacifists or sabre-rattling cold warriors. Nor did they ever approach the question of disarmament from counter-technology or anti-science standpoint. On the contrary, they considered technological breakthrough in harnessing fission-fusion energy and the exploration of space as the only way of improving the standard of living of billions of people who are condemned to a subsistence level of living as also of ensuring peace on earth. They also assumed that scientific and technological advance on the scale it is taking place would create objective conditions for eliminating the atmosphere of confrontation and its substitution by a new process of entente among the technologically advanced countries, primarily the two superpowers, provided the secondary but otherwise vicious forces of moribund capitalism and monetarism which thrived in conflicts and wars, were isolated and rendered ineffective. That is why Nehru repeatedly spoke of the heavy moral and political responsibility of the USA and Soviet Union not only in ensuring world peace but also a much higher standard of living and culture to the entire mankind.

Any attempt to sidetrack attention from this absolutely indispensable precondition to universal peace, namely the success of SALT negotiations, is bound to land one in the quagmire of pacifist disarmament in which some second rate powers like Britain and allied elements in Europe and America are deeply interested in order to create conditions for their own re-emergence as managers of the homes and hearths of millions of people belonging to the under-developed and developing sectors. The tendency to counterpose disarmament to SALT will not only be counter-productive; it may push the world faster towards disaster. To the extent that the UN disarmament session helps SALT negotiations, it will be a positive gain for the world community. However, there are reasons to feel concerned at this moment.

As the UN special session draws nearer, concerted

attempts are being made to ignite local wars in Africa, Middle East and Southeast Asia to render a discussion on disarmament an exercise in futility. Secondly, the British, who are still nostalgic about 'Britannia rules the waves', have mobilised pseudo radicals of the Maoist brand and arch reactionaries of the Strauss, Luns and Kissinger type to deploy neutron bomb and resurrect cold war atmosphere in NATO countries with a view to creating a situation of confrontation between the USA and Soviet Union that might take the world closer to universal holocaust. The deliberately manipulated war between Ethiopia and Somalia in the Horn of Africa and the consequent involvement of some Islamic countries on one side, and African countries, mostly Christian, on the other, is a case in point. To divide people and nation on racial and religious grounds is an old and tried British technique to preserve and advance its own long-forgotten imperial permanency of interests.

The New Delhi colloquium, viewed from this standpoint, smacks of pacifist-technocrat attitude that does not seem to take into account the realities of the world power game. It has also failed to come to grips with the prevailing world strategic situation, and the way it is being manipulated by Anglo-American intelligence-cum-diplomatic agencies in the direction of confrontation and war. The summary of the colloquium, as published in a section of the press, also demonstrates how the seemingly independent posture of the participants verged on accepting the divisive Chinese theory of the so-called three worlds which, in practice, aims at hotting up the cold war in collusion with the most reactionary and militarist elements of West Europe and America.

A glaring weakness of the colloquium seems to be its failure to correctly assess the global strategic situation and the role of some key powers like Britain, China, Japan and of West European and American Atlantists in the emerging scenario.

The colloquium participants have stopped short of demanding that all the nations of the world should be invited to SALT negotiations; they have asked to be constantly informed of the progress of the talks. This apparently sound demand has a nasty catch in the sense that it underestimates the threat that the advocates of larger participation in SALT negotiations pose to the whole process of detente. The lessons of the League of Nations and its disarmament talks should not be forgotten if genuine progress were to be made toward peace.

The pacifist model of the colloquium comes into sharp focus in its neutral posture on the issues involved in the Horn of Africa, in the absence of an assessment of the situation in the Middle East and in the observation "whether any agreement between the two super powers (on their presence in the Indian Ocean) can necessarily be considered a step towards.....the Indian Ocean as a zone of peace."

The subtle shift from Nehru's world strategic concept in which detente has a pivotal place, is evident from the proceedings of this colloquium.

British Gloat Over 'Tougher U.S. Line On Africa'

The British are now heartily congratulating themselves on their overt manipulation of U.S. foreign policy following statements last weekend by National Security Advisor Zbigniew Brzezinski which ambiguously implied a "link" between the future of the SALT talks and Soviet behavior in Africa, especially the volatile Horn area.

For months, the British have been trying to foment a breakdown in U.S.-Soviet relations and a return to the "Kissinger view" of detente: that Soviet expansionism anywhere in the world should be fought to the point of military confrontation if necessary. To this end, British press outlets for the City of London have been spewing forth a steady stream of scare stories about the "Soviet threat" in Africa and the "spinelessness" of Western leaders in standing up to it.

It is no wonder then that the British welcomed with such "relief" the indications from the U.S. of a new "tougher" line on Africa and were so quick to escalate the pressure on the Carter Administration, calling for the idea of "linkage" to be applied "across the board," i.e. the Soviets would be prohibited from future access to Western technology, trade and credits unless they demonstrated "model" behavior in Africa and elsewhere.

London Times, "The risks in the Horn of Africa," by Lord Chalfon (aka Alun Gwynn Jones), Feb. 20:

If the "statesmen" of the West continue to behave with such extraordinary lack of courage and perception, within a year at most the Soviet Union will control not only Ethiopia but Somalia as well.... What we are faced with in Ethiopia is the latest phase in a carefully coordinated Russian plan. What happened in Angola is now happening in the Horn of Africa... The Horn of Africa, and much of the rest of the continent, is now a focal point of superpower politics and if we do not recognize the fact soon it will be too late....

They (the USSR) should understand that they cannot expect economic cooperation, arms control agreements, and brotherly love in one part of the world while in another they are singlemindedly engaged in damaging our economic interests, threatening our security and undermining our legitimate influence in the developing world.... The risks of intervening in the Horn of Africa may be considerable, but they are nothing compared with the risks of continuing to do nothing except make faint and spineless noises of protest.

Daily Telegraph, "Painting Africa's Map Red," by Malcolm Rifkind, Feb. 23:

"The policy and practice of the Russian Government has always been to push forward its encroachments as far and as fast as the apathy or want of firmness of other Governments would allow it to go, but always to stop and retire when it met with decided resistance."

One would like to be able to say that these words are the strong words of David Owen, the present Foreign Secretary. In fact, they were proclaimed by his per-

ceptive predecessor, Lord Palmerston, during the Crimean War.

(Palmerston's words) compare favorably with the pusillanimous attitude of the present British Government to Russian expansion. Dr. Owen and his colleagues are failing to understand the only response that has ever carried weight in Moscow....

Lord Palmerston prophesied that the Russians would always retire "if met with decided resistance." His belief was vindicated in our own time by the Cuban crisis in 1962. On that occasion the firmness of President Kennedy prevented the Caribbean from becoming a Soviet arsenal. Faced with a firm and courageous determination on the part of the West, the Soviet Union hesitated and retired.

Today's crisis is no less serious. The future of a continent is at issue and the British Government stands dumb in its impotence. Its weakness will win it no friends....

Daily Telegraph, "Tougher U.S. Line on Africa," by Stephen Barber, Feb. 28:

President Carter is in the midst of a tough reappraisal of American policy in Africa in the face of the escalating Russian and Cuban military effort in behalf of Ethiopia against Somalia in the Ogaden.... Officials denied reports that divergencies had developed between Mr. Young and Dr. Brzezinski... But it was clear that there is to be a shift away from relying on fuzzy idealism towards taking more positive steps to meet a clear and present danger.

Significantly and for the first time, the State Department over the weekend made the direct link between the future of nuclear disarmament talks between the superpowers and Russia's African adventures....

Officials now admit that America cannot afford to let Russia get away with a military intervention that poses obvious strategic threats to Middle East oil supplies and the sea lanes of the industrial democracies resulting from Russian control on the mouth of the Red Sea.

Daily Telegraph editorial, "Carter Warns Russia," Feb. 28:

In the statement issued over the weekend by the State Department on Russian activities in the Horn of Africa, there is discernible an important change in the Carter Administration's attitude. It established for the first time that in the American view there is a connection between Russia's military presence in Ethiopia, on the one hand, and detente in general, and the strategic nuclear arms talks in particular on the other. It marks a return—and a welcome one—to the theory of "linkage," whereby events in one field are seen as being affected by those in others. The Carter Administration is now proclaiming it, which is a relief.

Russia also needs from the West—and largely from America—trade, grain, advanced technology and the

"soft" loans with which to finance them.... The new policy (of linkage—ed.) should be long-term, determined and applied across the board.

The Guardian, "U.S. Concerned at Decline in Relations with Moscow" by Hella Pick, March 1:

Dr. Kissinger had argued that detente was indivisible and that Russian expansionism anywhere in the world should be fought. The Carter Administration initially set out to avoid Dr. Kissinger's conception, which was seen by his advisers more as a straightjacket than an instrument of progress. Yet Russian policy now seems to be forcing Mr. Carter back to Dr. Kissinger's view....

Conservative member of Parliament Winston Churchill III and Tory defense expert Julian Amery visited Somalia beginning Feb. 24 at the invitation and expense of the Somalia government. Amery pledged that if a Conservative Government came to power in Britain, it would immediately supply Somalia with the required weapons to ward off Soviet aggressors. Churchill topped this with the outrageous proposals that the United States take immediate action to boot the Soviets out of the Horn of Africa, adopting confrontationist tactics if necessary.

Said Mr. Churchill:

All it needs is for the Americans to put a (U.S. aircraft carrier) off the coast here and tell the Russians to stop interfering.

SALT Was Ready To Be Signed — Till Brzezinski Wrecked It

Exclusive to the Executive Intelligence Review

It is vital that three little-known aspects of the crucial Strategic Arms Limitation Talks (SALT) become public knowledge: 1) that as of the Feb. 8 negotiating session a viable settlement was in sight; 2) that the agreement was torpedoed prior to and during the session of Feb. 16; and 3) that the parties most responsible for this treachery are National Security Council Director Zbigniew Brzezinski, Secretary of Energy James Schlesinger, and Senator Henry Jackson. As things now stand, the SALT agreement is going down the tubes.

The collapse of the SALT negotiations without an agreement was "predicted" by Fabian *Christian Science Monitor* columnist Richard Strout in the Feb. 24 *Washington Star*. Two thirds of the Senate would not confirm the agreement, Strout asserted. Rather than consider the need for a treaty, he claimed, the Senate will heed former Defense Secretary Melvin Laird's warning against Soviet cheating and the recent barrage of charges that the Administration is selling out to Moscow, led by Jackson and Paul Nitze of the Committee on the Present Danger.

After citing that other impeccable British source, the *Washington Post* Moscow correspondent, to the effect that the Soviets are really upset and that only Richard Nixon could swing U.S. hawks behind a deal, Strout summed up the mind-set his faction wants to crystallize in the Administration: "I think the U.S. and Russia are hellbent on a nuclear confrontation. I agree with Jimmy Carter who said that the lack of a second SALT agreement would produce ultimate disaster and that heightening the arms race means increasing the chance of nuclear war."

In response to this onslaught against SALT, pro-detente forces in the Arms Control and Disarmament Agency (ACDA), have delivered an unusual communication to the Senate Foreign Relations Committee. The message reveals that the U.S. and the Soviet Union have agreed to ban all mobile, land based in-

tercontinental missiles until at least 1980. These are by far the potentially most costly and destabilizing of strategic weapons. This significant countermove was further buttressed by the assurance that all relevant government agencies, including the Joint Chiefs of Staff, agree that the major aspects of the Feb. 8 agreement would be adequately verifiable.

The Wrecking Operation

On Feb. 24, Soviet President Brezhnev told the Presidium of the Supreme Soviet that forces in the U.S. are trying to block a SALT treaty. "The path to this cooperation is still blocked by all kinds of obstacles," Brezhnev warned, according to the *Washington Post*.

Those obstacles are the willful products of the Brzezinski, Schlesinger, and Jackson trio. Based on information provided by knowledgeable sources, the following picture of their wrecking operation can be constructed:

According to a leading U.S. scientist who is close to the talks, as of Feb. 8 all parties were confident that an equitable agreement which would be acceptable to the Senate was very close to being signed. A memorandum from this period on the talks prepared for the White House by intelligence officials, and leaked to press sources, corroborated this evaluation, and indicated that agreement had been reached on the precise numbers of allowed strategic weapons of different types.

Two other points in the White House memorandum proved to be of crucial significance. The first was that the Soviet backfire bomber had been eliminated as an issue by restricting its permitted deployment. The second was that the issue of "human rights" had "back-fired" on the U.S. by providing the Soviets with an aggressive psychological edge at the bargaining sessions.

Brzezinski's Edifice Complex

These latter points triggered a counter-mobilization by the British-Utopian faction in the Administration when

the memo was received at the White House. First, Brzezinski and Schlesinger insisted to Carter that he must link human rights to SALT or the entire "edifice" of his foreign policy would crumble. Simultaneously, a combined inside-outside operation using certain conservative donkeys in Congress was initiated. Building on his Brzezinski-designed role as Senate SALT watchdog, Jackson saw to it that Carter was bombarded with "advice" that the treaty being negotiated would never get through Congress, and that previously settled points had to be reopened.

Meanwhile, the Kissinger networks based at Georgetown University and elsewhere began to put out the same line about Congress, and maliciously mapped the general Soviet hardening onto the still successful SALT talks with the boast that chief U.S. negotiator Paul Warnke had "become a walking dead man" politically. Finally, Congressman Wilson of California was trotted out to make noises about SALT imperiling U.S. military strength — even though it is Brzezinski and Schlesinger who are responsible for the technological retardation of U.S. military capabilities!

Secondly, the dead issue of the backfire bomber was thrown back into the fire in the most provocative possible

manner by Brzezinski at his Feb. 24 press briefing, where he announced that the issue must still be dealt with. Coming in tandem with insane calls from British Prime Minister Callaghan for deployment of the neutron bomb into western Europe, Brzezinski's statement relinked SALT to all the items on his dirty laundry list. Even more dangerously, these operations have moved beyond the level of psychological warfare against the Soviets. According to reports from highly placed officials monitoring the SALT talks, Brzezinski's poison was injected directly into the talks on Feb. 16, provoking a Soviet response that threatens to make the wreckers' predictions come true. Jackson topped this off by warning on Feb. 24 that his Arms Control Subcommittee of the Senate Armed Services Committee would hold hearings on the totally phony "verification" issue.

Let there be no mistake. The Soviets still have good reason to pursue SALT in good faith. The war-avoidance component of their strategic posture, while in eclipse, is not yet extinct. Moreover, they need the arms limitations provisions of SALT to free scarce capital goods for civilian production. But if Brzezinski and Schlesinger are not immediately removed from office in the style of President Ford's "Halloween Massacre," the only decision remaining for the Soviets is when to go to war.

—Dr. Morris Levitt

London Pushes Toward World War III

The following analysis was released on Feb. 26 by U.S. Labor Party Chairman Lyndon H. LaRouche, Jr.:

Blinded by the British-created myth of German "collective guilt" for World War II, a regrettably large portion of the Federal Republic of Germany's influential strata is following London's directives, in a headlong plunge toward intercontinental thermonuclear war. The *Frankfurter Allgemeine Zeitung* military columnist, Adalbert Weinstein, once more pushing the London International Institute of Strategic Studies (IISS) line of support for the "neutron bomb," typifies those presently confused persons who are blindly impelling that nation toward a third, and worst-imaginable destruction.

In the Federal Republic, Chancellor Helmut Schmidt and Herbert Wehner typify that small, harassed group of leaders of the Atlantic Alliance nations whose superior wisdom and efforts are now the principal obstacles to horrors beyond the imagination of even most leaders of parties and finance in those nations. Pending possible but not yet visible correction in the composition of the U.S. Carter Administration, it is for the moment principally Schmidt and France's President Valery Giscard d'Estaing who stand between the world and irreversible plunge toward general thermonuclear war.

War might occur as soon as within weeks. We do not think that probable, but at the moment such things are real possibilities. The situation is best described by saying that the world stands at the brink of a development like that of the Hitler-Mussolini-Chamberlain-Daladier Pact of Munich 1938 — at a point at which war is not yet ready to break out, but has become inevitable. After Munich 1938, it was impossible to stop World War II. One cannot prevent general wars at the point they are about to occur. General wars break out only when war has become unstoppable. One can prevent wars only by preventing those earlier developments which make war non-preventable, developments such as the actions by both Winston Churchill and Neville Chamberlain during 1938.

It is past time for both the politicians and the man-in-the-street throughout the Atlantic Alliance nations to awaken from their myth-ridden fogs of consoling self-delusion, to face and act upon the realities immediately before us. *If you do not, then, you are already as good as radioactively dead. Call us "Cassandras" if you will, but remember — to your radioactively dying moment that you did so, that you chose death in that way.*

Incidentally, the Cassandra of Homer's *Odyssey* was right!

Present Day German Mythology

As an American, I am enraged at what U.S. occupying forces permitted the British to do to occupied Germany. The most evil of all the things London did to Germany was to impose the doctrine of "Germany's collective

guilt" for World War II. That is not merely an issue of propaganda of the past, it is the mythology which has seized the minds of many Germans, and which prevents most of them from acting on the basis of principles of national purpose and national self-interest today.

The poor, British-mythology-ridden German citizen sees on television, or reads in some magazine once again the story of General Paulus and the Sixth Army, and says to himself, "Who am I, a mere blundering German, to decide anything of importance?" I suspect if German citizens do not quickly rid themselves of that myth, and learn once and finally about Nazi Germany, Germany will not be able to perform the role in world affairs — in alliance with Gaullist France — which the fate of humanity requires of Germany today.

It was the British who created Hitler, who ordered his 1933 installation in the Chancellory, who prevented his overthrow (by Canaris and the generals) in 1938, who supported him at Munich in 1938, and who refused to permit the Allies to support the generals' plot during the war. Once the events of 1938 were completed, courtesy of Winston Churchill and Neville Chamberlain, there was no force inside Germany which could have prevented what immediately followed.

The kernel of Nazi doctrine was laid down during the late 19th century and early 20th century by circles associated with key British intelligence figures such as Houston Chamberlain. A complementary feature of Nazism, the Nazi social movement, was developed predominantly by a faction of the British Fabian Society, out of its anarchist and anarchosyndicalist social experimental researches. Goering, linked to British networks in Scandinavia, exemplifies one important aspect of the matter. Rudolf Hess, under the influence of British ideological influence Haushofer — the Hess who flew *too late* to Britain — is another. Hitler, originally one of many similar sorts picked up as errand boys of the Allied Control Commission of the Versailles period, was selected and groomed at each stage of his progress up to 1938 by British (Anglo-Dutch) intelligence circles. In fact, it is fair to report that the Haushofer-linked networks of British intelligence services "ghost wrote" most of the contents of *Mein Kampf*.

It was not the German industrialists such as Krupp who elected to put Hitler into the Chancellory. It was, relatively speaking, the German Liberal Party of Hjalmar Schacht which first pulled down the Mueller Social Democratic Party government. It was Schacht who gained London's agreement to putting a Hitler, already losing support and credibility, into the Chancellory. It was Schacht and the London-based Schroeder's Bank — with support from London-allied circles in New York City — who dragooned the main body of German industrialists into supporting Hitler — or else.

The immediate prompting for London and Schacht's action was a strong impulse of forces associated with

Von Schleicher to coopt the Gregor Strasser wing of the Nazi Sturmabteilungen into support of a "Rapallo" alternative — that Germany make an economic pact with the Soviet Union, centering upon Soviet industrial development, in return for Soviet trade as a means for stabilizing the collapsing German economy. Elements of the army command, in addition to Von Seeckt, as well as industrialists, had all the relevant connections for putting such a plan in effect.

London's purpose in putting Hitler into power was severalfold. Most immediately, London acted to impose upon Germany a Schachtian program of "fiscal austerity" and labor-intensive *Arbeitsbeschaffung* identical in principles to the SDR ("International Mefo Bill") swindle London proposes to impose on the world through the International Monetary Fund and McNamara's World Bank policies today. In the longer term, London aimed to develop fascist rearmed Germany as a battering ram for conquest of the Soviet Union. As long as Hitler went only *East*, Hitler was doing the work London assigned to him. (There was nothing mentally deranged in Rudolf Hess's flight to Britain. Had he arrived some months earlier, he would have been received most hospitably.)

Granted, Nazi Germany went out of London's control to the point that London proposed alliance with the Soviet Union, an alliance after the summer of 1940, against Hitler. Nazi Germany's break with London occurred in two phases, and in ways directly relevant to the war danger currently looming before us.

