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EXECUTIVE INTELLIGENCE REVIEW

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IN THIS WEEK'S ISSUE

Featured in **INTERNATIONAL**: U.S. Labor Party chairman **Lyndon H. LaRouche's** exposé of the two-sided conspiracy to **boost** newly installed Fed Chairman **Miller** while dumping UN Ambassador **Young**

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Featured in **INTERNATIONAL**: U.S. Labor Party chairman **Lyndon H. LaRouche's** exposé of the two-sided conspiracy to **boost** newly installed Fed Chairman **Miller** while **dumping** UN Ambassador **Young**...LaRouche traces the story back to its **British intelligence roots**...and lays out the coherent strategy that determines both **Miller's treacherous financial policies** and the **British role in Italy's reign of terror**...

* * *

And in **ECONOMICS**; the **politics of gold**...and how that issue is related to the round of **attacks on the International Monetary Fund**...in a **Gold** report that **contrasts** the sort of **gold-backed system** France's Gaullists and West Germany's Schmidt are calling for...with the **British Imperialists' gold reserve standard**...Included: a Swiss report on **why the British are out to dethrone the dol-**

lar...Plus a tribute to the late giant of French economic policy, **Jacques Rueff**, by the Labor Party's **LaRouche**...and Part I of a review of an unintentionally revealing book, that puts **Franco-U.S. economic ties** in perspective...

* * *

This week's **SPECIAL REPORT** presents the second and final part of the "**Dossier San Marco**"...the **suppressed 1974 Italian intelligence report** that charges **Henry Kissinger**, British Fabians, and the "left" CIA with complicity in **running terrorism in Italy**...In Part II, the **Dossier San Marco** describes how terrorism was used in Italy as part of a broad strategy against the Nixon Administration's **Mideast peace and development plans**...and the role that **Kissinger's Watergate** scenario played...**Never before published in English**, this is the document that tells the real story behind the **Moro kidnapping headlines**...

* * *

Elsewhere in this issue: A program for the development of Colombia that shows how the U.S. can help create **giant markets for high-technology exports** through Third World industrialization...and that explains why **false economies** now in development planning will

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mean disastrous problems later...in this week's **ECONOMIC SURVEY**...In **COUNTER-INTELLIGENCE**, a names, dates, and places indictment of the **people and institutions behind the Sun Day** environmentalist orgy and the **terrorism it's fronting for**...and in **THIRD WORLD**, a report on a **cleanup against the terrorist factions** of the Palestine Liberation Organization...

* * *

What happened at the SALT talks?...Despite the **secrecy** surrounding Cyrus Vance's meetings in Moscow, the **most significant fact about the push for U.S.-Soviet detente has emerged into Europe's newspapers...development deals between the Soviets, the West Germans, other Europeans, and the Third World...totaling scores of billions of dollars**...How the Europeans are **opening the way for U.S. leadership**...in **INTERNATIONAL** this week...with a detailed report on the full range of deals and rumored deals, culled from a broad range of **public and private sources around the world**...a story you'll read **nowhere else** in the U.S. press...

* * *

The enemies of a development-based U.S.-Soviet entente have reacted quickly... with the

"China card" and a barrage of other provocations...The **U.S. REPORT** describes how Henry Kissinger and his Doppelgänger Brzezinski carried out their **Bilderberg Group orders**...with press reports that spotlight the **British strategic policy of a U.S.-USSR war** that shapes the "opening to China"...and a sampling of how **traitors in the U.S.** are carrying that policy through...

* * *

The Soviets, however, are emphasizing the **successes of the Vance mission**...and the possibilities for **economic cooperation**...while warning President Carter not to be led into a new cold war by **certain advisors**...Our **INTERNATIONAL** section presents this side of the SALT story too...with **extensive excerpts** from a speech by Soviet President Brezhnev **assessing the results of the talks**...and **Soviet and Czech press commentaries** that are unmistakably aimed at the self-styled "new Kissinger," Brzezinski...Plus a report on the stance **Western Europe is taking is disarmament efforts**...that **punctures the myth of a confrontation-hungry Europe bent on obtaining the neutron bomb**...

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Will USA Participate In 'Deal Of The Century?'

In a series of actions during the past week, Western European governments have assembled an economic development package for the Mideast and Africa worth scores of billions of dollars, opening an entire range of political and economic possibilities for the United States.

The development package, brought about through the actions of the French, West German governments and state-sector companies, points directly to an internationally-agreed, development-based political settlement for the Mideast and Africa.

Deal of the Century

At a closed-door session of the West German Social Democratic parliamentary faction last week, Chancellor Helmut Schmidt briefed his party's leadership on a package of at least 120 trade deals with the Soviet Union that will be discussed with Soviet President Leonid Brezhnev when he arrives in Bonn May 4. These deals will cover billions of dollars worth of goods up until the 1990s, and will require international consortia for financing and marketing the gigantic trade flows involved. Their effect on domestic West German politics will be enormous, for the quantity of trade and manufacturing involved will be able to soak up a good portion of West Germany's one million permanently unemployed, and will also save a good many West German factories from bankruptcy.

Although the scope of the trade efforts themselves is staggering — one of the many deals involves a \$20 billion nuclear reactor sale to Iran — the global political context identifies the successful Western European trade mission of the past days as an advanced form of diplomacy, including the United States and the Soviet Union. The crucial background development was the limited success of U.S. Secretary of State Cyrus Vance's weekend discussions in Moscow with Soviet leaders on strategic arms limitation. Vance, who renounced previous Administration attempts to undercut the SALT talks through so-called linkage of the arms negotiations to "human rights," National Security Advisor Brzezinski's monkey-wrench, opened the door to a peace and economic development package in cooperation with the Soviets.

Vance, and even more emphatically U.N. Ambassador Andrew Young, have supported that policy in the past, particularly for the Mideast and Africa, but the arms negotiations bottleneck had kept it off the active agenda.

In a nationally televised speech, Soviet party leader Leonid Brezhnev called for Western cooperation in the Soviet Union's own economic development, while Politburo member Boris Ponomarev called for "restructuring the whole system of economic relations on the basis of peaceful coexistence." The Soviet view

converges on Western European proposals to "overhaul the world economic system," as a West German official told the press after the Copenhagen summit meeting of Western European leaders on April 10.

Centerpiece: New Solidarity

The centerpiece of Europe's offensive is nuclear energy policy. Following a visit by senior West German officials to Iran, the two governments announced an export package worth a stupendous \$20 billion, including four nuclear reactors and a group of naval vessels. In Western Europe, the Germans and French signed an agreement according to which France will reprocess enriched nuclear reactor fuel for West Germany, rebuffing Energy Secretary James Schlesinger's recent threat to shut off supplies of enriched fuel unless Europe abandoned its policy of exporting nuclear technologies.

Reportedly, Italy, Austria, the Netherlands and Finland are prepared to sign identical agreements with France. In addition, West German and Japanese corporations will invest in the construction of a new reprocessing plant in France. As a package, these agreements give Europe the independence and capacity to kick off an extraordinary nuclear development plan — and present a compelling challenge to the United States.

On the rim of Europe's nuclear policy agreement, Western European firms have initiated factory-construction and related development proposals involving virtually all of the Mediterranean area, from the Balkans to the Persian Gulf.

Since Schmidt's parliamentary briefing, all of West Germany has been speculating about the 120 economic and technological agreements. The total package is so important that the April 27 daily *Frankfurter Allgemeine Zeitung* wrote that it will be based on state-to-state agreements already existing between the USSR and Finland and the USSR and France. The master agreement will also set up joint West German-Soviet factory construction in the Third World.

The Moscow-based correspondent for the daily *Kieler Nachrichten*, Heinz Lathe, wrote the same day that since West German-Soviet trade has already passed the 11 billion deutschmarks level (\$5.5 billion), the Soviets want to begin calculating West German economic cooperation into their Five Year Plan.