Point One, *The Dismissal of Schacht*. Schacht, advised by representatives of the Warburg Bank, was considered a "financial wizard" by these fools, but the Nazis soon painfully discovered him to be an abysmal incompetent in economic matters. Schacht's "fiscal austerity" measures since the Young Plan, added to the economic ravages accumulated since 1914, were reducing German industry to the point of collapsing for lack of capital maintenance and were eroding the productive skills of the German population. Either Germany had to dump the whole Nazi system — including Schacht's insane financial pyramids, the *Rentenmark* and *Mefo Bills*, and turn toward a "Rapallo" alternative, or Germany would have to loot its neighbors. This latter required an acceleration of the munitions and the war-economy effort — while German industry could still produce. (It is notable, that into 1941 and possibly later, the indices of German industrial production, including military production itself, were below 1914-1915 levels by a substantial margin.)

Hjalmar Schacht was pushed into semi-official retirement.

Point Two, *The Invasion of Scandinavia and Benelux-France*.

Despite growing hostility to Nazism from popular (and Jewish) circles in London, Winston Churchill managed to keep British policy in line with the policy of sympathy towards an accommodation to the Nazis through 1938. The families which maintained that pro-Nazi policy are among the same families which control the Royal Institute of International Affairs (RIIA), the London Inter-

national Institute of Strategic Studies (IISS), BBC, Reuters, the Aspen Institute, and other branches of British Secret Intelligence Services to this present day.

It was those British leading families associated with Churchill and the Astors which forced through the Munich 1938-arrangement, freeing Nazi Germany for its drive eastward. During the same period, Winston Churchill intervened personally, to prevent Canaris and the generals from proceeding with the plan, for which forces were already deployed, to overthrow Hitler.

Churchill admitted such 1938 action during a reply to a parliamentary question at the end of World War II. A Member of Parliament interrogated the government as to why it had not supported the Generals' Plot of the 1938 and 1943-1944 period. In a reply reported drafted by Hugh Trevor-Roper, Churchill admitted the burden of the question and justified British actions in those matters by proposing that His Majesty's government had preferred Hitler to the anti-Nazi forces prepared to overthrow him.

The same Hugh Trevor-Roper was one of the leading proponents of "Germany's collective guilt" for the horrors of World War II.

Although the war which London declared on Germany in September 1939 was at first a "phony war," as it was called generally, increasingly up into the spring of 1940, London did intend to invade the Rhineland at the point that the German forces were weakened in war against the Red Army. This fact, obvious to the German High Command, intersected the fact that Germany lacked the resources for a war against the Soviet Union. The German drive westward accomplished two purposes. It knocked out the forces to the West, first, before launching the drive eastward and provided German industry with a margin of loot from the Benelux countries and France to build up for a drive eastward.

It was that drive westward which broke apart London's earlier policy of viewing Hitler as its expendable puppet.

Nonetheless the British influence within the Nazi command saved Britain. Through militarily senseless orders transmitted from Hitler's office itself, Guderian's tanks were held back from Dunkirk. Goering performed a crucial part in saving Britain from defeat with his militarily insane bombing of London. He drew the Luftwaffe away from militarily relevant targets to London, putting the Luftwaffe into a British shooting gallery. This gave British military build-up indispensable breathing room while depleting the Luftwaffe below the point required for covering a sea-borne invasion. The bombing of London, while causing relatively minimal damage overall to London itself, enabled the British propaganda machine to mobilize a demoralized Britain in support of a continued war effort. Hitler abandoned the strategically essential initial conquest of Britain, and turned eastward, to Germany's doom.

The Russian Front

Given the political situation in France and the quality of the French military command itself, the 1940 fall of France was inevitable. So was the doom of the Wehrmacht in Russia.

Because Stalin himself could not believe Hitler so insane as to attack the Soviet Union before eliminating

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Britain, the Red Army was caught unprepared by the Nazi onslaught, giving the Nazi assault a degree of initial success not warranted by forces' capabilities.

Niccolò Machiavelli would have understood this point immediately.

The Nazi blitzkrieg policy was a reflection of German weakness, not German strength. Germany lacked the force-in-depth to sustain a war against a well-matched adversary. Thus, the policy of the German High Command was to secure a decisive knockout blow at first onslaught, to avoid all situations resembling a "Battle of the Marne." Everything effective was put up front into assault, but without strategic depth.

Hannibal's problem in Italy was more favorable than the situation the Wehrmacht faced in the Soviet Union — the closer the Wehrmacht reached in-depth Soviet counterattack potentiality, the more the shallowness and logistical weaknesses of the Wehrmacht and the Luftwaffe strike capabilities became conspicuous in respect to in-depth Soviet force capabilities. The war in the East was not, as simpleminded commentators like to profess, a matter of the Soviets trading distance for advantage. It was the principle understood by *Machiavelli* — that Soviet capabilities were based on collapsing temporarily defeated forces into second and third echelons of in-depth war-fighting capabilities as at Stalingrad. Against the in-depth combinations of Soviet forces and Soviet military doctrine, the Wehrmacht was wholly outmatched.

Germany's Paulus at Stalingrad had in fact no choices. His option was to shoot Hitler before the battle. The post-1938 situation in Germany made overthrow of Hitler impossible until the emergence of the generals' plotting, which began as soon as the defeat of Moscow and Leningrad showed every competent military commander that the Wehrmacht was doomed to defeat. Paulus was not situated to shoot Hitler in advance.

The First World War was also the result of British maneuvering in the Balkans and elsewhere. What predetermined World War I was the 1905 Russian Revolution, sparked by Anglo-Dutch intelligence networks for the purpose of overthrowing Count Witte. Witte represented proindustrializing factions in Russian circles, committed to an alliance of interests with industrialized Germany — foreshadowing the later Rapallo efforts. Through the overthrow of Hitler, Russian alliance to the London-coordinated entente was insured. Anglo-Dutch intelligence operations in the Balkans did the rest.

The proper lesson of two world wars for Germany is: never permit Britain to set up the circumstances of war and always develop and maintain an industrial alliance with France against British-monetarist-Schachtian policies. The forces around Konrad Adenauer showed a good working grasp of this lesson — which is why British intelligence services acted to weaken both Adenauer's forces within the Christian Democratic Union and De Gaulle's. It would be, as we shall demonstrate, a good thing if all influential but too susceptible Germans repudiated their association with IISS.

It is the British whose "collective guilt" for two world wars — and the 19th century — properly obliges *them* to pay everybody reparations for the hell they have brought upon humanity.

The center of London's efforts to bring on World War III is the deployment of its agents in leading U.S. positions. Henry Kissinger, Vice President Mondale, James R. Schlesinger, Admiral Turner, W.M. Blumenthal, and General Alexander Haig, as well as Zbigniew Brzezinski are notable such hard-core British agents-of-influence.

The essence of London's effort is the pushing of the "environmentalist" movement, a movement created and controlled entirely by British intelligence services, including British agents-of-influence (chiefly) inside the United States. With the aid of this assault against nuclear energy-centered high-technology export programs into the developing sector, London has succeeded in wrecking world trade levels. By sabotaging U.S. high-technology exports (most emphatically), and at the same time flooding the world with dollars unsupported either by gold or hard commodity exports, the value of the dollar has been brought down artificially to the vicinity of 2 deutschemarks.

By collapsing world trade levels and the dollar — with the most important aid of the British intelligence "environmentalists" and international terrorists' forces, the United States is being driven toward accepting the neo-Schachtian policies of "fiscal austerity" London demands. If this occurs, unless France, Japan, the Federal Republic, and other saner nations quickly establish a new world, gold reserve-based monetary system around the emerging Luxembourg markets, the whole capitalist sector goes into neo-Schachtian "fiscal austerity," an austerity which the IMF and World Bank demand be pushed to mass genocidal extremes in many nations in the developing sector.

At the same time, London is pushing openly for a U.S.-NATO confrontationist policy toward the Warsaw Pact nations, Vietnam and Cuba, and has won a significant number of credulous fools in and around the U.S. military and intelligence establishment to an arms race based on such a confrontationist perspective.

Soviet Follies

Meanwhile, the Soviet command is behaving with mixed military-strategic brilliance and political stupidity.

Although Brezhnev et al. are issuing an unprecedented flurry of probing offers for revitalizing détente, London influence both direct and through U.S. agents-of-influence such as Kissinger, Schlesinger, Brzezinski et al. tends towards causing each of these probes to be turned aside. While making these probes, Moscow is also preparing for total thermonuclear war at an early date, a period as short as weeks or as long as 18 months or less. To this effect, although Moscow continues policies based on long-range political objectives in some parts of the world, it is deploying in the Arab and contiguous sectors in a way which makes sense only as a short-range mobile political deployment in anticipation of either thermonuclear confrontations or actual general war.

On the military side, Moscow policy is excellent. On the political side, it includes leading elements of outright insanity.

Moscow, not being stupid, recognizes that the antinuclear energy and "fiscal austerity" policies being pushed from London have the effect of savagely weakening the United States to the nominal benefit of the City of London. They also know that the "environmentalist" and deindustrializing policies promoted by London qualitatively weaken the military capabilities of the Atlantic Alliance at a point that Moscow itself is moving towards deployment of qualitatively new kinds of weapons systems of major strategic significance.

Militarily, Moscow's indirect support for London against Washington makes sense in that way. Moscow says, "Let the British flea infect the U.S. dog with neo-Schachtian plague, that way we can more easily dispose of both."

Moscow's political stupidity in this is that by putting its deployments in such a way as to enhance London against the U.S.'s vital interests, it is ensuring that the anti-Atlantic Alliance is driven into the neo-Schachtian insanity which makes general war inevitable. Without being directly informed, I know in advance Moscow's attempted rebuttal to that: "We have no faith in the possibility that Giscard, Schmidt, and other sane forces in the Atlantic Alliance will be able to stop London from taking over the government of the U.S., France, and the Federal Republic. Try to stop war if you can, but we think war is becoming almost inevitable. We are realists, who stake everything on enhancing our marginal advantage for general war."

That being the case, it is almost useless to hope that Moscow will independently correct its tragic political error on this count. Thus, the only possibility of stopping war lies on our side of the Atlantic Alliance — in ridding ourselves of the plague-bearing British fleas.

Our estimates of the possibility of doing that in the United States and elsewhere are far better informed than those of any of our readers, and significantly hopeful. However, although we see clearly ways to stop this horror, as we look into your eyes we see men and women who, because of their myth-ridden follies, may well be as good as radioactively dead. If the Schmidt government falls, I would give very little for the Federal Republic's chances to survive physically over the coming months.

The 'Neutron Bomb'

Once again, let us be clear on the Soviet order of battle. Reality has no resemblance to what is offered as official wisdom by General Alexander Haig or most so-called military experts in the Federal Republic. In particular, under no circumstances will the Warsaw Pact forces engage in a theater-limited war in Central Europe. The first act of war on the Warsaw Pact side will be total, intercontinental ABC warfare (atomic, bacteriological, chemical). The order of war-fighting will proceed as follows:

1. An intercontinental salvo amounting to a full strike of strategic ABC weapons against the United States and all other major military and logistical targets out of short-term reach of Warsaw Pact ground forces. This assault will eliminate between 120 and 180 million lives in the United States, and may or may not include

(probably not) missile-silo targets in the United States. (Any commander must assume that at the instant his missiles are detected in liftoff, the adversary's liftoff will begin — so, why hit emptied missile silos? Rather, "kill" the nation which represents an otherwise out-of-reach in-depth war-fighting capability.)

During this initial exchange, the Soviet Union will lose in the order of up to 30 percent of its population and logistical resources in depth, including the cities of Moscow and Leningrad. That, however, my friends, is what occurs at the outset of present-day general war. So, my friend, prepare to fight that kind of a war to win, or do not meddle with war.

2. A simultaneous intermediate and short-range full-scale ABC strike against both frontal adversary deployment positions in depth, plus all key in-depth rear-echelon targets. This bombardment has the same included function as a classical "conventional" artillery and tactical-support air bombardment. It "paves" the entire front of assault to the purpose of exterminating every possible means of opposition within that frontal area.

3. Along a broad front in Central Europe, Warsaw Pact mobile forces follow the "paving" bombardment with rapid penetration in dispersed combat-group formation, featuring armored artillery and personnel carriers equipped to deploy in an ABC-contaminated line of march and battle-terrain. This advance is supported by helicopter and other logistical support and troop transport.

Thus, war does not describe a process of escalation toward the asymptote of "maximum deterrent," but a process of deescalation from total thermonuclear deployment toward "conventional" warfare. That policy, which locates the function of the infantryman in an ABC-contaminated environment as the concluding act of battle and war in each setting, is a *war-winning* approach to general war. That is Soviet doctrine and forces capability. Therefore, that is the kind of war that will be fought if war occurs.

As a United States 1976 presidential candidate, I would not have run for election if I had not considered myself psychologically and otherwise prepared for all the functions of that office, the problem of general war included. I know that the incumbent President has not thought through a number of important such matters, including general war. I know that virtually none of the heads of state and leading politicians of the Atlantic Alliance have faced the responsibility of thinking through what it means to fight general war. What I say on this subject reflects looking general war in the face, and knowing how I would prepare for and direct such warfare were I obliged to assume that responsibility. Most heads of state and other leading political figures have not done this, I know authoritatively. Perhaps Chancellor Schmidt is one of the exceptions. Otherwise, they could not pursue the lunatic policies they publicly mouth, and could not tolerate official or press babbling on such matters as the "cruise missile" and "neutron bomb."

First, the "cruise missile." Without going into confi-

dential matters, the "cruise missile," a parody of the Nazi V-1 or "buzz bomb," is not a weapon of war and was never designed to be an effective weapon of actual war fighting. Its use has an entirely different experimental purpose, to which I shall not refer here, out of respect for sensitive confidences. Nonetheless, every head of state and defense minister of the Atlantic Alliance knows exactly what I mean by this reference — and knows that the British know this, too. Why, then, do they tolerate the idiotic proposal to deploy this wholly-ineffectual, merely-provocative weapon?

Second, the "neutron bomb." This weapon is distinguished by its extraordinary compassion for an adversary's real estate, and the reduced residual effects it has on those subsequently moving into affected terrain. In short, as a nuclear tactical-support weapon, the only function of the creature is for uses by advancing armored assault forces making successive penetrations of adversary "home terrain," since if the adversary is not using neutron bombs, one's own terrain is already so contaminated that there is no point in using a neutron bomb for recapturing terrain. Hence, the deployment of the weapon has only one significance, an airing of one's implied determination to *initiate* general war.

Three points follow from that.

First, one understands exactly the Soviet reaction to the chatter about the neutron bomb. In a military sense, they are not intimidated by it, since they can match it with very dirty ordinary nuclear devices or make one of their own if they elect to do so. However, it represents a NATO potential commitment to *first-strike*. Hence, the mere deployment of the weapon is itself close to a *casus belli*. (If one were to seriously deploy it, one would not advertise the fact in the least.)

Second, the NATO forces do not have an existing capability to sustain an armored assault in depth into Warsaw Pact territory and no in-sight capability for doing so against existing Warsaw Pact force capabilities governed by existing Warsaw Pact doctrine. So, the weapon is useless for all in-sight situations in Central Europe.

Third, the weapon with which the Soviets could totally outmatch the neutron bomb is a suitable equivalent *thermonuclear neutron bomb*. Scientifically, on the basis of proven theoretical-research accomplishments by the Soviet Union, they have specific capability to create a "clean" thermonuclear bomb. Indeed, they offered the relevant physics to the United States, but — on the action of James R. Schlesinger, under orders from London — the U.S. refused to accept this technological offer. Otherwise, the Soviet reaction to the neutron bomb is to plaster all suspected areas of deployment with very dirty ordinary A-bombs.

The neutron bomb represents no conceivable advantage for NATO forces in Central Europe.

Adalbert Weinstein

Why, those being facts properly available to the *Frankfurter Allgemeine Zeitung's* Adalbert Weinstein, does he yet, once again, boost the foolish neutron bomb in his Feb. 26 column? Why do CDU spokesmen and others fall for this business?

Weinstein's rationalization operates on two levels.

First, he proposes that, after all, such weapons are not for using, but only for bargaining against SS-20s, "Backfire" bombers, and the like. That is merely a subordinate — if incompetent — feature of his more essential argument. His most essential argument is London's argument, the International Institute of Strategic Studies' argument, Sussex University's argument, that the Soviets will back down from general war and "accept" a nuclear-augmented-level theater war in Central Europe. Weinstein himself is sufficiently intelligent and well-informed to know that once that latter bit of British idiocy is chucked out the window, the rest of the argument goes as well.

It all comes down to whether or not you are so disposed to submit to "British wisdom" as to abandon the judgment of your own knowledge and senses.

In principle, I have no objection to Herr Weinstein's participation in IISS proceedings. I and my associates have had a few well-mannered chats with such folk over various strategic and policy matters, and have excellent lists of the names and pedigrees of many prominent persons of many countries associated with those branches of British Intelligence. Excepting the fact that MI-6 would presently use the opportunity to assassinate me at this point of affairs, I would enjoy occasionally passing time with some of the British-intelligence crowd and their invited guests. It is always an informative clinical experience to observe how the British mind works at close range and I am socially a pleasant enough fellow, if all the same too plain-spoken and hubristic for British liking. Gather all the information you can, Herr Weinstein, but do not permit yourself to be deceived by those fellows.

The British, who have admittedly done quite a job in penetrating the Soviet leadership circles over the years, understand only one aspect of the Soviet mind, not the aspect which bears upon dropping a pair of 50 megaton thermonuclear devices upon the United Kingdom. The Soviets will tolerate, within limits, surrogate warfare within the developing sector. Once those limits are passed — as is approximately the case at this moment, or once, for other reasons, conflict between Atlantic and Warsaw Pact forces is engaged, full thermonuclear war erupts.

Where the political fact of the Warsaw Pact nations is at issue, the Soviets will tolerate no forms of "cabinet warfare." They will conclude that the war for the world is on, and they will stake the outcome of that on nothing less than total deployment of maximal capabilities in depth — especially the adversary's depth. They will destroy entire nations with thermonuclear weapons, in North America, Central Europe, or elsewhere, if that act will significantly enhance their certainty of winning.

British imbecility on this point flows not merely from their inability to fully probe the Soviet mind. The typical imbecility of the British ruling strata flows from their obsessive commitment to establishing the "feudal-like" Orwellian utopia which is otherwise the masturbational fantasy-obsession of every family of the Black Guelph oligarchical tradition in Europe.

They are hard-core neo-Aristotelians. Despite the deliberate lying on the subject of Plato, Aristotle et al., which pours out for the edification of the learned credulous from Oxford and Cambridge, they know the truth of

the fundamental antagonism between Plato and the evil Aristotle, and are deeply committed to the neo-Aristotelian "Persian model" policy of Philip of Macedon and the cult of Apollo.

This commitment is uppermost in the minds of the inner circles of British policymaking and intelligence services. Their promotion of the Club of Rome fraud and the Phrygian cults of Maoists, environmentalists and international terrorists reflects their inner *anti-capitalist* commitment. They desire, with obscene passion, a world of a feudal-like utopia in which the oligarchy rides to hounds, attended by servants, while a sturdy, simple minded gentry pauses from tossing manure to tug respectfully at its forelock while the gentry rides by. That evil obsession, which governed the monstrous

Bertrand Russell all his life, is the secret of the British monarchy and British intelligence networks. Any reality which purports to deny them the realization of their paranoid's oligarchical dream is a reality they refuse to admit exists.

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America Demands White House Shift To Sane Nuclear Expansion Policy

The nuclear power issue is the key to a new multi-partisan political configuration developing in the United States which is capable of checking the country's current drift toward fascist economic policies and thermo-nuclear war with the Soviet Union.

ENERGY

Pronuclear forces have gone on the offensive in what is shaping up as the most significant 1978 gubernatorial election race in the U.S., the reelection fight of the California Democratic Party's zero-growth "zen governor" Jerry Brown. A series of articles by *New York Times* columnist Tom Wicker last week reported nuclear power expansion as the number one campaign issue which all four Republicans competing for their party's nomination are using against Brown, with notable effect. Last week, after strong testimony by building trades officials and the U.S. Labor Party, the overwhelmingly Democratic Los Angeles city council voted 11-2 to back construction of the Sundesert nuclear plant in southern California, which Brown's handpicked state energy commission has consistently sought to sabotage.

In Congress, Rep. Walter Flowers, chairman of the House Science and Technology's subcommittee on nuclear and fossil fuel development, warned the President that Congress was "hawkish on resources development" and was prepared to confront the Administration head-on to assure development of the Clinch River fast breeder reactor, which the Administration has sought unsuccessfully to kill for nearly one year.

The potential for reversing the drift toward no-growth fascism within the Carter Administration itself was underlined by elements of U.S. Secretary of State Cyrus Vance's speech before the National Conference of Governors Feb. 27. Although not departing from the Administration's formal (and thoroughly inadequate) position on international trade policy, Vance's remarks, undoubtedly cleared with Special Trade Negotiator Robert Strauss, stressed the traditional American orientation to global peace and expanding economic development. "We cannot close our eyes to the relationship between economic growth and political stability,"

the Secretary said, stressing that expansion of U.S. exports, via the Export-Import Bank and concomitant modernization of U.S. industry, is vital.

The nuclear development issue is the precise point at which to apply pressure to Vance, Strauss and similar relatively sane forces in the Administration resisting the deindustrialization and confrontation schemes of the "London faction" around Energy Secretary Schlesinger, Treasury Secretary Blumenthal, and National Security Advisor Brzezinski. This pressure was being applied in heavy doses by both Republicans and Democrats last week:

*The National Conference of Governors, issuing a special statement aimed at the White House, directed President Carter to put promotion of nuclear energy at the top of his energy agenda.

*The Senate Energy Committee, hearing testimony on the fiscal 1979 energy budget by James Schlesinger, raked him over the coals. Republicans Clifford Hansen (Wyo.) and Jim McClure (Id.) attacked the Schlesinger "conservation" policy as responsible for the fall of the dollar; Democrats including Bennett Johnston (D-La.) stressed the importance of moving ahead with nuclear power.

*The House Science and Technology committee's nuclear subcommittee has rewritten the 1979 nuclear budget submitted by Schlesinger to sharply increase funding for fission and fusion development, including \$159 million for the Clinch River liquid metal fast breeder reactor. President Carter himself was forced to sign an \$80 million appropriation for Clinch River when it passed as part of a supplemental appropriations bill last month, although the Administration is still expected to try to block the funds' use.

*Dr. Chauncey Starr, President of the U.S. Electric Power Research Institute, and Dr. Walter Marshall, Deputy Chairman of the United Kingdom's Atomic Energy Commission, announced the development of a "proliferation-proof" breeder cycle at a joint press conference in Washington, D.C., thus torpedoing a major objection of the Administration to breeder development.

*Nationally syndicated columnist Joseph Kraft used the coal strike's exacerbation of the energy crisis to motivate a Presidential policy shift: "The President would be well advised now to seize the opportunity for proclaiming this country's full entry into the nuclear age."

Senate Hits Schlesinger On Energy

Sen. Hanson (R-Wyo.) — There has been a drastic drop of the dollar. The only thing that will make sense to our allies is a policy of assuring the best use of the assets we have. That is the assurance that there will be more domestic production of energy. That is the only program worth being called a program. We have to assure the Germans and Japanese that we have to turn our policy, that the outflow of dollars will be turned around. We must put Americans to work producing energy. That is what the rest of the world is calling for. The Germans and Japanese know this is the only answer for the long term.

The energy budget is a national disgrace. Phase I of the energy plan is nonsense. The Administration has taken no leadership in energy policy.

Sen. McClure (R-Id.) — What I don't understand from the Administration is that there is no sense of urgency. There is an assault on the dollar. There is a decline in our economic strength. Anyone who says you can have an energy growth rate below 2 percent and still think we can have a growing economy and create new jobs is being preposterous and dangerous.

Sen. Johnston (D-La.) — Isn't it true that nuclear energy is cheaper, 30 percent cheaper than coal? When are we as a nation going to make a national decision on nuclear energy? We have deemphasized nuclear energy. The manufacturers are getting out of the business. There are no new plants on line. The Administration thinks that nuclear is not necessary. Isn't it time we made a decision on this?

Tom Wicker: Nuking Jerry Brown

Tom Wicker describing antinuclear Jerry Brown's re-election problems in California, in excerpts from a New York Times column of March 3:

LOS ANGELES — Without much fanfare outside California, Gov. Edmund D. "Jerry" Brown, has become the first national political figure to take the negative, openly and assertively, in the escalating national debate on nuclear power.

In Washington for a national governors' conference, Mr. Brown (said) he intended... to enforce a law he had signed in 1976. It would prevent new nuclear plants from being licensed until the California Energy Commission found that a proven technology for the disposal of radioactive wastes had been demonstrated. Since his Energy Commission takes the view that no such technology is now available, Mr. Brown's intent to enforce the law means that no new nuclear plants may be licensed in California at this time.

But the nuclear scientist Edward Teller recently told Californians the question of safe disposal of nuclear wastes was a "phony and dishonest issue." The gubernatorial candidate for whom he spoke, Attorney General Evelle Younger, and all four other Republican can-

didates for Jerry Brown's job, have begun to focus their fire on the Governor's nuclear power position.

Mr. Brown is a strong favorite for re-election next November, but the nuclear issue might yet cause him real problems. Immediately at stake is the Sundesert project, a \$3 billion reactor the San Diego Gas and Electric Company wants to build in the Mojave desert, to serve much of heavily populated southern California — where the votes are. The Federal Nuclear Regulatory Commission has given preliminary approval to Sundesert, but the California Energy Commission has refused so far to license it...

Mayor Pete Wilson of San Diego — a city that would be served by Sundesert — is another leading candidate in the Republican gubernatorial primary on June 6. He has accused Governor Brown of doing a "serious disservice to the people of the state" in following an antinuclear policy that Mr. Wilson said would bring "massive joblessness and blackouts to California in the 1980s."...

While environmentalists may applaud Governor Brown's stand against nuclear power, not all will approve the use of coal instead; and there's no real doubt that California's increasing population — projected to reach 29 million by the end of the century — will demand new energy sources as well as conservation....

So the Republican candidates are zeroing in on the issue. "Nuclear energy is the future of California," says Edward Davis, the former Los Angeles police chief. He believes the state needs 15 more nuclear plants by the end of the century but describes Jerry Brown as "anti-jobs, anti-energy — we're going to have to call him 'Anti Brown.'"

To Evelle Younger, Mr. Brown has shown himself to be "a confirmed no growther...and that's what the battle is all about: growth or no growth." Whether the facile young Governor prevents the issue from being debated in such disadvantageous terms — for him — will have much to do with this year's race in California as well as the future of the antinuclear movement.

Joseph Kraft:

Tilting Toward The Nuclear Option

Joseph Kraft, describing the significance of a new technology that permits nuclear proliferation without weapons proliferation, in a Feb. 28 column:

Coal is almost dead. Long live nuclear — and safely. That is the underlying meaning of the marathon coal strike for the country's energy problems. So it is good news that there is being announced this week a new technique that divorces all-out nuclear production from proliferation of nuclear weapons.

For several years now coal has been at the center of the country's energy strategy....

But the strike demonstrates that the extensive practice of underground coal mining is not truly consistent with the sensibilities of an advanced industrial...society. The work is dangerous, dirty and hard. Those who undertake it demand privileges that go beyond the usual reward of high wages....

Theoretically the problems of eastern coal could have been solved by western coal. For the seams in the Rocky Mountains lie close to the surface and do not require underground mining.

...But new rules require that 90 percent of the sulfur content be removed from coal before the waste is emitted. That discriminates against western coal, which is so low in sulfur content that it would not ordinarily need any special treatment. As a result western coal will not be competitive east of the Mississippi....

Nuclear power, by contrast, is free from all these social constraints. It is cleaner, cheaper, safer and more reliable than coal. The most progressive power producers in the country have long since gone over to nuclear reactors. A notable example is the TVA, which — having led in hydroelectric power during the 1930s and coal-fired plants in the 1950s — is now going nuclear in a big way.

Association with nuclear weapons, to be sure, has generated a good deal of public apprehension about nuclear power. Though polls and referendums show an overwhelming part of the population favorable to nuclear power, many citizens and political leaders of unquestionably high motivation oppose — and successfully oppose — locating nuclear power plants in major population centers.

But that problem can be met by placing the plants on government reservations or in nuclear parks. Thus the Hanford Nuclear Reservation in central Washington is being used for building three reactors that will provide power to the populous areas around Seattle and Portland. California could also have a piece of that action if Gov. Jerry Brown would be sensible about his state's overwhelming energy difficulties.

A second worry is disposal of nuclear wastes....

The problem becomes much smaller if this country begins moving toward reprocessing plants and breeder reactors that use spent fuel to generate more nuclear fuel. President Carter had turned away from that path because reprocessing generates weapons-grade material and thus might promote proliferation of nuclear bombs...

Scientists in Britain and this country have developed, and are announcing this week, means for going through the whole reprocessing cycle without producing weapons-grade material.

That development is a special boon for President Carter, whose past emphasis on nonproliferation was going nowhere. The president would be well advised now to seize the opportunity for proclaiming this country's full entry into the nuclear age.

Congress 'Hawkish' On Resource Development

Rep. Walter Flowers, (D-Ala) chairman of the Fossil and Nuclear Energy Research Subcommittee of the House Science and Technology Committee, motivating sharply increased funding for nuclear fission and fusion development above the levels budgeted by James Schlesinger's Department of Energy:

"I think the Clinch River breeder reactor is a battleground, a symbol between a Congress that feels very

strongly that this country ought to have a growth policy and is hawkish on resource development and an Administration that is at least perceived by many people to be contrary to that. I have stressed this in my discussions with high officials in the Administration and until there is a rational alternative Congress is going to proceed with Clinch River."

TVA Chairman Demands Nuclear Timetable

TVA Chairman Aubrey Wagner addressed the Feb. 25 Public Awareness Symposium of the WATtec conference in Knoxville, Tennessee:

The current coal strike has again underscored the delicate and vulnerable nature of the nation's energy pipeline and may provide a "very small sample" of what a permanent energy collapse would do, TVA Chairman Aubrey J. Wagner said today.

Even after coal supply returns to normal, Wagner said, meeting increasing demands for energy will pose formidable challenges for the TVA region and the nation through the rest of this decade and into the 1980s.

He said there is a "strong possibility" that these needs will not be met unless an inexhaustible basic energy source with acceptable economic and environmental costs can be developed....

"Those responsible for providing the nation's power needs will agree unanimously that the only available technologies for new large-scale generating stations are fossil-burning steam plants or light water nuclear reactors," Wagner said. "This will certainly be true for the 1980s and probably for the balance of this century."

Wagner cited the growth in regulatory requirements for nuclear power plants and called for creation of a regulatory climate in which utilities "can set a reasonable schedule for construction and stick to it."

He said a nuclear reactor project today requires about 3.5 million engineering man-hours, compared to about 500,000 man-hours in the 1960s, and that engineering drawings for nuclear plants which once covered 2,200 pages now fill 45,000 pages.

"Some of this is expected in a developing technology, and we absolutely must make nuclear plants as safe as humanly possible," Wagner said. "But we also need to place greater emphasis on standardized designs and somehow freeze the design so it isn't changed again and again after construction has started."

He cited TVA's experience with its Sequoyah Nuclear Plant near Chattanooga which has been delayed for five years because of design changes and regulatory delays. The unavailability of this plant has contributed to TVA's problems in meeting power demands this winter, Wagner said.

He also reiterated his support for a "vigorous" breeder reactor research and development program.

"We should be working now through projects like the Clinch River project to have the breeder available as a commercial option by the end of this century," Wagner said. "Construction of the Clinch River project does not commit us to widespread use of breeders or to the plutonium age. It simply moves us a necessary step closer to making the breeder a commercial reality — to be there if we need it."

Vance: Expansion Is Key To World Peace

The following are excerpts of the speech by Secretary Vance to the National Governors' Association Feb. 27.

...At this moment... we face unusually difficult strains on our economy. There is a strong impulse to abandon our commitment to an open world trading system—to draw our wagons into a circle.

Let there be no mistake about the sensitivity of this Administration to the reality of those strains and the necessity to deal, constructively and effectively, with the causes and the consequences of current economic difficulties. Unemployment is more than a statistic to a family without a job. Inflation is a corrosive that eats away at the hope of every American for a better future. The damage to a community when a factory shuts its gates can be devastating...

...We must avoid short-term responses to current pressures that mortgage our future interests. We must resist the temptation to insulate ourselves from international economic competition, for we are a nation that thrives on world trade. We cannot lose sight of one simple proposition: to buy from us, other nations must be able to sell to us...

...If we should turn down the road toward protectionism, our major trading partners would face irresistible demands to impose their own barriers. And the developing countries, caught in the squeeze between high energy prices and narrowing export prospects, would be forced to restrict their imports as well.

The American people have a vital interest in a progressively more open trading system....

—One out of every eight manufacturing jobs in the United States depends on exports. For every one of those jobs, another one—in a supporting industry—is created.

—Every third acre of U.S. farmland produces for export. Each dollar of those agricultural exports stimulates more than a dollar's worth of output in a food-related industry.

—Today, one out of every three dollars of U.S. corporate profits is derived from international activities.

—Exports of our goods and services now contribute nearly \$200 billion to our gross national product.

—Two-thirds of our imports are essential raw materials, or goods we cannot readily produce. From automobiles to newspapers, from jet aircraft to household appliances: many of our industries depend upon imported materials....

...Protectionism against our trading partners breeds protectionism by our trading partners against us. Nearly 10 million American jobs depend on our exports. No Administration committed to protecting the jobs of every American worker should embark upon a course that could unleash a new and dangerous era of trade warfare....

The (Multilateral Trade Negotiations) in Geneva will

establish the framework of world trade for years to come. This will involve tough negotiating in the months ahead. Some argue that we should pull back and wait out this period of economic uncertainty. We believe just the opposite: that successful completion of this major effort to expand trade and strengthen its international rules will increase business confidence and spur our recovery. Ambassador Bob Strauss is determined to bring back a package of agreements that will bolster our economy and those of our trading partners. We look to you for guidance and support as this process unfolds....

...We must stimulate lagging U.S. exports. On Dec. 21, the President announced steps that will enable us to respond more creatively and energetically to export opportunities. He has asked Congress for an unprecedented \$15 billion expansion of direct lending authority for the Export-Import Bank over the next five years. And he has directed the Department of Commerce to vigorously assist U.S. exports, in ways that are consistent with an open trading system....

We cannot prevent change. Our economy is dynamic and it must remain so. But we can and must help affected industries and workers to adjust to change—through modernization, retraining, and facilitating shifts of resources to more productive sectors.

Trade policy alone cannot carry the entire burden of solving this nation's economic problems. We must also have an effective energy policy and we must have it soon.... to promote the development of other energy sources. Both for our energy and trade needs, passage of domestic energy legislation is imperative....

An outward looking trade policy is not a luxury for the United States. It is pure economic necessity. Even more than our trade is at stake. For if we let ourselves slide into the unpredictable business of protectionism.... We would be fostering a kind of nationalism which could shake our alliances and undermine our efforts to build international cooperation across the entire range of pressing global issues.

Protectionism is a dangerous gamble in which everybody loses. That is the indelible lesson of history. A wave of trade restrictions in the early 1930's deepened a world-wide depression. The desperate economic situation that existed then in Europe certainly contributed to the popularity of authoritarian movements. ministrative and legal intervenor activity that is between economic growth and political stability around the world.

Today, as much as in any period of our history, American leadership is called for. Others are looking to us.... Unless we adjust to a changing international economy—an international economy in which we have a major stake—America's interests will seriously suffer.... Together, we can work to build an international economic system that expands opportunity and fosters peace.

Governors: Carter Must 'Rally Support' For Nuclear Energy

The Nuclear Roundtable of the National Governors Conference released the following statement this week on behalf of the governors.

The Governors recognize that there is a direct correlation between energy and jobs. Without adequate energy there can be no industrial expansion, no new jobs, and modern agriculture. Without energy our economy will falter.

Under the Administration's projection of a 2 percent annual national growth rate, 130,000 megawatts from light water reactor plants will be needed by 1985.

If the Administration is to reach even this modest projection of energy facilities needed (the current growth rate is in excess of 4 percent), a firmer commitment to nuclear energy must be articulated by the President....

Under present regulatory processes, the lead time for building nuclear plants now approaches 12 to 14 years. The current proposed legislation does not materially reduce the 12 to 14 year time frame. The enactment of a "statute of limitations" provision to prevent administrative and legal intervenor activity that is repetitious and endless is essential.

It was the overwhelming opinion of the Governors present that there needs to be a clear cut decision by the Federal Government on the waste management problem before the public can be convinced that a nuclear energy option is a viable production alternative.

Without reprocessing there is a real question whether there will be enough domestic nuclear fuel to fulfill the needs of the current planned nuclear facilities after the year 2000. This determination must be made at the Presidential level by the end of the current year. In this regard the National Uranium Resources Evaluation Program should be accelerated. The nation cannot wait until 1983.

The clear cut consensus of the Governors is that the

nuclear energy program should be continued, and if the Administration's modest projections of electrical demand are to be met, we need a definite timetable and policy adopted at the Presidential level to produce answers on the reprocessing and breeder technology issues. The President must take the lead and rally public support.

The Governors understand that the President's policy on reprocessing, and the use of breeder technology is based on foreign policy concerns and the potential for further proliferation of nuclear materials. However, many Governors feel that such a viewpoint will seriously damage our world position economically and endanger our national security.

We also feel that the options or alternatives to conventional reprocessing and use of breeder technology have not been clearly stated. In order that the American people can plan realistically we request that definite decisions be made and timetables for those decisions be provided by the Administration. Prolonged delay of clearly defined timetables and commitments are unacceptable and unresponsive to our energy needs.

If the decision not to reprocess continues, then a plan of action must be set forth immediately outlining the number of plants which can be operated with existing domestic uranium supplies that can be economically recovered. Otherwise, the projected needs for imported nuclear fuel and the alternative options for dealing with the spent fuel are needed to fill the resulting void.

The majority of the Governors feel that the reprocessing and breeder decisions of the Administration must be reconsidered. Other Governors want to consider additional facts on the subject before deciding their position.

All agree, that nuclear energy must play a large part in production of electricity and the present Administration policy is inadequate to bring this about.

Anti-Nuclear Lies Still Coming From Administration

While pressure is building up in Congress, regional press, and industry across the United States for the Administration to alter its no-nuclear energy policies and go with the fast breeder and fusion research and development, scientifically spurious and outright fraudulent anti-nuclear propaganda is still emanating from the Administration's highest policy circles.

* Speaking before an energy conservation conference convened by the Washington, D.C. Bar Association, Deputy Energy Secretary John F. O'Leary described nuclear power as a "has-been". O'Leary went on to tell the audience that today's four major forms of energy—oil, natural gas, coal, and nuclear—are "all in

trouble." O'Leary added that "we may have seen the end of these systems as viable supporters of growth, although they can maintain the status quo for a while," and that, unless the current trend is reversed, nuclear power will not expand significantly for a long time, "maybe never."

* The coalition of environmentalists that is organizing a nationwide "Sun Day" celebration next May—to promote the development of various forms of solar and other "soft" technologies for energy—have begun to spread the lie that controlled thermonuclear fusion "will produce large amounts of radioactive waste" and that "no one knows how much it will cost, how it will work or even if it will work." This attack by the Sun Day group is

backed by such organizations as Friends of the Earth, WorldWatch Institute, the Natural Resources Defense Council, Barry Commoner, Amory Lovins and Barbara Ward (alias Lady Jackson). The Sun Day festivities have gotten official backing from Energy Secretary Schlesinger, who in an internal memorandum urged department personnel to cooperate and help organize the event.

* The White House Council on Environmental Quality (CEQ) in its just-released annual report advocates integration of "soft" energy alternatives into a national energy program. "The promise of abundant, en-

vironmentally benign nuclear power in the long-term future is no more than a promise; unsolved technological, economic and social problems are formidable." The CEQ, which is an advisory body to the White House, is dominated by avowedly anti-nuclear environmentalists including Executive Director Gus Speth, formerly of the Washington, D.C.-based Natural Resources Defense Council. "Soft" technology is a concept made popular a year ago by British-based anti-nuclear advocate Amory Lovins, head of the British chapter of Friends of the Earth, to refer to various forms of solar, geothermal, and biomass energy.

We Need Coal And Nuclear Power Development

Fusion Energy Foundation Director Dr. Morris Levitt is releasing the following statement at a press conference in Pittsburgh March 3. He will be in Pittsburgh for a lecture at the University of Pittsburgh.

It was former United Mine Workers president John L. Lewis who argued powerfully on numerous occasions that the only sound basis for the coal industry was continual introduction of advanced technology into the industry as well as into the economy as a whole. That perspective has never been more timely or more correct.

Properly resolving this issue of advanced technology will also immediately demonstrate that there is no conflict between coal and nuclear energy development, but rather that the two sources fit together perfectly in a rational national energy program.