There are further reports circulating that one of the agreements will be joint West German-Soviet production of machine tool prototypes, and in an interview with *Der Spiegel* magazine, the president of the German Chamber of Commerce and Industry, Otto Wolf von Amerongen, stated that oil, uranium and electricity are under discussion as Soviet exports to West Germany.

Although this package clearly overshadows the

original 1922 Rapallo cooperation treaty between the Soviet Union and Germany in volume, it will also require serious American, French and Italian support in providing both financing and markets. Amerongen stated that certain agreements, such as one around copper mining, will involve quantities so huge that only international consortia could finance and market them.

Technically, Chancellor Schmidt has been addressing this question correctly by his well-known support for the dollar, and his insistence that the dollar keep its proper role as the international reserve currency. Schmidt knows that these international consortia will not work without dollar support from the world's largest market, the United States.

U.S.: Not Left Out...

There are other strong indications that the American private sector has not been left out of the bonanza. According to business sources, a large number of American corporations, including Pepsico, Coca-Cola, and Motorola are moving heavily into Egyptian investments, with the understanding that they will receive financial support from the Saudi- and Kuwait-funded Gulf Organization for the Development of Egypt.

That would mark the first occasion that the oil-rich Persian Gulf Arab states have agreed to joint ventures with American corporations, a project that senior staff of the Export-Import Bank have been working on for several years. Leading Arab spokesmen now touring the United States in a five-city visit organized by the Arab-American Chamber of Commerce announced last week a proposal for cooperation with the United States in channeling "petrodollars" into development efforts internationally.

A central figure on the American side is former Vice-President Nelson A. Rockefeller, recently returned from a visit to the Persian Gulf. Rockefeller recently formed a corporation, Sarabam, to recycle petrodollars into investments in the United States, and joint projects in the developing sector.

West Germany and France are acting as intermediaries between the U.S. and the Soviets on the issue of East-West cooperation for Third World development — with the quiet support of the U.S. State Department.

Kissinger Wrecking

The Western European initiative has provoked a political crisis in leading American circles, marked,

among other things, by covert efforts by Henry Kissinger and his flunky Senator Jacob Javits to wreck American participation. Business sources report that Kissinger and Javits have conducted a harassment campaign against the Arab-American Chamber of Commerce's tour of leading Arab businessmen and government officials, which aims to double American trade with the Mideast.

Even more ominously, Dr. K has now betaken his corpulent self to West Germany. His arrival on the eve of Brezhnev's May 4 visit is clearly timed to undercut Schmidt's support for the U.S.-Soviet cooperation which would make the "deal of the century" work. Kissinger's line is that the future of the "West" depends on confronting the USSR in Africa and Asia and on replacing the U.S. dollar as world trade reserve currency with the British-proposed funny-money, Special Drawing Rights.

From the boardrooms of Chicago and Houston to the downtown commercial banks in New York City, a fierce debate is underway over whether to throw in with the European-initiated development efforts, or tag along with Fed Chairman William Miller's "fiscal conservative" plans for a credit crunch against the U.S. economy.

However, the public behavior of Jake "the Snake" Javits indicates that panic is spreading among the ranks of London agents in the United States. On the Senate floor April 25, Javits presented a strange "Sense of the Senate Resolution," calling on President Carter to establish a \$50 billion to \$100 billion pool of oil-producing country funds for "directed investment" in the developing sector.

Sources close to Javits emphasized that the Senator was *not* talking about transfer of technology, and had made the proposal in opposition to Nelson Rockefeller's efforts to rechannel OPEC dollars into development efforts. Javits also proposed that the Administration bludgeon Europe into a "coordinated" program of reflation at the July summit meeting of the leaders of key industrial countries, a plan to pick a fight with the Europeans at exactly the wrong time.

Javits' sudden rush to present an "alternative" to what the Europeans already have on line indicates the immense political potential in the United States. If sufficient American political, and business and labor leaders have the guts to ignore the mess in the Administration, and create a "counterpole" of political organizing in response to developments abroad, the British faction will dissolve.

West Germany Leads Trade And Development Deals Drive

* In a briefing before the Social Democratic Party faction of the West German Parliament on April 26, Chancellor Helmut Schmidt reported that Soviet President Leonid Brezhnev's visit to Bonn May 4-6 will include the signing of a package of trade and economic cooperation deals stretching to the end of the century — 120 in all, according to a West German government official — and involving de facto integration of the West German economy's growth needs and the Soviet five-year plans. Schmidt's announcement was completely blacked out of the U.S. press, although elements of the speech were reported in a low key manner by the *Frankfurter Allgemeine Zeitung* and various other West German newspapers.

Simultaneous with Schmidt's remarks, State Secretary in the Foreign Ministry Peter Hermes, in Moscow to continue preparations for the Brezhnev trip, revealed that some 120 projects are being negotiated. The *Zeitung's* account of Hermes's remarks cited plans for the development of joint BRD-Soviet machine tool prototypes. Such plans imply not only large-scale standardized production of machine tools in West Germany but the beginning of the complementary standardization of the two nation's industries.

The package of deals means the long-term integration of West German exports into Soviet five-year plans, Soviet planners told "Rapallo" journalist Heinz Lathe, the Moscow correspondent for the *Kieler Nachrichten* and other regional industry-oriented dailies.

In an interview in *Bild Am Sonntag* on April 23, Otto Wolff Von Amerongen, president of the West German Chamber of Commerce and Industry, indicated that large Siberian projects for joint development of Siberian natural resources would be the main topic of discussion during the Brezhnev trip. In an interview in *Der Spiegel* of April 29 he specified further that oil, uranium, and electricity are likely to top the list of Soviet-supplied materials after the completion of the deals. Such projects could only be realized through international industrial consortia, Von Amerongen said in *Deutsche Zeitung* April 27.

* In other BRD-East Bloc developments, Detlev Rohwedder, State Secretary in the Economics Ministry, was in Yugoslavia the week of April 23 for negotiations with the Yugoslav Foreign Trade Minister on a package of high technology deals which might reach 4.9 billion marks (\$2.4 billion), according to the *Frankfurter Allgemeine Zeitung* on April 26.

* The head of the Polish industry delegation to the Hannover Fair said that although the trade deals completed there amounted to only 34 million marks, the prospects for large scale cooperation between West Germany and Poland in developing the Third World are extremely good, according to reports in the West German press April 28. Earlier in the month, the Polish

Economic Attaché in Cologne told the Fair that Warsaw and Bonn should improve their cooperation in developing the Third World, and he attached the so-called Davignon plan of EEC Commissioner Count Davignon for the rationalization of the Western European steel industry. This is the first time an East Bloc spokesman has commented on this plan for capacity reductions.

* The Iranian government is planning to purchase two additional light-water reactors from West German nuclear reactor producers, bringing to eight the total number of reactors under construction, ordered, or under discussion in what could be the largest nuclear deal in history. On April 25, the *FAZ* estimated the price tag on the total deal at nearly \$40 billion marks — some \$20 billion, which would place the BRD-Iranian deal ahead of even the giant BRD-Brazilian deal signed several years ago.

The West German cabinet has already approved the use of Hermes's guarantees of government insurance to private BRD firms involved in large development projects for the two latest purchases. Purchase of these two reactors is expected to be finalized by next fall as part of a bigger oil-for-technology — straight barter — deal.

As reported in the *FAZ* on April 24, the Shah told visiting West German President Walter Scheel in Teheran that he wants Iran to be as highly industrialized as Western Europe before its oil runs out 25 years from now.