From the beginning of the tenure of James Schlesinger as Secretary of Energy to the present critical juncture in the coal strike, Secretary Schlesinger and his allies have attempted to put through a no-growth energy policy by pitting nuclear against coal as primary energy sources. Under a zero growth regimen, which is Schlesinger's actual objective, both industries and their related industrial and labor infrastructures will be permanently ruined. Legislators in West Virginia who just voted for a moratorium on nuclear reactor construction would do well to reconsider the implications of their action.

Coal and nuclear are actually natural allies for at least three basic, related reasons. First, they are

best used for different purposes in electrical generation and in steel-making and other basic industrial processes. Second, readily realizable nuclear exports on the order of \$50 billion annually can stabilize the dollar and catalyze vast growth of foreign markets in general. Third, to achieve economic and energy growth rates of about 10 percent a year, minimally required to provide skilled jobs and full employment to a more productive workforce, we need both: thousands of nuclear plants and a several-fold increase in coal production.

The two technologies also fit together in a more profound way: they both have a vital role to play in development of the unlimited energy potentiality of controlled fusion power and subsumed plasma physics technologies which will end scarcity of any resource forever.

In the case of coal, what is required in addition to modern, safe methods of high-productivity coal mining, is development of the most advanced form of coal combustion and energy conversion, magnetohydrodynamics, or MHD. This process — under study in both Pittsburgh and Morgantown — turns coal into a plasma, eliminating pollution and costly pollution controls, and doubles the thermodynamic efficiency of electrical generation. On the nuclear side, fission and breeder reactors are the natural and necessary stepping stones to the development of the technologies required to harness fusion power.

The necessary policy is straightforward: coal and nuclear!

British Debt Cancellation Offer Lures Third World Into IMF Trap

In an apparently sharp reversal from its age-old, hard line on debt payment, Great Britain is now drafting a program that would grant selected debt write-offs of up to £1 billion for some of the poorest Third World nations. The proposal, announced in a front page article and an editorial on Feb. 27 and 28 in the *Financial Times*, is called the "retrospective Harmonisation Program" and would cancel certain government concession loans to eight Commonwealth nations, including India and Pakistan.

British investment bankers are touting the plan as the advanced sector's "humanitarian response" to the developing nations' militant demands for debt relief. Whitehall is organizing international support for its move in preparation for a possible presentation at the March 6 meeting of the United Nations Conference on Trade and Development (UNCTAD).

The British announcements were echoed by strikingly similar proposals in the United States which reveal, however, the actual intent of Britain's program. At hearings of the Senate Foreign Relations Committee Feb. 28, Undersecretary of State Richard Cooper testified that "a developing country might get a debt write-off (on certain categories of government loans — Ed.) as part of a general development package arranged by an international consortium headed by the World Bank. The country would have to agree to taking prescribed economic steps to help itself."

As a possible alternative to complete write-offs, Cooper proposed that these countries might be able to repay loans in local soft currencies, which would then be plowed back into "approved development projects." He added his hope that such efforts to deal with the debt question would revive the moribund "common fund" proposal, in which commodity prices are supported and regulated through specially organized international institutions — and through which supranational institutions like the World Bank are given top-down control of raw materials flows.

Cooper's remarks were applauded by Senator Jacob Javits (R-N.Y.), who added that he would advocate a more generalized program of debt forgiveness to encompass a range of poorer countries rather than a strictly country-by-country approach.

Apart from the sudden magnanimity emanating from such "humanitarians" as Javits, Cooper, Whitehall, and British investment bankers, the fact that the World Bank, IMF, and other British-controlled organizations will dictate "prescribed economic steps" gives away the real gameplan.

Two years ago, the less developed countries (LDCs) were on the verge of declaring worldwide debt moratoria

and establishing, with European cooperation, a version of the U.S. Labor Party's International Development Bank proposal as the key to a new monetary system and "new international economic order." Largely through counterinsurgency and terrorist operations run by British intelligence with the connivance of Henry Kissinger and others in this country, the more politically advanced LDCs hesitated and were subsequently fragmented into an every-man-for-himself posture. Today, LDC demands for sweeping, collective debt moratoria have vanished; what is left is the hollow rhetoric of each country impotently demanding "debt relief."

In this context of demoralized militancy, with the LDCs reeling from the collapse of world trade and capital investment, the British and their American agents-of-influence are now taking a more insidious approach. The proposed debt relief amounts to a mere few billion dollars, compared with an overall LDC debt of over \$300 billion. In exchange, the British are allowed a foot-in-the-door to total economic supervision.

There can be no doubt about how "humanitarian" this supervision will be. Drexel-Burnham's *Washington Forum* has just completed an analysis demonstrating the impact on the LDCs of the expected combination of stagnant growth in world trade, rising dollar interest rates, and far heavier schedule of debt payments due in late-1978 and 1979. Barring the establishment of a new gold-based monetary system and reversal of the collapse, LDC exports — and their ability to garner sufficient foreign exchange for debt repayment — are headed for disaster.

The *Washington Forum* indicates that this will bring intense pressure on LDCs to slash their imports, which have stagnated in real terms over the last two years as a result of similar "pressures" to improve their current account deficits. Any further stagnation — or actual cuts, as World Bank supervisors would undoubtedly demand — would plunge the LDCs into negative growth and engender even more repressive dictatorships.

For Javits and Cooper, "development" is simply Schachtian economics. Javits's recently announced international "development" program of \$150-200 billion is nothing more than a revival of the old Humphrey foreign aid scheme, which called for U.S. aid to be based on the British model of overseas development, with heavy investment in labor-intensive raw materials production rather than industrial infrastructure. The fruits of the IMF-World Bank's supervision can be seen most immediately in Turkey, which finally succumbed to their demands by devaluing the lira 30 percent against the dollar and 39 percent against the deutschemark.

The British hope to rope in the necessary support for

their plan by capitalizing on the hysteria presently enveloping pro-growth industrialists and financiers. This is epitomized by the *Wall Street Journal's* reversal of its previously strong opposition to the Witteveen facility, the \$10 billion debt bailout fund recently passed by Congress. Panicked by the spectre of economic collapse, the *Journal*, and much of its industrialist base, is simply knee-jerking when it cries for austerity and IMF supervision of LDCs, as in its March 1 editorial entitled "Gutting the IMF."

The *Journal* and others in the U.S. fail to see an even more dangerous aspect to the British move. The coincidence of rising dollar interest rates, increasing international liquidity, and narrowing lending spreads are threatening to drive U.S. bank earnings into the red. Despite the expected heavy LDC demand for loan rollovers, rising dollar interest rates could force a sizeable switch to non-U.S. banks, diversification into non-dollar currencies, and even further narrowing of spreads below breakeven, thus severely damaging the dollar and U.S. banks. If the British plan is implemented, the LDC "supervisors" might demand much less borrowing and even early repayment, with similar consequences. In either case, Britain would increasingly position itself to gather the shards of the world economy.

Wall Street Journal, March 1, "Gutting the IMF":

The House of Representatives, in a passing abuse of concern over human rights, has just voted to put the International Monetary Fund out of business. The fund's offices won't close their doors, of course, and the employees will not only still be paid but will get a raise. But the fund will be out of the only business it has, which is acting as a force for financial discipline on wayward governments.

To understand the IMF's business, imagine the nation of Destituta, run by an ex-sergeant whose finance minister qualified for the open admissions program at the London School of Economics. Naturally, they want progress in Destituta, so they start to build a lot of superhighways. And they want to take care of the Destitute poor, so they put a ceiling on the price of guava root. When the production of guava root dries up, the poor have nothing to eat, so the government starts to import guava root, allocating it by queuing.

The superhighways and the guava root imports are paid for with loans from the First Manhattan National Bank. Pretty soon the interest cost is so high Destituta can no longer cover it with earnings from the export of water buffalo tails. Manhattabank gets worried and won't extend any more credit. The Destitute glasbead falls to 11,180 to the dollar from 2,430. Applying what he

has learned at the LSE, the finance minister dials 911 for the IMF.

Now the IMF is a kindly institution, which has a lot of money coughed up by kindly developed nation governments, which don't really want to see the Destitute economy go under, and really really don't want to see Manhattabank go under. Indeed, with Manhattabank's reserves already drained by writing off the Megalopian WANs (Windfall Anticipation Notes), default on the Destitute loan might wreck the whole world economy.

So the IMF says to the Destitutes, yes, we will loan you more money so you can stabilize the glasbead, continue to import guava root, and by the way, pay Manhattabank just enough so its auditors will let them keep your loan on their books. But as a condition, you must get your accounts in order. You have to spend less abroad, and cut your government deficit. If the Destitutes are unlucky in the IMF experts they draw, which is too often, they will have to raise taxes. If they are lucky, they will have to stop building superhighways and free the price of guava root, in which case Destituta, Manhattabank and the world economy recover.

Now comes Rep. Thomas R. Harkin, Democrat of Iowa, with an amendment to U.S. approval of the Witteveen Facility, the latest coughing up of money for the IMF. Rep. Harkin's amendment, which the House adopted last week, directs the U.S. representative to the IMF to vote against any loan that would "contribute to" any "violation of basic human rights." This is bad enough, since members of the IMF are reasonably civilized compared to the Cambodians or North Koreans, though some might run afoul of Rep. Harkin over issues like "prolonged detention without charge." Pressure for them to reform is a good thing, but the collapse of Manhattabank might be a stiff price to pay.

Worse, while the topic of human rights was on the table, Rep. Harkin also slipped by a requirement to vote against loans that contribute to "deprivation of basic human needs," to wit, (1) an adequate supply of food with sufficient value to avoid the debilitating effects of malnutrition; (2) shelter and clothing; (3) public services, including health care, education, clean water, energy resources and transportation; (4) productive employment that provides a reasonable and adequate wage...

The IMF is already too soft in bailing out the Destitutes and Manhattabanks of the world; a good case could be made that it would do a better job if it had less money to lend, and we have never been entirely enthusiastic about the Witteveen Facility to begin with. But if the Senate can't remove Mr. Harkin's amendment the bill will destroy whatever effectiveness the IMF can hope for, to the long run sorrow of the world economy in general and its poor in particular.

Miller Confirmation Rushed Through

George William Miller, President Carter's nominee for the head of the Federal Reserve Board (Fed) was approved by the Senate Banking Committee by a 14-1 vote on March 2 and confirmed by the entire Senate on Friday, March 3.

Miller's confirmation puts the Federal Reserve Board, and much of this country's banking and monetary policy, in the hands of an ally of Treasury Secretary Michael Blumenthal and Energy Secretary James Rodney Schlesinger.

As late as last weekend, London-influenced press in the U.S. feared that resistance to Miller by conservative Democrats and Republicans would avalanche and might ultimately result in the ouster of Schlesinger and Blumenthal. The lead editorial of Sunday's *New York Times* Feb. 26 advocated that "Mr. Miller step aside."

The shoo-in of Miller, in the absence of any opposition, came from several factors including the fact that former Fed chairman Arthur Burns personally interceded with lawmakers to press for Miller's approval. Burns told them that the dollar crisis could only intensify in the absence of a Fed Chairman, therefore confirmation of Miller was imperative.

Senator Henry "Scoop" Jackson (D-Wash.) will use the same tack in pushing the Administration's no-energy program. Jackson announced on March 3 that he will use the dollar collapse to stampede Congress into a "compromise."

Arthur Burns's pushing of Miller reinforced the "clean

corporate businessman" image constructed by Miller's supporters — the same image created to launder Blumenthal a year ago.

Miller was only temporarily tarnished by the allegations of false billing and corporate bribery of Iranian officials by Bell Helicopter to procure a half billion dollar helicopter deal for Textron's largest subsidiary.

Although the information produced during the investigation of Miller by Sen. William Proxmire's Banking Committee had all the makings of another Lockheed scandal, conservatives were reluctant to press this type of a probe since they have themselves been targeted so often. Washington sources indicated that Proxmire ran this kind of investigation intentionally to preempt any scrutiny of Miller's corporate asset-stripping, his role in the destruction of the New England textile industry, Textron's penetration of the U.S. aerospace sector, and his leading role in creating the Energy Corporation of the Northeast, the Schachtian plan for takeover of energy production in that region.

Sources also cite another reason for Miller's unusually rapid confirmation. Miller supporters circulated the threat that if Miller were blocked, the Watergating of Bert Lance and allied Atlanta interests would be put in high gear. Atlanta banking and real estate interests have come under heavy press attack in the last several weeks.

'Soft Landing' For U.S. Economy Is Really Quicksand

The *Baltimore Sun* responded on March 1 to the latest wave of bad economic news by calling on President Carter to retrench and clamp a lid on inflationary pressures in the economy. "As the dollar drops, inflation

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soars at home... It is a vicious circle the *Sun* warned in its lead editorial. The president must act "with decisiveness" to force cutbacks in U.S. oil imports, impose "restraint" on wage and price increases, and make it clear that "he will not countenance any more stimulus" in his proposed tax package.

Sun's prescription for a "medicine" which is likely to finish off the patient came after a week of reports from Washington on more symptoms of the U.S. economy's critical condition. The index of leading economic indicators, an important barometer of future economic activity, registered its steepest decline in three years,

falling 1.9 percent. Consumer prices rose 0.8 percent in January, double the rate of the previous two months, meaning that 1978 started out with a double digit inflation rate. Since it has already been reported that food prices rose 3 percent in February, it is likely that the double digit rate will continue for that month as well. Consumer purchasing power, another key indicator, fell 3 percent, a result of rising inflation and higher social security taxes.

These numbers follow last week's announcements of significant declines in every industrial category as well as steep drops in retail sales, auto sales, and housing starts. It is already being conceded that both auto sales and housing are in for a rough year in 1978.

These factors forced the dollar down to all-time lows on international money markets, and the New York Stock Exchange Dow Jones Industrials index down to lowest level in exactly three years.

In making its proposals, the *Sun* joined an increasing number of U.S. economists, businessmen, and officials who are proposing to erect an economic "Maginot Line"

against the spiralling downturn by constricting the overheated U.S. economy to a "stable base." Incompetently rejecting proposals by the U.S. Labor Party and others for immediate economic revival based on expansion sharply confined to basic industry and other productive areas, they hope instead that restraints and cutbacks will take the heat out of inflation while positioning the economy for long-term stable expansion at some future date. What they are proposing would in fact place a depressed United States economy up for grabs at bargain basement prices by London financiers.

This view was explicitly propounded by Federal Reserve Board member Henry C. Wallich in a Feb. 9 speech at Utah State University titled "Moving in for a Soft Landing." Wallich claimed that "the time has come to get ready for a soft landing out of rapid expansion to a stable base of long term growth...we must get ready to decelerate over the next two years or so."

Winter weather aside, most economists correctly identify the major stumbling block confronting the economy as the enormous debt overhang afflicting all major sectors, federal, state, and local governments, the corporate sector, and consumers. Most, also correctly, rule out the Milton Friedman economic butcher treatment of a tight monetary policy by the Federal Reserve. Says Dimitri Balatsos, Vice President of the Economics Department of Manufacturers Hanover Trust in New York: "If the Federal Reserve were to turn actively restrictive out of fear that continuing massive federal deficits and rapid monetary growth will rekindle strong inflationary pressures, a credit crunch and another recession become sure bets.

Debt Rollover Obsession

But what Mr. Balatsos and many of his fellow economists really fear — above all else — is that tighter monetary policy will prevent the huge amounts of debt

from being refinanced, i.e., rolled over. The problem of rolling over the debt is compounded by the huge financing requirements of the Treasury Department this year to deal with a federal deficit, including federally sponsored agencies of from \$102 billion to as much as \$130 billion.

The solution to this problem, these economists have incompetently proposed, is for the Fed to keep short-term interest rates in the present 6.5 percent to 7 percent range, but to insure that the liquidity created goes into debt rollovers and not for production or consumption. In addition, this solution calls for some form of wage and price controls, either in the form of incentives for companies that keep wage and prices increases below a specified level (the Brookings Institution plan), or by imposing penalties for companies which don't (the Henry Wallich plan).

Some economists are so frantic over the debt problem that they openly advocate sale of the United States to foreign buyers, to obtain added funds. The following scenario was spelled out by a leading economist at a major New York bank. "Foreigners will continue to invest heavily in Treasury securities, as they did last year, as will states and municipalities, which will have a surplus of funds this year." This surplus will result from massive austerity cuts imposed by local governments under the unspoken threat of getting the Felix Rohatyn-New York City treatment. According to the scenario, everything would be fine as long as foreign funds and municipal surpluses found their way into Treasury securities. "The problems will occur if they decide to spend their money on goods and services, like bridges and hospitals. This will cause runaway inflation." These foolish economists believe that low interest rates and a depressed economy will allow the country to roll over its huge debt, one more time.

—Joe Stein

Exchange Control Rumors Weaken Internal Euro Capital Markets

Rumors that West Germany, and possibly Japan, will soon impose exchange controls to meet the continuing downward slide of the dollar widely circulated on foreign exchange markets this week, following the Feb. 24 imposition of controls in Switzerland.

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Although the Swiss Central Bank put the controls into effect in the hope of catalyzing a commitment on the part of the Carter Administration to publicly support the dollar, by mid-week it became clear that maintaining the controls for any period of time, or extending the controls to other countries, will only serve to feed international monetary chaos. The Swiss controls failed to make a dent in the downward drop of the dollar to below the

psychological "cut-off" point of two deutschemarks on March 1. On Feb. 28, rumors of controls being imposed in West Germany provoked a panicked withdrawal of foreign funds from the West German stock market by seven points on the Commerzbank index, despite the fact that the deutschemark rose that day against the depreciating dollar. The Swiss market fell also, by 5-10 percent with banking stocks most affected.

These "tremors" on European domestic capital markets merely serve to illustrate the point that "technical" adjustments of capital flows, no matter how drastic, will have no impact on holding back the anti-dollar "bear raid" being run out of the City of London. Nothing short of introducing gold as a stabilizing factor behind the dollar — as proposed Feb. 27 by leading West German banker Hermann Abs — will succeed in driving a wedge between London's banks and the larger pool of panicked corporate and dollar-holding speculators, and

restoring confidence in the dollar.

On Feb. 28, the West German Central Bank was also forced to support the domestic bond market with 150 million deutschmarks in funds. Until this week, deutschmark bonds — both domestic and foreign — benefited strongly from the weakness in the dollar sector, and were selling off at par or above, despite historically low interest rates.

New York securities traders confirmed that the decline in domestic European capital markets was due to the rumors that further exchange controls are down the road. Bleichroeder's investment house insisted that the West Germans will be able to hold out without controls for a maximum of another two weeks. After that point, if controls are imposed for any period of time, the spokesman added, the West German government would soon face problems in financing its capital needs, projected at 60 billion deutschmarks this year.

Severest Measures in Peacetime

Swiss Central Bank chairman Leutwiller issued a public statement on Feb. 27 characterizing the measures as "the most severe undertaken in peacetime." Only firm action by the U.S. Administration could solve the dollar crisis, and if such action is not forthcoming, Switzerland may be forced to introduce a "two-tier foreign exchange system."

In an effort to avoid this step, Leutwiller sent Mr. Longutine, a chief spokesman of the Central Bank, on a special mission to Washington to plead for U.S. action with numerous officials.

The present Swiss controls blanketly prohibit any purchasing of Swiss franc securities by foreigners, and impose a negative 40 percent interest rate on foreign bank deposits. Local banking business in Switzerland will be hit by this with a reduction in interest-bearing and generating funds.

A well-informed regional banking official in West Germany went so far as to insist that extension of further controls in Europe would "destroy Frankfurt and Luxembourg as banking centers." Although Luxembourg would presumably be exempt from controls directed against domestic West German bond purchases, Luxembourg's banks are strongly dependent on free exchanges of deposits with their home banks.

London banks are fully aware that stop-gap and technical measures will have no effect on their drive to pull down the U.S. economy and force a worldwide reduction in general levels of output. Confirming numerous private comments by London investment bankers, *Investors Chronicle* insists on Feb. 17 that it isn't really clear why the deutschmark is strong. "It could be argued...that Germany's good luck owes a great deal to the absence of the hawk-eyed scrutiny by foreigners that has claimed the dollar as its victim in the last six months." In London's view, dollar instability will undermine the West German economy sufficiently to justify a run on the mark.

* * *

Investors Chronicle, "Time for a run on the Deutsche-mark," Feb. 17:

Though nearing its thirtieth birthday, West Germany has not lost its *Wirtschaftswunderkind* qualities. The economic whizz-kid of Europe has lived through the recent stormy years more peacefully than anyone else (except the next-door Alpine gnomes). At any rate this is the verdict the exchange markets have delivered. It could be argued, however, that Germany's good luck owes a great deal to the absence of the hawk-eyed scrutiny by foreigners that has claimed the dollar as its victim in the last six months.