* Japan's Deputy Foreign Trade Minister Masuda announced Japan's intention to increase its overall business with the BRD — specifically increasing its imports of West German heavy machinery and chemicals — and thus balance its \$3 billion trade surplus with the BRD, in an interview in *Bil Am Sonntag* on April 23. The Japanese official urged the BRD to direct a "massive export initiative" toward Japanese and Asian markets, and called for more joint venture projects between the two industrial giants. Additionally, Japan is seeking to purchase West German nuclear equipment and technological expertise from West Germany as a hedge against environmentalist obstruction of U.S. nuclear exports to Japan.

* DWK, the West German construction consortium building the Gorleben nuclear reprocessing facility, has completed a deal with COGEMA, the French government-owned nuclear firm, whereby COGEMA will take care of all West German nuclear reprocessing requirements to 1984-85, at which point West Germany will have its own facilities.

* Elf-Aquitaine, the French state oil company, will cooperate with the Italian firm AGIP SPA in the creation of a jointly owned (65 percent — 35 percent) subsidiary

for the development of Congolese offshore oil fields by the end of 1978.

* A new firm named Cominak is about to be formed to undertake Nigerian uranium exploitation. The firm will be owned jointly by Nigeria (31 percent), France's COGEMA (34 percent), Japan (25 percent), and Spain (10 percent), and is the second such joint venture including France formed for Nigerian uranium exploitation.

* Creusot-Loire, the major French steelmaker, and IFP (the French Oil Institute) have signed a new 255 million franc contract with Sonatrach, the Algerian state oil and gas company, for the expansion of Algerian fertilizer production, according to French press reports of April 28.

* Brazilian Minister of Mines and Energy Sigeaki Ueki was in Paris the week of April 23 for the signing of the largest Franco-Brazilian deal ever — construction by

Creusot-Loire of a 1.3 billion francs hydro-electric dam in the Brazilian Amazon.

* The construction of a giant steel complex in Vietnam by Creusot-Loire has for the moment been cancelled by the Vietnamese government.

The French, however, indicated their general willingness to extend increased development credits to Vietnam and Cambodia — against U.S. attempts to organize a boycott — at the Asian Development Bank meeting in Vienna the week of April 23. And the French and Vietnamese governments have been involved in a continuing friendly dialogue on economic cooperation, including joint exploration of Vietnamese off-shore oil reserves.

* The signing of a new Italian-Soviet shipping agreement was reported in the West German financial daily *Handelsblatt* April 25, involving broad coordination of Italian private and state sector and Soviet merchant fleets, just as a 20 percent increase in Italo-Soviet trade for 1977 was being reported.

Soviets: Salt Is Possible Now

Soviet President Leonid Brezhnev and Politburo candidate member Boris Ponomarev hailed Secretary of State Cyrus Vance's recent trip to Moscow as "extremely positive" in separate speeches April 25. In both their statements the Soviet officials reaffirmed their country's support for a successful conclusion of SALT and for a broad range of economic cooperation agreements internationally.

Apart from general statements from the U.S. and Soviets that progress was made during Vance's meetings little detail is available due to the Secretary's policy of clamping down on "leaks" on sensitive negotiating points. "The mark of the seriousness of the negotiations," he told reporters, "is the secrecy surrounding them. If we get into the open it is regarded by (the Soviets) as a propaganda exercise." However, the Christian Science Monitor reported very "firm support" for the SALT negotiations was the response of European NATO members briefed by U.S. negotiator Paul Warnke.

Before the 18th Congress of the Leninist Young Communist league in Moscow, Brezhnev alluded to the vast possibilities for international technology-and-trade deals to become a part of the Soviets' Siberian development programs. The Soviet President discussed ambitious plans for the exploitation of resources for a million-square-mile area in the Ytumen region, commenting that the Soviet Union "does not need masses of human beings, but rather know-how" for these efforts to succeed.

That the Soviets are interested in a broad range of economic cooperation agreements was clear in remarks that Ponomarev made before a meeting of the Second International in Helsinki. Ponomarev called for "restructuring of the whole system of economic relations on the basis of peaceful coexistence."

Here are portions of Soviet President Brezhnev's speech to the Young Communist League:

Brezhnev Assesses Vance Talks

...The most essential and urgent task of our day is to secure a further easing of the war danger and to check the arms build-up. All peoples are conscious of this, and the majority of the governments recognize it. This is also borne out by the fact that a session of the United Nations General Assembly specially devoted to arms limitation and disarmament will open, for the first time in history, a few weeks from now. We wish it success, which we shall actively promote....

As you know, Moscow has just been visited by the U.S. Secretary of State, Mr. Cyrus Vance, who came on President Carter's instructions. There was a thorough exchange of opinions. As a result, some progress was made in working out an agreement on strategic arms limitation. Not all problems by far have yet been resolved. We can by no means accept certain positions of the American side. I believe, however, that by reciprocal efforts based on sensible and realistic compromise we can complete the drafting of an agreement that will justly take into account the security interests of both powers. This will enable us substantially to bridle the arms race and therefore also help to strengthen peace....

Along with other peace forces in the world, the Soviet Union is taking active steps to prevent the development of the neutron bomb, which is a new, especially inhuman weapon of mass annihilation. Our stand on this issue is absolutely clear and radical: before it is too late, to conclude an agreement between the countries concerned, reciprocally renouncing manufacture of this weapon. And may mankind be delivered from it, once and for all.

Unfortunately, the United States, which is poised to develop the neutron bomb, has not yet agreed to our proposal. President Carter has recently declared, however, that he has put off a final decision on beginning the manufacture of neutron bombs. This, of course, does not settle

the matter and is at best a half-measure. But I can inform you that we have taken the President's statement into account and that we, too, will not begin production of neutron arms so long as the United States does not do so. Further developments will depend on Washington.

In line with its fundamental policy aimed at reducing the nuclear war danger, the Soviet Union has also decided to accede in due manner to the international treaty banning nuclear weapons in Latin America. Under this treaty, the Soviet Union, like the other nuclear powers, will assume the commitment not to assist any Latin American state in gaining access to nuclear weapons, and not to use such weapons against the states party to the treaty....

We intend that my coming visit to (West Germany) should also help not only to determine the prospects for further broad, mutually advantageous cooperation between our two countries (which is important in itself), but also contribute to the consolidation of detente and universal peace, especially in Europe....

For some years, at the talks in Vienna, we have been working for a considerable reduction of the armed forces of West and East in Europe — without prejudice to the security of any side — but have so far only encountered Western attempts at changing the relation of strength in its favour. True, a few days ago in Vienna the Western countries submitted slightly refurbished proposals. They take account of the standpoint of the socialist states in some respects, though the general imprint of a one-sided approach has clearly remained. Well, this means that the work will have to go on. We are prepared to do everything in our power to find mutually acceptable solutions and to relieve military tension in a region of the world where it is especially great and dangerous.

Everybody ought to know that, far from harbouring any aggressive designs and building up any "strike forces" in Europe for actions against the West, the Soviet Union has always done and will continue to do everything it can to relieve tensions and facilitate agreement. Unlike the NATO countries, we have not been enlarging our armed forces in Central Europe for a long time, and do not intend — this I want to stress most emphatically — do not intend to increase them by a single soldier, by a single tank.

And we call on the Western states to follow this salutary example.

Trying to distort the meaning and goals of Soviet foreign policy, imperialist propaganda maintains that there is a contradiction between our policy of detente and peaceful coexistence and our relations with countries that have thrown off the colonial yoke. The Soviet Union and other socialist countries are being falsely accused of interference in the affairs of young states. Our opponents go to the length of imputing an "expansionist policy" and "stoking up tension." All this, of course, is a fabrication of the purest water with no basis in fact....

Peace, non-interference in internal affairs, respect for independence and territorial integrity, equality, and mutually beneficial cooperation — all these are the indispensable and the most important elements of detente and lasting peace. Such is the policy in Europe, and it is the same in Africa, Asia, Latin America, and everywhere else in the world. And if anyone thinks that the Soviet Union can be diverted from this course with slander and

threats, then he's deeply mistaken....