While all sorts of money and capital markets have been acutely conscious of each and every twitch in the U.S. monetary aggregates, a kind of "practical monetarism" (i.e., selective and arbitrary) has characterised the general attitude towards Germany and its money supply.

The main reason for this is the sheer size and weight of the U.S. economy and the publicity that surrounds it. Another point in Germany's favour is that it was one of the first western countries to gird itself with money supply targets. Reputations die hard (viz Dr. Burns's halo despite the fact that the Fed under him was not really as restrictive as seemed to be the case) and Germany has had the extra boon of falling inflation (last year's 3.5 percent was the lowest annual rate since 1970). No matter that Germany has consistently exceeded its monetary targets and that productivity increases have not matched the excesses....

The German unwillingness to reflate the economy substantially is all the more understandable given that the Germans are naturally more familiar with their own economic statistics than foreigners are. So while foreign confidence in Germany is still boundless, the Germans know only too well that their broadly defined money supply (M_3) rose at an annual rate of 15.4 percent in the second half of 1977 while the roughly comparable measure for the U.S. (M_2) showed an annual rate of increase of only 9 percent in the same period. The higher rate of growth of the German money supply is partly the result of the dollar's weakness and the Bundesbank's efforts to halt the rise of the deutschmark. But liquidity is very high in Germany anyway; the banks free liquid reserves (assets readily convertible into central bank money) stood at nearly DM14 billion at the end of December....

The present calm on the foreign exchanges, according to London dealers (and ignoring local trouble spots like France and Italy), will only last as long as the markets do not realise that there has been little fundamental change in the dollar's position. But a run on the dollar makes life complicated for Germany and it is only a question of time before the markets shift their attention to the deutschmark. If the disparity between U.S. and German money supply growth rates persists, a time must come when confidence in Germany's ability to handle inflation will wane. A *limited* run on the deutschmark, for a change, would help everyone. Intervention by the Bundesbank would bring the domestic money supply to heel and dollars would be for once going back to the U.S. reducing "European" money supply. Only, alas, currency runs usually get out of control.

Southern Discomfort: London Bear Raid On U.S. Southern Real Estate

Richard Hambro, chairman of Hambro America Inc., the U.S. branch of the leading London merchant bank, informed a reporter recently that Hambro America pulled out of its real estate holdings in the South as of two or three months ago, selling off its last shopping center complex to a company from the Far East. Perhaps Hambro America knew something about the future of the Southern real estate market that no one else did.

BANKING

During February, there was accumulating evidence that the City of London and its U.S. allies were setting the stage for a politically-motivated "bear raid" on the market. News that a group of banks led by Morgan Guaranty of New York was about to foreclose on \$80.8 million of construction loans to Omni International, a two-year old "megastructure" in downtown Atlanta in mid-February was followed by the announcement on Feb. 27 by Citizens and Southern, the largest bank in the city, of substantial write-downs of non-accruing real estate loans and of the resignation of its chairman.

These events coincided with a renewed investigation into former head of the Office of Management and Budget Bert Lance, this time by the Security and Exchange Commission for his alleged involvement in a secret takeover attempt of a Washington-based bank holding company. This latter affair leaves little doubt that the recent spotlight on three-year old troubles in the southern real estate market are part of a political attack on Carter's remaining ties to the so-called Atlanta Mafia.

Citizens and Southern announced that it would charge an additional \$15 billion against its 1977 earnings, \$10 billion for non-accruing real estate loans and \$5 billion for additional loan loss provisions—an adjustment which could result in a 1977 loss of about \$4.6 million. The bank had previously announced that it was omitting its first-quarter dividend. The write-downs of the bank's real estate loans followed an auditing of the bank's books by the Comptroller of the Currency. Various bank analysts think that Comptroller John Heimann forced the bank to take the write-downs at this time and pushed Richard Kattel into resignation. In Atlanta, the write-down of

Citizens and Southern's real estate loans were not unexpected, and viewed as the final phase of the 1973-1974 depression in the Atlanta real estate market.

Kattel's resignation was unexpected and is likely to have repercussions throughout Atlanta. The 41 year-old chairman of the bank, who is still chairman of Citizens and Southern Realty Investors, a REIT that the bank advises, had also been president of the Chamber of Commerce and was a big booster of Atlanta as a new growth center in the early 1970s. In resigning as head of Citizens and Southern, Mr. Kattel said he had "misjudged" the severity of the real estate recession several times and thus endangered the bank's "credibility."

The legal counsel for the bank is Alston, Miller, and Gaines, the law firm of Export-Import Bank Chairman John Moore, another Atlantan who has recently come under attack by Rep. Clarence Long (D-Maryland) for his aggressive stance on Exim lending.

The plight of Omni International's foreclosure is a case of pure "black propaganda." Reports in the *Wall Street Journal* and *New York Times* that Omni's loans had been foreclosed were factually incorrect, as were attempts to paint the "megastructure" as desolate. Stephen A. Brown, the president of Omni, said in an interview in mid-February that he was very surprised when Morgan Guaranty filed notice last month, because the vacancy rate and basic economics of the project have vastly improved over the last two years. Omni's loans have not been foreclosed yet, though the *Wall Street Journal* and the *New York Times* gave the impression that the project was about to be auctioned off within days. Omni is currently in discussions with its first and second mortgagees over renewing its financing. At the time of the interview Mr. Brown said that even if its present creditors were not to renew the financing, the project could obtain loans from local banks who are anxious to put out money.

The standard view is that the Southern real estate market is finally recovering from its earlier depression. A few more blows to investor confidence like those of last month, and the situation could suddenly reverse itself. With Morgan Guaranty setting the tone for the general calling in of real estate loans in the area, the Southern real estate bubble could be pricked at any time, threatening the whole U.S. economy.

Will New York City Be America's First Belfast?

New York City Mayor Ed Koch opened negotiations with representatives of all major municipal unions Feb. 27 with a historic first "offer"—that the unions drop over \$400 million in existing benefits from current contract demands. The city representatives outlined a "framework of principles" which effectively asks the unions to agree to their own dissolution.

City spokesmen said any wage gains would be considered only if further cuts in benefits on top of the \$400 million were made. "There shall be no general wage increases....All Current COLAs (Cost of living Adjustments) shall not be continued....There shall be no increases or improvements in fringe benefits for the period of the agreements."

To the New York City unions, which have relinquished over \$300 million in pension funds to Felix Rohatyn's Big Mac and accepted productivity increases amounting to a 20 percent cut in jobs, Koch's present negotiating stance is a declaration of war.

If the unions bolt over Mayor Koch's proposals, they will be held to blame nationally for collapsing the city's credit—and creditors—and for reducing the city to total chaos. Union refusal to "go along" with the Mayor or even nominal gains in the present contract will provide a convenient pretext for no further federal funds. At that point, the courts can move in as the "crisis managers," dictating terms to unions and creditors alike.

Should the unions accept Koch's offer, the merchant bankers stage managing New York's municipal crisis will use it as a lesson in austerity and "union responsibility" for the rest of the U.S.

What Koch Wants

The provisions of the city's negotiating principles outline an increase in the workweek from 35 to 40 hours and no contractual restrictions on layoffs or suspension of all wage increments. The City has also insisted that overtime wages be cut to the rate of straight time; that health and welfare benefits for both employed and retired workers be curtailed; that personal leave days and certain paid holidays be eliminated, along with a cut in vacations; and that there be a cut in take home pay.

City union leaders have responded with predictable outrage. Barry Feinstein, head of the Teamsters, declared "The city seems intent on a provocation....Our pension system might be in a position of saying 'screw you.'" Teacher union boss Albert Shanker characterized the proposals rightly as "the city wanting to take away just about every benefit city employees have had since 1776, or maybe before that."

Paul Gallagher, U.S. Labor Party candidate for governor of New York, called Koch's present provocations "a blueprint for labor war in New York scripted in London." Gallagher outlined the basis for effective federal mediation into the New York municipal crisis as part of an overall policy commitment by the Carter Administration to increase federal financing for trade through the Export Import Bank. In the case of New York City, this would mean, for example, injections

of federal funds to bring port facilities up to the level required to handle increased exports.

Failing that type of effective federal intervention, an antilabor environment has already been catalyzed in the city. On Feb. 26 Brooklyn residents dumped tons of garbage into the streets of residential Bay Ridge area to protest the decimated sanitation work force's slow removal of garbage. Another opportunity to whip up popular sentiment against the unions may come with the expiration of the transit workers contract at the end of March. Already an early settlement tied to a hike in transit fares is one of the possibilities being mooted.

Russell Sage: Bankruptcy Might Clear The Air

The following interview with a staffer at the Russell Sage Foundation was recently made available to the Executive Intelligence Review by an independent journalist:

Q: Last week, Senator William Proxmire said that bankruptcy for New York City may not be such a bad thing, and Rep. Reuss's Banking Committee is holding hearings on the ramifications of New York's default. Do you consider bankruptcy a viable option?

A: New York City is already in de facto default....The various heralded stretch-outs of Felix Rohatyn have merely postponed the day of reckoning and, in fact, have worsened the debt service in the not-so-long run. Koch's four-year budget plan is pure Alice-in-Wonderland...it relies on assumptions of federal monies and economic health that it has no business in making. Let's face it, the goddam budget is a pack of lies — this is the wonderful reform Mayor we've been waiting for.

Q: But is bankruptcy a viable option? What about the sheer chaos that would erupt if the bankruptcy courts were left to run the city?

A: The basis for this is already here. Look at the original bankruptcy legislation that Congress passed in 1975...That bill provided for the mandatory rewriting of the city pension funds plans. Right now, the plans are funded at far too high a rate. The retired worker now gets social security, which the city contributes to, plus the city's and workers contributed shares directly into the pension funds. (The city) should consider its Social Security payment as part of its contribution (to the pension funds—ed.), not something separate. And furthermore, it should cut down on its total contribution....This move alone would save \$250 million a year.

That bill also provided for a real restructuring of the debt. Not a MAC stretch, where debt and debt service are increased. I mean slashing interest rates to bond holders, cut them from the eight or nine percent levels they are now to three to four percent. This would save \$750 million a year, and cut debt service by 40 percent. Also, that bill

provided for changing the ridiculous civil service procedures, which could greatly open up productivity increases in New York.

Q: Wouldn't the pension funds and banks, and the small investor, get burned badly by that debt restructuring proposal?

A: Sure they would, but we're talking about drastic steps here. As I've said, the pensions of workers are just too high, they've been milking the city for everything they can get. As for the banks, they're always the first to scream, but they're just greedy bastards.

Q: Would you advocate further austerity for the city, say, doing away with the municipal hospital system and city university structure, or have the state take them over?

A: What New York needs is growth, everyone knows that. But we have to get a real budget, not these lies. The

city is now a national disgrace, bankruptcy can't drag its integrity any lower than it is now. What you're saying is not such a bad idea. But what we really have to do away with are the obscenities in the union contracts. That would be a real advantage of bankruptcy.

Q: What about the national and international consequences of a New York default. Won't the municipal bond market be wiped out, other markets badly shaken, and the international investors lose even more confidence in the dollar?

A: As for the bond market, I don't think it'll hurt it at all, in fact it may be a good thing for it....Bankruptcy could clear the air for everyone else.

As for the international question, no one can know for sure....those things might happen. But maybe default will force the federal government to face those international ramifications it hasn't wanted to face. The banks aren't in as bad shape as in the thirties, you know.

Battle Underway For Ratification Of Coal Pact

As we go to press, 160,000 members of the United Mineworkers union are about to cast their votes to ratify or reject the proposed contract with the Bituminous Coal Operators Association (BCOA) announced last week by President Carter. The ratification vote culminates a week of pitched battle both inside and outside the coal fields by those forces who want to end the strike and its sabotage of the U.S. economy, and a grouping headed by Energy Secretary James Schlesinger and including various rank-and-file miners groups under the control of the Washington-based Institute for Policy Studies, who are trying to parlay the strike into a national — and international — economic disaster.

Informed sources in the UMW indicate that the contract will be ratified, possibly by a 3 to 2 margin. These sources stress, however, that the efforts of the national media and such coal-field groups as the Miners Right to Strike Committee to spread misinformation about the contract and its alleged lack of support among the rank and file could cause a "stampede against ratification."

"The miners are being played for suckers by outside agitators and anarchists," said one aide to a coal state Senator, referring to the IPS networks. "There is much more at stake here than a contract....If it's not ratified,

then the country will be plunged into chaos and violence. Schlesinger has wanted that all along — so that he can seize control of the economy through emergency powers....He (Schlesinger) is the only one who benefits from the contract going down."

Schlesinger is widely regarded among knowledgeable UMW leaders as an "ally of the dissidents," having had direct personal connections to the so-called "Young Turks" such as Rich Banks and Ed James, who formerly composed the UMW's national staff.

Trbovich Urges Ratification

On March 1, Mike Trbovich, former UMW Vice President and leader of the traditionalist forces in the union released a statement supporting the ratification of the contract.

"I strongly urge members of the United Mineworkers union to ratify the proposed contract in the national interest....," Trbovich said. "I have chosen to remain silent until now, but I feel that I can't remain silent any longer. The future of our union is at stake. The contract must be ratified. If it isn't, the UMW will soon cease to exist as a union...."

How It Works: IPS Subversion Of Coal

Exclusive to the Executive Intelligence Review

The U.S. Labor Party sent a memorandum to Attorney General Griffin Bell Feb. 26 which detailed the Institute for Policy Studies networks currently mobilizing against ratification of the coal settlement. Here are key sections:

Evidence compiled by the U.S. Labor Party indicates that the chaos and violence related to the strike is by no means "simple labor violence," but the product of the coordinated activities of networks both inside and outside the coal fields with a command center at the Washington-based Institute for Policy Studies and associated institutions, such as the "Public Resources Center."

These networks operate on several levels in the following way. A core grouping of agitators implanted inside

the union, associated with such groups as the Miners Right to Strike Committee, have been traveling throughout the coal fields inflaming individual members of the UMW to acts of violence in "defense" of the strike; the pattern of their deployments indicates that such "agitators" regularly travel from state to state. These inside provocateurs are backed in the coal fields by an array of so-called strike support groups who send delegations to picket lines, who accompany the agitators in their work, and who spread misinformation about "widespread" "rank-and-file support" for the agitators. There is an interfaced network of strike support groups which operates outside the coal fields attempting to recruit individuals and build a broader base of support for anarchist and terrorist strike support actions, both in the coal fields and urban areas. This activity is aimed at urban youth and college students in the current phase of activi-

ties. Crucial in giving this operation credibility is mass propaganda conditioning of the American public to accept and expect violence and terrorism as a "lawful outcome" of the current strike; this misinformation is conduited to targeted populations through so-called left-radical and liberal press and to the public at large by such "respected" media outlets as the *New York Times* and *Washington Post*.

The following is a breakdown of primary institutions which compose the Institute for Policy Studies network involved in the Mineworkers strike. It should be pointed out that while a section of this network functions inside the United Mineworkers union, these inside elements have operated over a period of years against the best interests of that union and have worked to subvert and undermine the UMW as an institution in the labor movement.

*IPS in the Coal Fields.
Key Rank and File Groups*

Miners Right to Strike Committee: This is a relatively small group of cadre, known to have provoked, instigated, and spread many of the wildcat strikes in the coal fields during the July-September 1977 period. The hard-core leadership of this group is composed primarily of members or associates of the Maoist Revolutionary Communist Party (formerly the Revolutionary Union) who have consistently advocated confrontation policies against the mineowners and national United Mine-workers leadership, headed by Arnold Miller. There is also a softer "reform"-oriented element in the Miners Right to Strike Committee which seeks to attract young miners into the organization, then orient them toward the wildcat, confrontation activity; they push for "local union autonomy" (local right to strike) to undermine the centralized authority of the UMW leadership.

This group is oriented toward attracting Vietnam veterans into such activity. This corresponds to the Maoists' creation of the Vietnam Veterans Against the War (VVAW) in the late 1960s (See appendix).

Their principal concentration of activity is in UMW districts 17, 29, and 31 which cover the state of West Virginia, and have developed a network of sympathetic UMW local officials in these areas who provide a political cover to their actions.

Key Personnel: Bruce Miller: Founder MRSC, jailed in 1977 for three months for violent strike activity.

Mike Branch: Has publicly stated on several occasions that he will not allow a UMW contract to be ratified unless it includes a local right to strike clause. Branch is located in Beckley, West Virginia.

On Nov. 25 and 27, 1977 the *New York Times* portrayed both Branch and Miller, along with their MRSC, as a "genuine" if controversial element in the impending strike situation.

Miners for Recall (of Arnold Miller): This organization was founded in the fall of 1977 as a redeployment of the MRSC networks, and has overlapping memberships. The Miners for Recall circulated petitions for the recall of Miller prior to the beginning of the strike. When the actual strike began this group stopped their petitioning, but reinitiated it two weeks ago with the rejection of the initial contract. They are now jointly organizing "show of

force" rallies against Arnold Miller in conjunction with the MRSC, and are advocating identical demands to the MRSC.

Key Personnel: Bill Bryant: Known to have worked closely with the MRSC for a considerable period of time. Identified as one of several leaders of the Miners for Recall.

Miners for a Fair Contract: This appears to be a small grouping with ties to the anti-Teamsters Union "Teamsters for a Democratic Union." It is modeled on the TDU's predecessor, Teamsters for a Decent Contract, and has received support from the publications of the Communist Party USA, *The Daily World*, and the Socialist Workers Party, *The Militant*, but is charged with being too "moderate" by the "ultra-left" Maoist groups.

Coalfield Support Layers

Miners Support Committee: The purpose of this, and similar groups, is to draw students and others from university campuses for redeployment in coordination with the Miners Right to Strike Committee, etc. The Miners Support Committee is based at the West Virginia Institute of Technology in Northern West Virginia. MSC members are known to be deployed on the "roving pickets" which shut down non-union mines and are now threatening to shut down utilities and block railroads from moving coal.

Key Personnel: Eric Simon: Chairman of the MSC and an economics professor at West Virginia Institute of Technology.

B.V. McKeown: Assistant to Simon.

Miners Support Committee of Southern West Virginia: Identical to the MSC, operating out of the PARC-created Mountain Community Union, in Morgantown West Virginia.

Miners Support Committee of Beckley West Virginia.

Numerous other "support committees" are operating on college and university campuses in locations adjacent to coal mining areas in Ohio, Illinois, Indiana, Pennsylvania, etc. These are the marshalling points for bolstering strength of the "roving pickets."

A special case are the support layer centers around the Stearns Mines strike in Harlan County Kentucky. The Stearns strike is a media-created strike for the unionization of the Stearns Mines which for the past year has attracted a high concentration of IPS terrorists and terrorist front groups; it has had the highest concentration of mine-related violence. Because of its strategic geographical location in the center of the coal fields, the Stearns operation now provides key support for roving picketers, etc. particularly into Ohio, Illinois, Indiana, and Kentucky.

Stearns Miners Relief Fund: This groups has been joined by many of the IPS-linked "left" political groupings; most notably the International Socialists and Spartacists League.

Key Personnel: Freddy Wright: Head of the SMRF. Arrested in October 1977 for strike-related activities.

Lee Potter: UMWA organizer at Stearns who is working closely with the Spartacists and SMRF.

Support Activities Outside the Coal Fields

This activity is concentrated in urban areas, especially on campuses. There are two basic types of deployment: The various IPS-spawned and controlled "countergangs" such as the Workers League, the RCP, the Communist Party USA, the International Socialists, the Spartacist League, etc., serve as direct agitators, staging rallies, forums, etc. to publicize the more violent "class struggle" aspects of the strike. In several locations, such as New York City, Pittsburgh, the Bay Area, they function in a parallel "strike support" network, consisting of several of the above countergangs and often directly linked to coalfield rank-and-file activity. Elements within all such operations have the nascent capability to be transformed into urban terrorist cadre for attacks on utilities and facilities that move coal supplies, corporate headquarters, etc., although some groups such as the National United Workers Organization (NUWO) are clearly more likely to fall into this pattern as the strike continues.

New York City UMW Support Committee: This is the largest single countergang strike support "umbrella" organization in the country. This committee operates out of the same address in New York City that houses the CPUSA's youth group, the Young Workers Liberation League (YWLL) and the July 4th Coalition (originally formed to trigger a wave of terrorism timed to coincide with the 1976 Bicentennial and which included the Weathermen front organization the Prairie Fire Organizing Committee; the Committee includes the Guardian collective (linked to the "authoritative" "left" IPS newspaper, the *Guardian*), small Maoist groupings, and the CPUSA. The group has scheduled a fundraising benefit for March 1, together with a rally featuring "on the spot" reports from the coal fields.