We must not, nor have we the right to forget that the nuclear peril is still hanging over the world and rousing alarm among nations for their future. Obviously, joint efforts of all the nuclear powers are needed to remove this peril. And each of them can and must do its bit. For its part, the Soviet Union declares unambiguously: We are against the use of nuclear weapons; only extraordinary circumstances, an aggression against our country or its allies by another nuclear power, can compel us to resort to this extreme means of self-defense.

The Soviet Union is doing and will continue to do everything to prevent an atomic war, so that the nations should not fall victim to atomic strikes — neither a first strike nor subsequent ones. This is our firm line, and we shall act accordingly.

Hit Brzezinski 'Linkage' Sabotage

The positive assessment of the Vance trip by the Soviet Union has been accompanied by an increasingly clear perception of the U.S. factional situation. In no uncertain terms, the Soviets are stating that no linkage — National Security Adviser Brzezinski's impediments to the negotiations — will be tolerated in the SALT discussion.

Veiled attacks on Brzezinski have appeared in several Soviet press outlets recently, while a Soviet diplomat was quoted by the New York Times April 24 expressing apprehension that Brzezinski could succeed in reversing the progress toward cooperation that the Vance trip produced. Pravda reiterated this with veiled allusions to "certain circles" in the U.S. that are bent on sabotaging an agreement for arms limitations.

Last week in the Czechoslovak daily Rude Pravo, a commentator for the Soviets' Novosti press agency, pointedly compared Carter to President Harry Truman, who, by following the recommendations of bad advisors, diverted U.S. policy from an alliance with the Soviet Union to the Cold War.

Soviet official Ponomarev also touched on the same point during his speech to the Helsinki Second International meeting April 25, warning, "Those who oppose an accord are placing in danger everything that has been achieved. The enemies of detente do now want to accept a rapprochement between the two countries." Ponomarev called on Europe to exercise more initiative in the detente process, rather than blame the "super-powers" when things are amiss.

"Poisoning the Atmosphere" for Trade

Cooperation between the USSR and the USA is particularly important today, when it is a matter of sparing humanity from the threat of nuclear annihilation....The turn for the better in our relations with the USA has been decisive for lessening the threat of a new world war. But it is precisely this turn which displeases those circles in the U.S., which still do not want to give up their adventurist intentions.

These circles have been against concluding a long-term agreement between the USSR and the USA on

strategic arms limitation (SALT) from the very beginning....

It is typical that even during the Soviet-American negotiations in Moscow, certain circles in the USA and the press connected to them undertook new efforts to poison the atmosphere around the talks with all sorts of provoking cries....

The constructive position of the USSR greatly aided the creation of a favorable atmosphere for the talks, talks which are of such great importance for our two countries, as well as for all peoples of the earth. The existing difficulties on the road to reaching a mutually acceptable SALT agreement are evident. But it is even more evident that given the good will of both sides, they can be surmounted. This is precisely the position which the Soviet Union has taken and holds to.

Soviet Analyst: Will Carter Be Another Truman?
Spartak Beglov, a commentator for the Soviet agency Novosti, in an article on U.S. politics contributed to the Czechoslovak daily Rude Pravo, and published April 20:

In American press commentaries on James Carter's March 17 speech on defense questions, the word "hard" constantly turned up ("sharp warning," "hard speech"). A historical association also comes to mind. In April 1945, when Harry Truman became President of the United States after the sudden death of Franklin Roosevelt, he adopted — on advice from anti-Soviet advisors — a "hard position towards the Russians." Without doubt, this was the cause of the subsequent turn from alliance to cold war.

West Europeans Won't Buy Kissinger's Anti-Salt Myth

The idea that European countries are somehow worried about the prospective success of a new U.S.-Soviet strategic arms agreement is nothing but a myth circulated by circles allied with Henry Kissinger. The governments of both West Germany and France are in fact coordinating their own detente efforts with the U.S. State Department, a fact to be highlighted by the upcoming visit of Soviet leader Brezhnev to Bonn, and the new disarmament proposals to be presented at the special United Nations session later in May.