Two weeks ago, the New York City UMW Support Committee distributed leaflets and sent a delegation to an event sponsored by the Puerto Rican Socialist Party-linked group which featured as its principal speaker Miguel Cabrera, "a Teamster organizer," arrested Jan. 13, 1978 for the assassination of lawyer Alan Randall in Puerto Rico last year. Cabrera, at the event, advocated the use of terrorism and sabotage as "strike support" activities. The next day he appeared in Pittsburgh at an event sponsored in part by the Pittsburgh Miners Strike Support Committee.

National United Workers Organization (NUWO): The youth organization of the Revolutionary Communist Party. The NUWO is directly involved in "strike support" activities which have included disruptions of public events. NUWO organizers in Cleveland disrupted a public forum on the coal crisis convened by President Carter on Feb. 15, 1978. They have been nationally distributing a leaflet on campuses and elsewhere supporting terrorism and violence to "defend" the miners strike. A copy of the leaflet, which has already appeared in Cleveland, Baltimore, and Syracuse, N. Y., is appended.

Key Personnel: Len Schindell: A steelworker at Sparrows Point in Baltimore.

Paul Blumberg: Cleveland-based.

IPS Media Support and Conditioning Operations

This operates on several levels. At top, the credibility of the various IPS coal field operations is established by "journalistic, authoritative" stories on their activities by the national broadcast media and such papers as the *New York Times* and *Washington Post*. Typical in this respect has been prominence given IPS-linked dissidents, especially Recall Movement and Miners Right to Strike Committee by *Times* reporter Ben A. Franklin; this included pre-strike publicity on MRSC leaders (See above). In addition, "human interest" type stories about "militant miners" have helped various local IPS support operations, particularly on campuses and among liberal layers to recruit their cannon fodder. On another level there exists an information network by which the various IPS operations in the coalfields and support layers get their "marching orders." This is principally handled through the "movement press" especially the IPS-created Liberation News Service, such journals as *Sevendays* (the descendent of the now-defunct *Ramparts* magazine), the Maoist-oriented *Guardian*, and the Chicago-based "socialist" weekly newspaper, *In These Times*. The various "journalists" who report on the strike for such media, travel back and forth to the coalfields, bring orders down to the networks, and return with status reports on the operation for evaluation by IPS controllers.

Appended below is a listing of the most prominent of these "go-betweens."

Sevendays:

This IPS-weekly conduit has had two main agents writing for it in the recent period on the miners union, strike, etc.:

Mike Yarrow, connected to the *Sevendays* staff in New York City. Yarrow was in West Virginia in Dec. 1977—Jan. 1978 period.

James Branscome, originally from Harlan, Kentucky, Branscome writes for the Whitesburg, Kentucky "Mountain Eagle" and other Appalachian regional newspapers, in addition to writing for *Sevendays* and the IPS press networks.

In These Times:

Frank Adams, from IPS's Institute for Southern Studies, has spent the last six months in the South on assignment for the Institute for Southern Studies. He was in Stearns, Kentucky in November 1977.

Dan Marschall, originally from Cleveland, Ohio, known as the Democratic Socialist Organizing Committee (DSOC) and *In These Times* "UMWA expert," Marschall has recently returned from Chicago to Cleveland.

Guardian:

Barbara Ellen Smith has been writing articles for the *Guardian*, based on her contacts with Tom Bethell, former research director for the UMWA, currently editor of IPS's *Coal Patrol* newspaper.

Ben Bedell, regular "Labor Editor" for the Guardian, Bedell basically stays in New York City, where he pulls together the articles on the miners strike, other union activity, etc. from material gathered by Liberation News Service, which has people "on the scene" in the coalfields now (names not known), or else from "Special" Guardian reporters such as

Kathy Wollard, in Columbus, Ohio, who in the Feb. 15 issue of the Guardian, did a special report on the

miners strike in that city.

The Spartacist League's Workers Vanguard:

Its main person going back and forth from the coalfields has been

Mark Lance, working with the Spartacist "Legal Aid" teams from the Partisan Defense Fund. Has been in Stearns, Kentucky and in West Virginia over the past month and was in New York City on Feb. 2nd to report at a public meeting of the Spartacist League on the situation in the strike.

Separate Peace In Mideast Still Strongly Pushed

The British and their allies in this country and in the Mideast are still organizing strongly for a separate Egypt-Israel peace—a “settlement” that would only guarantee a rapid deterioration of diplomatic relations in the area and, ultimately, confrontation between the U.S. and the USSR.

The British efforts are converging on two major points: breaking Egypt's relationship with the Palestinian Liberation Organization (PLO); and convincing Jordan's King Hussein to underwrite in some way a separate deal.

There is still a lot of spurious “news” being circulated in the West and the Mideast that the PLO was in some way involved in the Larnaca Airport affair in which 15 Egyptian commandos died in a firefight with Cypriot National Guardsmen. Larnaca has given the “separate peace faction” within Egypt the ammunition to push President Sadat and the Egyptian population into an abrogation of Palestinian rights. This British faction, which dates back to the days of King Farouk, is led by Egyptian Prime Minister Mamdouh Salem and his cohorts in the rightwing newspaper *Al Akhbar*.

Al Akhbar editor Moussa Sabry this week intensified this campaign by announcing in a frontpage editorial to the PLO's leader: “Arafat, You Are Done For!” while labelling him a “rejectionist” and an “agent of international communism.” Simultaneously, Egyptian Prime Minister Mamdouh Salem announced that Palestinians living in Egypt would no longer enjoy special privileges—an indication that a massive harrassment and discrimination campaign would be launched against Egypt's Palestinian population.

This softening-up of Egypt was timed to coincide with British Foreign Secretary David Owen's arrival in the Mideast to coordinate, along with his Israeli counterpart Moshe Dayan, the introduction of Jordan's King Hussein into the Egypt-Israel talks. According to the Dayan-Owen strategy, Jordan's arrival would provide a sufficient cover for the representation of the Palestinians to allow Egypt to drop its commitment to a Palestinian state. To drive the point home, Dayan announced in the French daily *Le Matin* that “if President Sadat wants an accord, that can only be a separate accord between Israel and Egypt” and underscored that “Sadat is not at all authorized to speak in the name of the Palestinians” — as the Cyprus affair and the anti-Palestinian riots in

Cairo demonstrated. On *BBC*, Dayan declared flatly that “if there is no separate peace, there is no peace.”

Owen's shuttle in itself was a flop. First, he failed miserably to convince King Hussein to join the negotiations. Hussein reportedly told him that unless Israel agreed to withdraw from the occupied territories and to an eventual Palestinian state, he could not negotiate. But, it was in Israel where Owen's presence brought into relief the Dayan-Begin factional split. Press reports indicate that Owen found Begin “stubborn” and uncooperative while Dayan praised “Britain's revived interest in the Middle East.” According to the *Baltimore Sun*, Owen proposed a “new interim solution to put the Mideast on ice for five years,” an allusion to the Dayan formulation of a “new initiative” to break open the “deadlock”—i.e., a return to the worn-out Kissingerian step-by-step formula. According to the *Frankfurter Allgemeine Zeitung*, Begin apparently dismissed Owen's gibberish as “childish.” Owen later complained that “Begin treated me like a little boy and preached to me the whole time.”

If the Owen shuttle proved to be a total failure, the Atherton shuttle, still cloaked in secrecy, is faring none the better. So far, U.S. special envoy Alfred Atherton has not succeeded in bringing King Hussein into the talks, and his arrival in Jordan on March 4 is likely to be fruitless. Atherton has also been unsuccessful in convincing either Israel or Egypt to resume the talks; each country refuses to accept the other's draft statement of principles. The danger in the Atherton shuttle is that he is also pushing a Jordanian cover for the Palestinian issue, which would be designed to release Egypt from its global commitments. An indication that Atherton's mission is amounting to no good is the fact that Syria refused to receive him.

Despite the massive push last week to sever Egyptian-PLO ties, the relations between the two remain stable. PLO head Arafat recently appointed a new envoy to Cairo and the French daily *Le Figaro* reports that the Palestinian newspaper *Falastin al Thawra* editorialized that the PLO intends to maintain good ties with the Egyptians. As the report from the U.S. State Department below indicates, the deterioration in Egyptian-PLO relations has been widely exaggerated in recent days and that certain forces intend to block any moves to break these historic ties.

State Department:
"U.S. Press Overplays Egypt-PLO Split"

The following is an interview with the Palestinian desk officer from the U.S. State Department:

Q: What is the state of PLO-Egyptian relations?

A: While the Egyptian-PLO relationship is in bad straits the *New York Times* and the *Washington Post* have overplayed this quite a bit. It is wrong to interpret the situation as being one step away from an Egypt-PLO break. Sadat is acting more out of personal pique. Both parties, the PLO and Egypt, need each other; so, Sadat won't go the separate peace route. The Saudis tend to

stay aloof from these affairs but if they picked up signals that Sadat was getting ready to renounce the Rabat decision, they would move into the situation to stop it. There's no sign at this point that he is ready to renounce Rabat, Sadat can't afford this since he needs the legitimacy of the PLO for what he is doing in negotiations. He needs them available for some point in the future. All the Arab states see the PLO as the legitimate Palestinian representative—theoretically, for example, a Rabat renunciation would bring King Hussein into the talks, but it won't work since the King won't bite. It's too transparent. Sadat, in short, has got to have the PLO card to play.

British Set Up Syria, Lebanon For Destabilization

The paralysis in the Egypt-Israel peace talks and all the current organizing for a suicidal separate deal between the two countries have added new importance to the volatile Lebanese situation. As occurred in 1975-1976 in the wake of Henry Kissinger's Sinai Pact, Lebanon is threatening to become the flashpoint for conflict touched off by rightist anti-Palestinian militias tied to Israel, British intelligence, and the British-connected wing of Iranian intelligence. This conflict, centered both in the southern Lebanese "no-man's land" — where renewed fighting broke out this week — and in Beirut, where ultrarightist militias and their supporters have initiated shoot-outs with Syrian army peacekeeping forces, threatens to directly involve Israel and Syria in a showdown which could trigger a dangerous destabilization in Syria.

British responsibility for unrest along Israel's northern front is emerging clearly. Early last month, intensive Syrian and Lebanese government efforts were successful in cooling down the Beirut tensions; this week leading Lebanese politicians and the Lebanese media attributed continuing dangers of unrest to British and Israeli intervention.

Reporting that the leaders of the right-wing National Liberal Party (NLP) had denied and "expressed astonishment over" media reports that the NLP had harshly criticized the Syrian role in Lebanon, the *Beirut Domestic Service* noted Feb. 17:

The report, which has been denied, had been carried by *Reuters* and *Agence France Presse*. It was soon picked up this morning by the British radio, the Israeli radio, and the Monte Carlo radio, thus intensifying the war of biased rumors which some foreign information quarters have apparently decided to launch against Lebanon. Yesterday we warned the citizens against such rumors.

On the next day, *Syrian Arab News Agency* reported that Lebanon's ex-President Franjeh, during a trip to Damascus to meet the Syrian leadership, "denounced the rumors and propaganda campaigns whose sources

and suspect objectives are known." Calling upon the Lebanese population to support the peacekeeping efforts of the Syrian and Lebanese governments, Franjeh then advised the Lebanese government to "be vigilant and to act firmly in controlling false news and sources which propagate false rumors, and to block the subversion carried out by certain foreign correspondents, particularly Monte Carlo radio, London radio, and the radio of Israel."

The Syrians have every reason themselves to be wary of the British. In a Feb. 18 London *Guardian* piece entitled "New Beirut Clashes Keep Foreign Money Away," correspondent John Palmer had the following analysis of the Syrian internal situation:

The countryside outside Beirut on the dramatic mountain route to Damascus looks both prosperous and peaceful, but a potentially lethal mosaic of Christian, Moslem, Druze, and Armenian villagers all like cheek by jowl in this region. It would not take much for the fighting to spread here in a particularly savage form, if there were partitioning of the Lebanese communities . . . Syria, like Lebanon, consists of a bewildering array of nationalities and religions. As well as Sunni and Shiite Muslims there is an important third sect, the Alawites, who are heavily represented in the military element of the Assad government. There are at least six Christian groups as well as Druze and Kurds. In Damascus there is a small, but by all signs thriving community of Jews in whose quarter the Hebrew language can be heard in shops and cafes. Syria has a tradition of concessional tolerance, though this would be put under immense strain if the Assad regime fails to prevent the breakup of the Lebanon.

The British, of course, realize that a strong central government in Syria, a country that has been one of the most coup-prone in the post-World War II era, would go a long way toward neutralizing any such scenario. Hence

reports from London sources of unrest and factionalization at the top rungs of the leadership command. The London-based private newsletter of British-Zionist intelligence operative Jon Kimche recently reported that Syrian Foreign Minister Abdel Halib Khaddam is being put forward by the Soviets to lead a government that will replace an overthrown President Hafez Assad and that will institute a regime under the sway of the radical ideologue wing of the Syrian Baath Party. This report has received no independent substantiation.

A more ominous British media exclusive was the following item in the Feb. 19 *London Sunday Times*, entitled "Arab Hit-Squad Kills Russian":

Syria has imposed a news blackout on the mysterious death there last Saturday of a senior Soviet adviser to its air force. Colonel Vladimir Yakovlevich Dankyevich, posted to Damascus last September, and thought also to be a senior KGB officer, died from injuries received in a car "accident" earlier this month. In fact, he is the latest of nearly a dozen senior Russian advisers in Syria to

be assassinated by a fanatical Moslem group — in similar traffic "accidents."

The Moslem Brotherhood, a pan-Arab movement dedicated to strict observance of religious laws and the eradication of Western "liberalism" regards the presence of Soviet advisers as imperialist aggression and Communist ideas as contrary to the Moslem creed. Western intelligence sources believe the brotherhood has a list of Soviet "intruders" marked for assassination. Its activities are acutely embarrassing to the Syrian government, which is receiving large amounts of aid from the Soviet Union in the form of military supplies and advisers.

The most embarrassing of these was the murder on Sept. 2 of last year of General Yakov Dimitrevich Dibly, a senior assistant to the Soviet military chief in Syria. He died instantly when his car crashed into a lorry driven deliberately across his path in northern Syria. Another victim was the chief Soviet adviser to the Syrian Navy, Rear-Admiral Alexander Alexandrovich Trofimov, killed by a hit-and-run driver in 1975.

Soviets Move Diplomatically Into Middle East

The Soviet Union is moving diplomatically into the Middle East, with a view to getting peace negotiations going again by establishing a Soviet-Arab-European economic development axis.

Central to the Soviets' recent activities in the region is, surprisingly, their rapprochement with Saudi Arabia, long a bastion of anti-Soviet sentiment. Over the past several weeks, both countries have endeavored to restore the basis for effective outside intervention into the deadlocked Arab-Israeli negotiating process. According to the French daily *Le Figaro*, the increased coordination between the two countries is not limited to the Middle East but will extend to stabilizing the volatile Horn of Africa.

A Feb. 19, Radio Moscow commentary (excerpted below) called for the revival of Soviet-Saudi friendship, pointing out that ties between the two countries date from 1926 when "Soviet goods appeared on the Saudi markets — a matter that made it possible to weaken the grip of the British monopoly on domestic and foreign trade in the Saudi kingdom." The commentary also attacks those circles in the U.S. who are doing Great Britain's dirty work by trying to prevent Soviet-Saudi ties.

However, the Soviets are making it clear that they do *not* intend to push the U.S. out of the Middle East. Last week, Soviet President Brezhnev pinpointed the Mideast as the area where U.S.-Soviet relations could be stabilized, and attacked those "forces (in the U.S.) that are interested neither in good-neighborly USSR-U.S. relations nor in the relaxation of international tension in general." Brezhnev's emphasis on cooperation reflects Soviet concern to revive the historic Oct. 1, 1977 joint U.S.-USSR communiqué calling for a Geneva peace conference.

Soviets, Saudis Against Separate Peace

As the Soviets know well, Saudi Arabia exerts sub-

stantial economic and political leverage in any peace talks because of its financial sway over the Egyptian government. The Saudis adamantly oppose a "separate peace" deal between Israel and Egypt that would leave the crucial Palestinian homeland problem unresolved and hence open the way for civil war in Lebanon and war in the entire region. Any "separate peace" initiative by Egypt's President Sadat, leaving out the Palestinians, would lead the Saudis to cut off their economic aid to Sadat — as experts on the region emphasize.

Soviet awareness of this political reality was underscored in a Radio Moscow broadcast on Feb. 17 by Georgii Ilich Mirskii, a leading Soviet Mideast analyst for over two decades. (see below).

With an eye to political survival, Sadat is meanwhile keeping lines to the Soviets open, not only because of Saudi opposition to a "separate peace," but also on account of mounting opposition from the Egyptian "Nasserite" military and bureaucracy, which has historical ties to the USSR.

According to *Le Figaro*, Sadat is secretly seeking to reopen relations with the USSR, shut down in 1977, by using Morocco's King Hassan II as mediator. Hassan, who maintains close ties with the Saudis, recently strongly praised the Soviets. A State Department official confirmed the possibility that the "Moroccan connection" is being activated by the Soviets and Saudis to prevent Sadat from making a desperate flight forward to salvage the remnants of his peace initiative towards Israel of last fall.

A potential shift in orientation by Sadat was also evidenced by Sadat's recent interview in *October* magazine, an Egyptian weekly. While criticizing the Soviet leadership, Sadat pointed to Brezhnev as "the best figure in the Kremlin." Sadat added: "If one day Egyptian-Soviet relations return to normal, it will be thanks to the political experience and wisdom of Mr. Brezhnev."

Soviets Mean Business

The Soviets are backing up their gestures towards Saudi Arabia with broader diplomacy in the Arab world and Africa. On the occasion of Syrian President Hafez Assad's extensive visit to Moscow in late February, the Soviet leaders reaffirmed their commitment to Syria politically, economically, and militarily. This was a stern warning that any push for a separate peace between Egypt and Israel that would leave the door open for eventual Israeli military moves against Syria will not be tolerated. Both Brezhnev and Assad are reportedly worried over the continued escalation of fighting in southern Lebanon.

Attending the Assad-Brezhnev summit was Libyan Prime Minister Jalloud. Immediately following the Moscow meetings, Libyan President Col. Muammar Qaddafi made an effort — undoubtedly with Soviet backing — to help cool out the Horn of Africa. Qaddafi hosted Siad Barre in Tripoli: Barre is President of Somalia and the chief instigator of that country's war with Ethiopia.

Jalloud, meanwhile, flew to Turkey to consolidate economic and political ties with the financially beleaguered Turks, who on March 1 implemented an international Monetary Fund-ordered 30 percent currency devaluation. Jalloud offered to reschedule Turkey's sizeable oil debt to Libya and agreed to continue supplying Turkey with oil despite repayment delays and other difficulties. Turkey agreed to extend official recognition of the PLO, a significant move in light of the efforts to dismantle and discredit the organization. The Libyan-Turkish deal follows a \$1 billion Turkish-Soviet trade arrangement and an agreement by the Soviets to spend \$500 million in hard currency for Turkish products.

Soviets Call for Geneva

During the Assad visit to Moscow, Brezhnev reaffirmed the need for Geneva peace talks as the forum for an overall settlement (see below).

The Soviets have also been actively putting pressure on Syria and Iraq to reconcile their differences. The question now is, how will the United States respond?

Numerous Mideast experts blame the Carter Administration for allowing the U.S. position to deteriorate especially vis-à-vis the Saudis, to favor adoption of a non-confrontationist policy in the area. Other sources, however, are capitalizing on the heightened Soviet activities to build a confrontation atmosphere much in keeping with Great Britain's designs to put the two "superpowers" against each other in the Middle East. A spate of rumors charges that the Soviets are prepared to mobilize a 30,000-man military task force into Lebanon to back up Syria in the event of a war with Israel. Other reports attest that the Soviets will include the Syrians in the Warsaw pact and extend a nuclear umbrella over the region should Syria's interests be threatened. Such rumors obscure both the real intent of the Soviet initiatives, and the positive role that Washington can play by coordinating its efforts with Moscow to bring about a lasting solution to the Mideast dilemma, centered around regional development.

Soviets Broadcast Peace Call Warn Against Separate Peace

During the recent Assad visit to Moscow, Brezhnev took the occasion to reaffirm the need for Geneva peace talks as the forum for an overall Mideast peace settlement. In a toast to Assad at a state dinner on Feb. 21, Brezhnev stated:

The question prompts itself: is it not time to stop the unprincipled political maneuvers in the Middle East, maneuvers dangerous to the interests of Arabs, and return the cause of the settlement to the channel of the Geneva conference? This, without doubt, would accord with the cardinal interests of the peoples of the Middle East and make a big contribution to the cause of improving the international climate.

Only several days before Brezhnev's statement on Feb. 19, Radio Moscow blasted scare tactics used by Cold War confrontationists who are grabbing for full control over Saudi oil and oil revenues to fuel the financial warfare now aimed at destroying the U.S. dollar:

In pursuit of their narrow and selfish aims, the imperialists are persistently scaring the Saudi ruling quarters with the fictitious communist danger. A matter of some significance in this connection is the statement which Zablocki, Chairman of the U.S. House International Relations Committee made recently. He alleged that the activity of the communists, even far away from the Arabian Peninsula and the Gulf area, creates a long-term danger to Saudi Arabia.

At the same time, far-sighted politicians in a number of Arab states have recently, and with increasing persistence, called for a settlement of Saudi Arabia's relations with the Soviet Union.

Saudi Crown Prince Fahd recently said to the Lebanese paper *An-Nahar*: "It is in the interest of Saudi Arabia that it should have friendly relations with all countries, and Saudi Arabia respects the Soviet Union as a great power which has its own place in the world."

The Soviet media this week also scored Egyptian moves away from a comprehensive settlement for the Mideast. On Feb. 16, Georgii Ilich Mirsleii warned in his commentary on Radio Moscow, that Egypt would be completely isolated from the Arab world, should President Sadat be forced to sign a separate peace with Israel.

Should a treaty be signed without even the semblance of a solution of the Palestine problem — and not even Sadat could consent to such a version as the ill-famed Begin plan — should this happen, the Egyptian regime would find itself completely isolated from the Arab world. Sadat may now think he still has a way back, but signing a separate treaty would mean that Egypt had withdrawn from the struggle without any settlement of the Palestine issue — and consequently had completely and officially betrayed the Palestinians. Sadat wouldn't be forgiven for that. Second, Saudi Arabia, Sadat's prop, ally, and creditor, would have to stand aside and cut off its aid; otherwise the Saudis would lose all authority in the Arab world.

Soviets Lay Cards On Table: Will Win War If Provoked

NATO deployment of the antipersonnel "neutron bomb" in Western Europe with the thought of using it for "limited" tactical nuclear warfare would be "senseless," Soviet Premier Alexei Kosygin told a visiting West German delegation last week, since "the densely populated European continent would be extinguished in a nuclear war." Kosygin's warning to the delegation, headed by Bavarian Minister President Goppel of the right-wing Christian Social Union (CSU), was a stunning rejoinder to recent CSU rantings that World War II is not yet over.

The Soviet Premier's bluntness on this score coheres with a growing Soviet appreciation that the best way to win peace is to pull no punches in outlining their military-strategic doctrine. By laying their policy on the table, the Soviets are providing the clearest possible context for genuine detente with the United States and Western Europe. This is an opportunity which, they have noted repeatedly in the recent period, must not be squandered.

Last week's celebrations in Moscow of the 60th anniversary of the Red Army occasioned a similar volley of high-level warnings. The Soviets are not simply focusing on the neutron bomb issue per se, they are preparing for the consequences of the serious deterioration in the international political situation, of the destabilization of progressive Western governments and Third World hotspots. (For Soviet moves in cooling down the Horn of Africa, see Mideast Section).

Defense Minister Dimitri Ustinov in a speech reported in a page and a half in *Pravda* Feb. 23 deliberately drew the strategic lessons of World War II: "Our victory was a terrible warning to imperialist reaction, a stern lesson of history to those who try to review or revise the results of the last war, to all those who like to play with fire." The Soviet people are not "sabre rattlers," Ustinov said, but nobody should mistake their peace policy for a "policy of weakness."

In tandem with a hardening defense line, the Soviet leadership has let it be known that it has not closed the door on a policy of war-avoidance and detente. In a Feb. 24 speech to the Supreme Soviet (see excerpts below), President Brezhnev sharply attacked the U.S. for throwing up "all kinds of obstacles" to improving U.S.-Soviet relations, but made it clear that the Soviet Union remains open to reach an agreement on such issues as SALT, scientific cooperation, and trade.

This coheres with an ongoing Soviet "probing" of the U.S. scientific community by eminent Soviet scientists such as Nikolai Basov to establish cooperation in the area of nuclear physics. Brezhnev in his speech called on "responsible U.S. figures" to "realize, how much, as

they say, is at stake."

Warwinning Military Strategy

The mood in Moscow today is clearly not one of optimism, as the military speeches attest. Deputy Defense Minister Sergei Sokolov, who last week was promoted to Marshal of the Soviet Union, made an unusually blunt statement in the military daily *Red Star*, that the Soviets intended to win a nuclear war, if forced to fight one: "Proceeding from the assumption that the security of our country — and in case the imperialists unleash war, the victory — is guaranteed by the efforts of all components of our military organization, the state, the Party and Central Committee harmoniously care for all the branches of the Armed Forces."

In his speech on Armed Forces Day, Marshal Ustinov made a rare public mention of Josef Stalin, and the applause this elicited from the crowd has been widely noted in the press as indicative of the new hard line. The dominant theme of Ustinov's address was that the military and political leadership of the Soviet Union are completely united — particularly so in times of crisis like World War II. Thus, it is no coincidence that Marshal Brezhnev was awarded the highest Soviet military honor, the "Order of Victory" during the celebration. Ustinov explained that the "defense might of the Soviet Armed Forces, and the name of Leonid Ilich Brezhnev are inseparable."

Ustinov further stressed that scientific and technological progress is the foundation of the armed forces and has been so for 60 years. There can be no stagnation in this regard, he said: "This is the essence of the dialectics of military science."

On Feb. 28, *Pravda's* V. Korionov, in a commentary entitled "Why Are They Muddying the Waters?," reiterated Soviet urgings that SALT, the cornerstone of bilateral relations, must be taken seriously. Korionov wrote that, despite the opposition of the enemies of SALT, talks are in an active stage and both sides are asserting their resolve to solve the problem in the not-too-distant future. However, "somebody or other in the USA would clearly like to tie the hands of the Washington Administration," wrote Korionov. He then pointed to a recent column by British press agent Jack Anderson who wrote that the Soviet Union wants a "test of strength" in the Horn of Africa.

On March, 1, the government paper *Izvestia* took aim at Brzezinski's attempts to destroy SALT by linking SALT and the Horn of Africa. Some people, wrote *Izvestia*, "would like to make the resolution of the most important fundamental tasks dependent on some local situation or other."

Brezhnev: N-Bomb Complicates SALT

In his speech to the Feb. 24 meeting of the Supreme Soviet, Soviet President Brezhnev discussed U.S.-Soviet relations.

Trips abroad by delegations of the highest organ of power of our country (i.e., the Supreme Soviet—ed.) and the development of contacts with parliamentarians and government figures of other countries occupies an important place in Soviet foreign policy. Among them are contacts with the U.S. Congress, which are of course, of considerable significance.

As can be seen from the delegations' reports, Comrade Ponomarev and our other comrades accomplished useful work in the United States.

The foundation of relations between our country and the USA was laid by a whole series of agreements and understandings which were achieved in the past few years as a result of summit talks. Opportunities for deepening and broadening cooperation between the USSR and the USA have been created. But today, unfortunately, it must be stated that the road to this cooperation is still blocked by all kinds of obstacles. They are being created by forces who are interested neither in good-neighborly relations between the USSR and USA, nor in detente in general.

How is this expressed concretely?

Let us take, for example, the talks on strategic arms limitation. Noticeable progress has been achieved in these talks. It is clear, however, that certain people in the USA would like to put the brakes on the course of these talks and hinder their successful conclusion.

We have repeatedly, in various forms, brought our position to the attention of the White House as well as the American Congress. It is clear, consistent, and definite. I will not repeat it here. I would only like to stress once again that we are for a rapid conclusion of the talks on the principles of equal security. After a new treaty on limiting strategic arms is signed, it will be possible to go

to the next stage. This would be a true watershed on the road to military detente. We would like to hope that responsible figures in the USA understand how much, as they say, is at stake.

There is another negative circumstance. I have in mind the plans to produce the neutron weapon and deploy it in Europe. The realization of such plans, which are very attractive to militaristic circles in the USA, would substantially complicate the situation. The Soviet proposal on mutual repudiation of production of the neutron weapon is well known. There is only one alternative to stopping the production of this weapon — a new qualitative leap in the race for lethal weapons. It is impossible not to see this.

Economic and scientific and technical cooperation is an element of no small importance in Soviet-American relations. Here too, the artificially created difficulties are far from overcome. These are basically connected with well-known decisions of the American Congress, which we rightly evaluate as an attempt at interference in our affairs.

In other words, comrades, a period in Soviet-American relations has begun when it is necessary to apply new efforts to give these relations dynamism and a more constructive character. In this matter, of course, the Supreme Soviet of the USSR and the Congress of the USA could play a role.

The Supreme Soviet delegation, as we directed, invited a delegation of the U.S. Congress to visit the USSR on a reciprocal visit. This is good. We have already received such delegations and we consider them useful.

In conclusion, comrades, I would like to emphasize once again that we view Soviet-American relations as an important element in the general international course of the Soviet state, a course toward consolidation of peace, ending the arms race, and towards the development of equal and mutually beneficial cooperation between states.

Gaullist-PCF Nonaggression Pact

Move To Ensure Defeat Of Socialists

With less than two weeks until election day, voter polls in France are predicting a narrowing margin of victory for the French Socialist Party over the present majority coalition. At this point, the consolidation of a rank and file non-aggression pact between local Gaullist and Communist Party (PCF) constituencies and candidates

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is the key to preventing a disastrous "left" victory. Such a nonaggression pact is already taking shape on the highest level of national leadership — indicating the possible emergence of a national unity "public safety" government of the sort proposed by Gaullist "baron" Michel Debre. It is on the local level where the votes are counted, however, that this pact can most significantly alter the outcome of the March elections.

The momentum in France now is clearly moving against Francois Mitterrand, leader of the French Socialist Party (SP) and the nation's principal agent for the interests of the City of London monetarist community. The consensus across the French political spectrum, with the exception of a rag-tag collection of Atlanticist centrists and Mitterrand's staunchest backers, is that Mitterrand must be barred from political power if France is to survive. Mitterrand himself recognized his precarious position recently when he said "the Socialist Party is sandwiched between the majority (the Gaullists and supporters of President Giscard —ed.) and the Communist Party," the SP's caustically critical allies in the now-disintegrating Union of the Left. Both, he said, "have lost their senses." The London *Economist* of Feb. 11, acknowledged the same threat to Mitterrand, and more, in an article entitled "Will it take a shotgun to get them to the altar?" which raised the specter of the Debre-proposed national unity government of Communists and Gaullists.

At the top, this "sandwiching" is taking place as leading Gaullist figures, including the president of the Gaullist party (RPR — Rally for the Republic) Jacques Chirac, focus their attacks on the "left" almost exclusively on Mitterrand and the SP, often borrowing ammunition from the Communists. In one instance, Chirac went so far as to quote Joseph Stalin on the incompetence of the Socialists in dealing with matters of economic policy. At a mass RPR rally in Paris Feb. 18 of some 100,000 supporters, according to reports, Chirac accused the socialists of being liars and hypocrites, adding that PCF General Secretary Georges Marchais could testify to this.

Cooperation in the Countryside

On the local level, which is the determining factor being shaped by Chirac, Debre, and others at the top, the evidence of Gaullist-PCF collaboration is abundant. The weekly *Vendredi-Samedi-Dimanche* of Feb. 2 reports that meetings have been taking place between PCF and RPR leaders at the regional level in the Hauts-de-Sein, Centre, and Sud-Ouest departments, to conclude nonaggression pacts and even to exchange usefully damaging information on the Socialist Party. The article also correctly points out that during Chirac's many barnstorming tours all across the country (he has visited literally hundreds of towns in the pre-electoral period), he has encountered little, if any, opposition from the PCF. Even his trip to the Val-de-Marne, PCF head Marchais's own electoral district, passed without the slightest sign of PCF counterorganizing.

Given the closeness of the March 12 election and March 19 runoff, in which all 491 seats of the National Assembly come up for renewal, such local level pacts in which, for instance, a PCF candidate might withdraw after the first round and not call on his constituency to switch to the SP candidate as would have been automatic if the Union of the Left accords between the PCF and SP were still really in effect, could have a significant, if not determining, effect in the overall outcome of the elections.

The most recent polls conducted in various newspapers indicate that while the "left" still holds a marginal but narrowing advantage in terms of overall percentage of vote intentions in the country (now estimated at about 50 percent for the "left" and 46 percent for the majority), because of the distribution of the votes in different districts, the majority is now being given an advantage in terms of the total number of seats in the Assembly. In such a tight race, a matter of a few hundred votes not going over to the SP and instead towards the RPR in several key districts could be decisive. Such a tactic is being discussed, for example in the 14th electoral district in Paris, where there will be a three-way race in the first round between a Socialist candidate, the PCF's chief economist Philippe Herzog, and leading old-time Gaullist Alexandre Sanguinetti (see below).

The Gaullist Grapevine

Politically useful anti-Socialist information has been passing hands between the PCF and Gaullists, and some public relations give an indication of its nature. The PCF is taking some of the SP's dirty laundry out of the basket and airing it in public, reminding French voters of Socialist Mitterrand's misdeeds *before* his synthetic "left" turn during the 1960s. Marchais reminded an audience of 50,000 supporters at a Feb. 16 Paris rally,

that it was Mitterrand who, as a government minister in 1956, helped to perpetuate the war with Algeria — recalling Mitterrand's infamous "the only negotiation with Algeria is war" speech. Georges Seguy, head of the Communist-allied trade union, the CGT, at the same time recounted publicly that during the May 1968 rebellion which rocked France, Mitterrand demanded that the CGT, the largest trade union in France, boycott the Grenelle talks for wage settlements to end the strikes. Seguy refused to join in this effort to topple the De Gaulle-Pompidou government.

Another frequent Communist reminder these days is that it was the Socialists who in 1947 kicked the de Gaulle-appointed Communist ministers out of the government.

The present PCF-Caullist tactical alliance is being countered by the "Union of French Democracy, a coalition including President Giscard's Republican Party, Lecanuet's Centrists, and the Radical Party of Jean-Jacques Servan-Schreiber who, it is expected will try to make a similar pact with the Socialists. However, this coalition has been unable to get even the support of Prime Minister Raymond Barre, whom President Giscard had asked to head up the "non-Gaullist" component of the majority. It is also questionable whether Servan-Schreiber will be able to politically recoup from his recent attack on the PCF as a racist organization and Chirac's recent characterization of him as "a man who talks about change the way old men talk about little girls."

—D. Sloan

French Press Slams Socialists

Comments appeared in Le Figaro Feb. 1 by Edmond Bergheaud on the history of Socialist Party sabotage of PCF participation in the French Government:

Evoking the formation in Algiers of the "French Committee for National Liberation," General de Gaulle wrote in his memoirs: "And what of the Communists? The part which they played in the resistance, as well as my intention to ensure that their forces be incorporated with those of the nation, led me to the decision of putting two of them in the government."...(After de Gaulle's departure from the government in January 1946) relations between the Communists and Socialists become tense...The inevitable crisis occurs in May 1947 under the (Socialist) Ramadier government...Ramadier puts an end to their functions. Leon Blum approves this measure. So the Communists end up in the opposition. And they were pushed there by a Socialist. Since that day, the era of suspicions has continued to exist between the two formations of the left.

Charges of anti-working class subversion were leveled at Mitterrand by CGT head Georges Seguy in a Feb. 12 interview on Europe No. 1, concerning the May, 1968 wage negotiations:

...On the eve of the Grenelle conference (for comprehensive wage and social negotiations to end the strikes —ed.) we received a delegation from the Federation of the Democratic and Socialist left (FGDS — Mitterrand's launching pad for taking over the Socialist Party — ed.) headed by François Mitterrand and Guy Mollet, who came to ask us, in a way, to give up the idea of going to Grenelle in order to facilitate the accession of a left government to power...We told our interlocutors that in the event of an agreement between the left parties which would take up the demands that we (the CGT) were fighting for, this hypothesis of considering the Pompidou government as an invalid interlocutor could eventually be food for thought...We had to remind François Mitterrand, who found our demands excessive,...that we did not consider the FGDS as negotiators of social problems...

Le Matin on the Gaullist-Communist Alliance

The local-level PCF-Gaullist nonaggression pact in Paris' 14th District electoral campaign was analyzed in the Feb. 22 Le Matin:

(The PCF's candidate, their chief economist Philippe Herzog) devotes all his time working in his district: housing meetings, factory meetings, subways, debates, typical of a Communist campaign. The contrary of Alexandre Sanguinetti who hardly shows up in the streets. His friends have reproached him with not having been hard enough with Philippe Herzog during a public debate. Perhaps because he wants to woo the votes of the Communist electorate in case of a Gaullist-SP duel in the runoff.

Economist Sympathizes With Mitterrand

The London Economist, empathizing with the Socialist Party in its present difficulties with the PCF, printed an article Feb. 11, entitled "Does It Take A Shotgun to Get Them to the Altar":

...The Mitterrand camp is now seriously wondering whether Mr. Marchais has a totally different kind of government in mind. Weighing his expressed desire to have the Communists in the cabinet against the roadblocks he is throwing in the Socialist path, the Mitterrand team feels he could be angling for a government of national unity. The idea has already been aired by certain prominent Gaullists, though it is hardly a policy subscribed to by Mr. Chirac, the Gaullist leader. At any rate, it is the only way in which the Communists have entered government before in France (they contributed ministers to General de Gaulle's postwar administration). Mr. Mitterrand, voicing the theory on Monday, warned Mr. Marchais against "an absurd, anti-historic coalition."

NALP Exposes British Purge Of Canadian Intelligence

North American Labor Party (NALP) spokesman Joseph Brewda's testimony before the Royal Commission hearings Jan. 18 on alleged illegalities committed by the Royal Canadian Mounted Police was interrupted by Commission chairman David McDonald. McDonald prevented Brewda from submitting that portion of his testimony which identified the Commission itself as a British intelligence ploy to purge traditionally pro-U.S. and anti-British networks from Canadian intelligence agencies.

Tendays later federal Solicitor General Francis Fox and long-standing chief of Canadian Military Intelligence Walter Dabros were forced to resign as an escalation of the purge exposed in the NALP statement.

The struggle for control of Canadian intelligence has been developing over the last year, since the first revelations of long-standing operations within the Royal Canadian Mounted Police (RCMP) to control and curtail terror and drug-peddling ventures which the British have directed since the early 1970s. The selected purge of those Canadian institutions tied to U.S. traditionalist circles in the military and intelligence communities has been mounted by the modern Loyalists to aid in decimating intelligence capacity in the United States.

In line with this, highly-placed informants say that the removal of Fox and Dabros was prerequisite to unleashing the Cosmos "killer satellite" scare and the more recently concocted "Soviet spy scandal," because the two constituted an unwanted moderating influence with respect to British "daredevil" tactics.

Following Fox's resignation, British intelligence liaison in the Quebec trade union bureaucracy, Louis Laberge, called for a "complete withdrawal of the RCMP from Quebec."

Here are sections of North American Labor Party's spokesman, Joseph Brewda's testimony to the McDonald Commission.

It is first necessary to note that this commission is a fraud; that its alleged purpose for existence is not its actual purpose....

It is assumed by many that the purpose of this commission to investigate RCMP wrongdoing to safeguard individual rights from so-called excesses....The public is told that a paranoid zeal on the part of the RCMP is threatening civil liberties....

We can assume that the bulk of existing scandals are classical "watergate" style frame-ups to facilitate a reorganization of the Mounted Police. The personnel staffing this commission, the media's role, and other

information indicate the guidelines and reorganization towards which this commission is moving: they intend to facilitate British intelligence-directed terrorism in North America. The intended reorganization of the RCMP is meant to purge or hamper antiterrorist factions.

...There are two primary factions within the RCMP involved in the brawl going on right now. One faction appears to be based in Security Services (SS) and is opposed to Canada's being used as a base of British and Chinese-linked terrorism, gun running, and drug trafficking. This is the faction currently being framed. The other faction appears to be based in Robin Bourne's former group known as "Police Security and Analysis Group" (PSAG), a British intelligence-controlled agency working out of the Solicitor General's office.

On the most immediate level, this faction is led by Robin Bourne, and John Starnes. Established in 1971, this agency has attempted to bypass antiterrorist factions in the SS and we can assume was closely involved in the terrorist groups spawned by the Local Initiatives Program (LIP) and Chester Ronning's "Black September." We can assume that a number of illegal acts attributed to the RCMP's SS were conducted by PSAG agents with money perhaps conduited through the military.

This British intelligence-linked faction... is most closely associated on the federal level with such British political agents of influence as Trudeau, Goyer, and Fox in the Liberal Party. Outside the government, Rio Algom, Brascan and such private institutions as the Canadian Institute of International Affairs and the Donner Foundation whose current president is Mr. Rickerd of the "McDonald Commission." This faction is specifically British as opposed to Canadian in that its policies are to the absolute detriment of Canada and are intended to augment British control of the international monetary system via selective terror....

The best example of how the British-run Fabian factions of the RCMP direct terrorism is the notorious case of the Black September terror gang....

According to information provided in sworn testimony by ex-CIA and National Security Council agent, Roy Frankhauser, the Black September was formed in Toronto by Chester Ronning and James Endicott in the early 1970s. Frankhauser had been active in Black September in that period as an agent of the CIA and had carried out recruitment drives for that terror gang. He can thus speak with absolute certainty as to its British intelligence, RCMP-linked origins.

Black September was formed by Henry Kissinger in the early 1970s for utilization in destabilizing the mid-

east situation. Information now in the possession of the U.S. Labor Party indicates that Kissinger has been primarily a British agent since his stay at the Tavistock Institute in London, England in the 1950s. The personal histories of Ronning and Endicott document the extent of British control and RCMP complicity....

Chester Ronning has had a long history as a career diplomat in the Canadian government closely associated with Lester Pearson. Like James Endicott, Ronning was an advisor to Chou En Lai and represents a key point of British penetration and control of Chinese terrorist activities. Together with Pearson, Ronning played a key role for Sir William Stephenson's "Special Operations Executive" (SOE) and was crucial in reorganizing and controlling the Ministry of External Affairs. According to some reports, John Starnes and Robin Bourne are both proteges of Ronning's.

James Endicott functioned immediately under Ronning in the Black September command structure. Endicott, together with his two sons, is active in the networks established by the Local Initiatives Program and under the apparent control of the PSAG...

Personnel for Black September was drawn from Arab students at York but also various British nationals and the right wing organization "Unity Now." According to Frankhauser, Unity Now was led by Martin Weiche of London, Ontario, a low-level RCMP agent under Fabian control. In fact, the entire collection of rightwingers around the Western Guard was formed and controlled by the RCMP. Recent testimony at a trial of Western Guard members points in this direction — the case of Cpl. Dugan is suggestive — but more crucial is the control of the RCMP *by Fabian factions*....

Another example of the way WWII British Special Operations Executive networks in the RCMP are involved in terrorism is in their connection to mainland Chinese drug running. It is well-known that drugs enter the U.S. from Hong Kong, via Vancouver and Montreal. The British and Chinese utilize routes established for whisky smuggling during Prohibition.

Recently, sources have suggested that Professor Paul Lin of McGill plays a leading role in this operation. Like Ronning, Lin is also a former advisor to Chou En Lai; like Ronning, he works closely with the Canadian Institute of International Affairs. Heroin and other drugs are exchanged for gold in British Columbia; then Maoist

networks in B.C., Toronto, and Montreal play a key role in drug flow to the U.S....

*What the McDonald Commission
Refused to Hear*

...In fact, the careers of McDonald, Rickerd, Gilbert and Francis Fox intersect at a number of crucial points. All have rather standard pedigrees typical of British intelligence... but they also have more immediate connections. McDonald and Rickerd were acquainted with each other as far back as their attendance at Baliol College, Oxford when McDonald was there as a Rhodes scholar. Francis Fox later attended Oxford as a Rhodes scholar... Balliol College and the Rhodes program have been standard recruiting grounds for British agents. Otherwise, Francis Fox was not only a student and protégé of Rickerd's at York University but in fact was placed on the Donner Foundation by Rickerd, the present chairman of the Foundation. Other connections of these four careers include the fact that both Fox and Gilbert were both members of the same law firm in Montreal... It is probably well known that McDonald is a prominent Alberta Liberal reportedly close to Trudeau. There is evidence that Guy Gilbert has in the past been close to key Fabian agent, J.P. Gagnon.

However, a more significant vulnerability the RCMP could play on to stop the fraudulent commission is to blow the real story of the Donner Foundation led by Donald Rickerd. The Donner Foundation is considered to be a key funder of Indian-based terrorism in North America — this judgment is shared by various security personnel and responsible journalists. It is exactly such threatened Indian terrorism which is being used to sabotage Northern development.

Even a casual examination of Donner funding tends to confirm this analysis. A sample of U.S. and Canadian recipients of Donner funds includes such groups as the Coalition of Eastern Native Americans, the Alaska Legal Services Corporation, the American Indian Law Students Association. Such groups as the Inuit Tapirisat received \$45,000 in 1976 alone. The Canadian Arctic Resources Committee received \$95,000 in that year.

Such massive funds provide a capability of conduiting funds to synthetic terrorist organizations such as the American Indian Movement. The funds and personnel provide the basis for synthetic opposition to the construction of needed pipelines....

Turbay Victory In Colombia Paves Way For 'Party Of The Government'

This week's congressional elections in Colombia, which doubled as a presidential primary for the ruling Liberal Party, signify a decisive breaking-point in the Colombian political scene which has until now been dominated by forces allied to City of London and Wall Street interests. The overwhelming victory of candidate Turbay Ayala over his opponent, Lleras Restrepo, in securing the Liberal Party presidential nomination offers a vital opportunity to break the monetarist control over Colombia which agents-of-influence like former President Lleras have labored to bring about for the last 40 years.

COLOMBIA

In a campaign address to more than 150,000 supporters one week before the elections, Turbay promised that his government would seek to revive "the spirit of democratic revolution that characterized the first administration of (President) Lopez Pumarejo." Lopez's 1934-38 administration marked the first and only time in Colombian history that a Liberal Party government based itself on an alliance of progressive nationalist capitalist forces with the Communist Party-led labor movement. The "spirit" of the first Lopez administration is thus best characterized by the phenomenon of a Liberal Party which succeeded in becoming a genuine "party of the government," as Lopez himself described. By adopting the call for a "party of the government" as his own campaign slogan, Turbay has affirmed his commitment to convert the present degenerate and agent-riddled Liberal Party into the nation's hegemonic popular institution — like Mexico's ruling Partido Revolucionario Institucional (PRI) — which will be capable of defending the national interests.

Behind Turbay's "Mexican" tendency is a powerful faction within his own camp which is firmly committed to a program of industrialization and development of the state sector as the only means to achieve an independent and vigorous economy. This group, which advocates the Mexican model of government for Colombia, also has a healthy Mexican-style hatred for the colonialist aspirations of British agents like Lleras Restrepo, whom a spokesman for Turbay's backers recently labeled as belonging to "the decadent and pro-Anglo Saxon class."

Building a Party of the Government

The ascendancy of the Mexican faction into relative dominance within the Turbay camp has been facilitated by the organizing influence of the Andean Labor Party

(PLAN). The PLAN, together with its cothinker parties in the United States and Mexico, is organizationally committed to the concept of a "Mexican system" for Latin America. This system, like its forebear, the American System of Alexander Hamilton, is premised on an explicitly antimonetarist program of high-technology capital-intensive industrialization and mechanization of agriculture. The PLAN platform for the Mexican-style development of Colombia and the Caribbean region, which is grounded in a program of rapid nuclear energy development, has been widely circulated throughout Colombia. It is serving as the foundation of a "programmatic bridge" between the Turbay circles and the popular forces grouped around the mass-based Colombian Communist Party among whom the PLAN has organized for several years.

Turbay's forces have recognized the catalytic role of the PLAN in the forging of a Mexican-style party of the government, as indicated by the appearance in the Feb. 9 issue of Turbay's newspaper *Consigna* of an entire centerfold reprinted from the PLAN newspaper *Solidaridad Internacional*. The centerfold focuses on the role played by ex-president Lleras Restrepo during his 1966-70 administration in selling Colombia's national sovereignty to the International Monetary Fund, and details the disastrous effects of Lleras' imposition of the "British System" on Colombia.

The Communist Party, meanwhile, is demonstrating an increasing openness toward allying with progressive capitalist forces in an "antifascist mobilization" which can secure the nation's growth. A recent issue of the party's newspaper *Voz Proletaria*, called for "an alliance with nonmonopolistic bourgeois layers that are openly committed to the independent development of the country," while other statements from the party's leadership have begun to stress concern for Colombia's "scientific-technological development" and to call for repudiation of Colombia's foreign debt, both key tenets of the PLAN program.

The "bridge" being constructed by the PLAN passes through progressive government layers as well. PLAN programmatic literature, particularly that dealing with the role of nuclear energy in Third World development, has received widespread attention among prodevelopment government officials, especially within the ministries concerned with science and technology. A 1977 Mines and Energy Ministry prospectus on Colombia's energy future cited four separate publications of the Fusion Energy Foundation, whose ideas on the development of nuclear energy are endorsed and promoted by the PLAN.

Britain's "Spoiler" Options

With Turbay's victory this week considered "unquestionable" within the Liberal Party leadership, Lleras & Co. are scrambling to ready their "spoiler" options. At this point, the 68-year old Lleras himself has no hope of gaining the Presidency and can only devote his waning influence to splitting the Liberal Party in an attempt to sabotage Turbay's chances in the June elections. To that end, Lleras and his forces have already raised a hue and cry over vote fraud allegedly perpetrated by Turbay's supporters in the primary, and hints have begun to emerge in the international press that Lleras may throw his faction's support to Conservative Presidential candidate Belisario Betancur.

Meanwhile, Alvaro Gomez Hurtado, head of the most reactionary wing of the Conservative Party and chief

sponsor of Belisario's candidacy, is planning to come out on top no matter what scenario triumphs. Belisario's victory at the polls would give Gomez a clear hand in the next government, but Gomez is determined to have a stranglehold on Turbay in the more likely eventuality of a Liberal victory in June. Through his control over a substantial section of the military, including Armed Forces commander Camacho Leyva, Gomez has successfully blackmailed the outgoing administration of Lopez Michelson into yielding much of his power under threat of a coup. Unless Turbay rapidly mobilizes an antifascist alliance of forces against such blackmail attempts, he will be vulnerable to the same "National Front" pressures aimed at sabotaging his plans for a party of the government.

World Bank Seeks Fragmentation of Brazilian State Sector

Brazilian military and civilian nationalists will have to abandon their hopes of building their country into a world industrial power by the end of the century if the recommendations in a confidential World Bank report are implemented. Yet, General J.B. Figueiredo, who will become president of Brazil in March, 1979, is already acting to follow the World Bank mandate. Brazil is quietly slowing down what the World Bank calls "over-ambitious programs" including its nuclear energy program, the centerpiece of future industrial development. Instead, following Figueiredo's state policy emphasis on the agricultural sector, the country is shifting towards flooding the world with agricultural exports to keep up with debt payments.

BRAZIL

The annual World Bank report on Brazil, leaked Jan. 22 in the daily *O Estado de Sao Paulo*, plots the course of the Brazilian economy from now until 1985 based solely on the criteria of what would permit it to meet scheduled debt obligations. "If imports can be held within reasonable limits, and if export volume can be expanded by 12 percent per year in real terms, then there is a good prospect of having a positive trade balance of \$800 million in 1980," says the report.

"In the long run the world market perspectives are extremely favorable for some of the major commodities exported by Brazil, especially sugar, soy beans and derivatives, corn, and iron ore," the World Bank forecasts. It predicts that Brazil could churn out \$8.8 billion worth of soy alone in 1985, which would be worth enough to give the country a trade surplus of almost \$5 billion. These figures which the Bank itself admits are "optimistic," are probably little more than a pleasing fairy tale to lure Brazilians into being obedient to bank dictates that they dismantle the centralized public sector

apparatus, implement austerity, and hold the lid on popular pressures for survival-level living standards. There are presently no indications that the world market could absorb such a flood of Brazilian agricultural goods.

"There are clear signs of difficulties in overall fiscal performance," the World Bank complains. "Many autonomous agencies and public enterprises seem to have embarked on investment programs which are overly ambitious within the context of the revenue limitations of the public sector and have run up heavy debts... It appears that real levels of public investments increased during 1975 and 1976... despite serious balance of payments deficits and accelerating inflation... Some decentralized agencies faced big piles of unpaid bills all during 1976... At the end of 1976, the government recognized that the public sector was one of the most important causes of inflationary pressure and made the decision to reduce investment programs proposed for 1977 by public enterprises and autonomous agencies."

In order to guarantee that the "overly ambitious" development programs be guillotined on the basis of monetarist cost-effectiveness criteria, the World Bank demands the establishment of a body similar to the U.S. Government Accounting Office or New York City's Emergency Financial Control Board "to oversee the execution of public investments."

The Bank demands a free hand for the austerity hounds by replacing procedures which permit the funding of long-term projects to completion with a zero base budgeting system: "In Brazil the technique of tying budget allocations to specific purposes has been extensively used to assure a continuous flow of resources to large infrastructure programs and other public sectors... This practice introduces a considerable rigidity of allocation of public resources to the various sectors... It is a cause of increasing government expenditures. At the same time, it leaves little margin for financing new programs through existing budgetary resources."

The World Bank report also rails against "excessive fiscal centralization" and demands that revenue sources now controlled by the central government be handed over to state and local authorities. The purpose of the anticentralist recommendations, which are identical to those made to — and rejected by — Mexico, is to destroy the federal government's ability to plan in terms of large capital-intensive programs. The bankrupt state governments would be unlikely to cooperate on long-term high-technology programs such as the nuclear energy industry. On the contrary, they provide easy targets for World Bank President Robert McNamara's favorite slave-labor programs, which do not require any costly machinery imports.

The World Bank's "reforms" are just part of a monetarist campaign to wipe out nationalist tendencies entrenched in the state industries, the military, and even

in part of the private sector, who fight for advanced technology symbolized by the nuclear cycle being provided by the Federal Republic of Germany, against monetarist efforts to slow down funding. They will oppose the World Bank's rapid devaluation and free trade dictates, which would divert manufactures from the Brazilian population into export markets while hampering further industrialization.

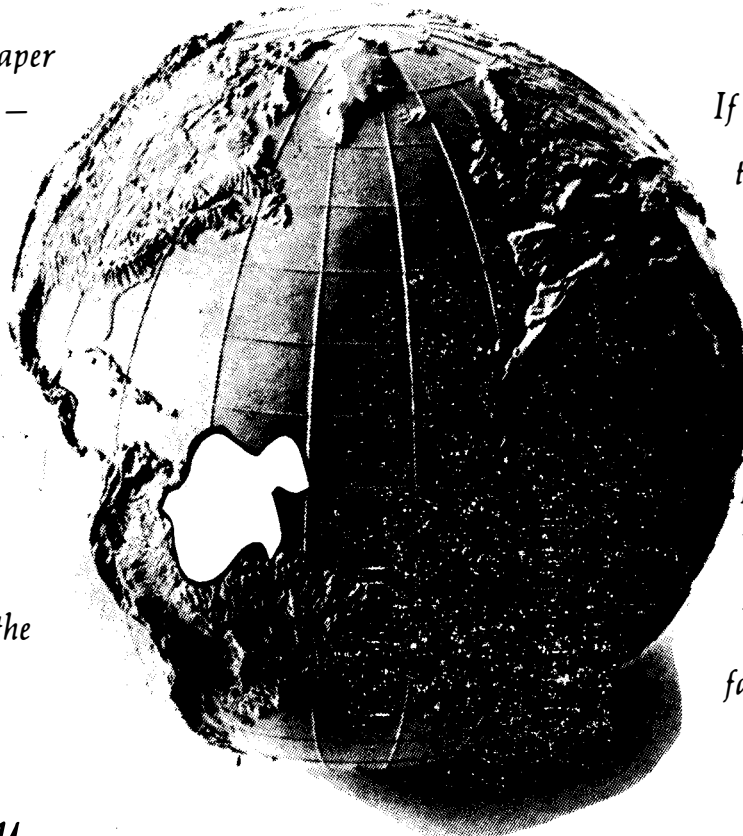
The World Bank is so obsessed with stamping out even the illusion of progress that it complains that rapid industrial growth associated with the Schachtian looting operation of the 1967-73 "Brazilian Miracle... established great confidence in the long-term growth potential of the country, which has made it difficult to adjust to the necessity of moderating the growth rate as a means of combating the balance of payments and inflation problems Brazil faces today."

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EXECUTIVE INTELLIGENCE REVIEW SPECIAL REPORT
DAILY ENERGY INTELLIGENCE BULLETIN
THURSDAY, JANUARY 11, 1978

LEADING U.S. BUSINESS DAILY CALLS FOR CUTOFF OF NUCLEAR COOPERATION WITH INDIA

JAN. 11 - THE WALL STREET JOURNAL, A LEADING U.S. BUSINESS DAILY, RAN A MAJOR EDITORIAL TODAY CALLING ON THE CARTER ADMINISTRATION TO CUTOFF NUCLEAR COOPERATION WITH INDIA. THE "OPEN MIKE" INCIDENT AND ABOVE ALL HIS COSMETIC CONCESSION THAT HE WOULD AUTHORIZE SUPPLY OF ONE SHIPMENT OF ENRICHED URANIUM TO INDIA, THE JOURNAL STATES, "SO WHILE THERE ARE AT LEAST SOME ARGUMENTS FOR ENDING NUCLEAR COOPERATION, THE JOURNAL CONCLUDES 'IT IS DID AFTER THE INDIAN EXPLOSION.' THE JOURNAL DOESN'T NOTICE MIKES AND IS IN ADDITION SO CONFUSED HE THINKS A LETTER WILL KEEP HIS HAND, PERHAPS THE CANDIDATE CARTER WHO WERE INTENDED TO OVERHEAR TO TELL US A LIE WAS USING THE PLOY TO MISLEAD THE AMERICAN PEOPLE."

WHAT IS REALLY GOING ON?

WHILE THE DUST HAS NOT YET SETTLED ON THE CARTER TRIP, BRITISH PRIME MINISTER JAMES CALLAGHAN HAS ARRIVED IN INDIA TO SUPPOSEDLY EVOLVE THE COMPROMISE FORMULA TO BRING INDIA INTO AN ACCEPTABLE STATUS ON THE NON-PROLIFERATION QUESTION. WHILE THE U.S. STATE DEPARTMENT TODAY ADAMANTLY DENIED ANY TRUTH TO THE STORY THAT CALLAGHAN HAS SUCCEEDED WHERE CARTER HAS FAILED, AS PRESENTED BY THE LONDON TIMES, A COMPROMISE AGREEMENT WITHOUT TO TALLY DIS- CLOSING DETAILS AT THIS TIME. TODAY'S SECRET "PRORISES AND PLEDGES" TO PAKISTAN WHERE HE WOULD USE THESE ASSURANCES TO PRESS THAT COUNTRY TO AGREE TO NEW RESTRICTIONS AND SAFEGUARDS ON ITS CONTRACTED FRENCH NUCLEAR REPROCESSING PLANT. CALLAGHAN ARRIVED IN PAKISTAN JAN. 11, ONE DAY AFTER THE NEW YORK TIMES ANNOUNCED THAT FRANCE HAS REQUESTED THE PAKISTANIS CONSIDER ALTERATIONS IN CURRENT CONTRACTS.

MIDWEST COLD FREEZES OHIO COAL STOCKPILES

JAN. 11 - AS THE NATIONAL STRIKE OF U.S. COAL MINER FIFTH WEEK, A SEVERE MIDWEST COLD FRONT HAS FROZEN OHIO COAL-HANDLING MACHINERY. A SPOKESMAN FOR THE ELECTRIC UTILITY TOLD THIS NEWS SERVICE THAT CUSTOMERS HAVE BEEN ASKED TO VOLUNTARILY CUT BY THAT THEY REGARD THE SITUATION AS "CRITICAL." THE UTILITY AFFECTED ALL EXPECT TO HAVE T A DAY, HOWEVER A SECOND COLD FREEZE IS PRE- WEKEND. THE ONGOING MINERWORKERS' STRIKE ALTERNATIVE USED LAST WINTER DURING SEVE- IN FRESH COAL TO REPLACE FROZEN COAL. THE OHIO STATE ENERGY OFFICE DURING TV COAL DELIVERIES TO RESIDENTIAL USERS

A SPOKESMAN FOR THE U.S. DEPART- WILL DO NOTHING IN THE PRESENT ST- MAKES A STATEMENT HE ADDED THAT T PRODUCED BY THE ONGOING STRIKE AND UNTIL THEN THE GOVERNMENT

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