The actual status of the neutron bomb controversy in Europe is exemplary. Early last week, French newspapers reported without substantiation that the French government had just tested a neutron weapon device on the Pacific island of Mururoa. The very first to praise this "news" were the Chinese, in their weekly *New China*. The Chinese praised France's "independent" nuclear policy for being similar to that which China pursues to "break the monopoly of the United States and the Soviet Union."

French government reaction to this was quick and firm: "The information which has appeared in certain press organs concerning experimentation by France on the neutron bomb is not serious. No experiments of this type have taken place, and none are scheduled."

To counter similar misinformation in West Germany, government spokesman Klaus Bölling told the press April 22 that the neutron weapon will definitely not even be brought up during Brezhnev's talks with Chancellor Helmut Schmidt.

The British Lyin

As the Chinese reaction demonstrates, support for an arms buildup in Western Europe does not come from the continent, but rather from Great Britain and other advocates of the grand plan to encircle the Soviet Union on two fronts, and to undermine current U.S.-Soviet SALT

negotiations. In West Germany, the major advocate of the stationing of the neutron weapon is not even a government official, but an opposition spokesman, Manfred Wörner. Wörner is a member of the London Institute for International and Strategic Studies, and is now in the U.S. holding consultations with Zbigniew Brzezinski and Henry Kissinger.

While the details of the negotiations between U.S. Secretary of State Vance and Soviet Foreign Minister Gromyko remain inaccessible to the press, one aspect of the overall effort was presented last week by the NATO representation at the Vienna talks on Mutual and Balanced Force Reduction (MBFR). NATO's new MBFR proposal is said to be close to the one originally presented by Chancellor Schmidt to President Carter last year, and incorporates a number of concessions which could provide an ending to the current deadlock. The most significant point is that NATO will no longer demand a withdrawal of an entire 68,000-man Warsaw Pact tank army, which in practice meant a Warsaw Pact withdrawal from East Germany. Instead, the same amount of troops could be removed as divisions from either East Germany, Poland, or Czechoslovakia.

Another concession deals with the U.S. offer to withdraw 29,000 U.S. troops from Western Europe. For the first time, NATO is willing to specify the precise units to be withdrawn for two-thirds of that figure. This is an opening towards the Warsaw Pact demand for the setting of strict national quotas for withdrawal.

The major blockage in MBFR — the question of whether there currently exists a balance in forces on both sides — remains unresolved. However, State Department officials are optimistic that the NATO package will not be rejected out of hand by the Warsaw Pact when the talks resume next month.

— John Sigerson

Support For G. W. Miller Is Support For Terrorism

by Lyndon H. LaRouche, Jr.
National Chairman, U.S. Labor Party

WIESBADEN, April 25 (NSIPS) — Through our acquaintances and through undercover investigation of our enemies' activities, our intelligence efforts during the past 24 hours have picked up a concerted, orchestrated effort by British Secret Intelligence forces which boosts neo-Schachtian Federal Reserve Chairman G. William Miller and which demands the ouster of U.S. United Nations Ambassador Andrew Young. Although many of the prominent persons retailing this package are merely dupes, the "influential sources" of this whispering-campaign are known British Secret-Intelligence networks.

The British version of the Miller case is that Miller's adult, life-long career as an Anglophile Fabian asset-stripper has been a "deception operation" all along! — that Miller is a "Trojan Horse" in the Fabian camp. Those duped into swallowing this incredible nonsense report themselves persuaded because they intimate they have the information from sources of the highest credibility.

The argument against Young carried the tag, that Young is supporting black Africa against the Republic of South Africa, a tag which carefully omits the real reason for London's — and Kissinger's — fear of and rage against Ambassador Young.

There is a well-defined axis of London-centered forces behind the current, energetic circulation of this package-line on Miller and Young. The Fabians as such are holding back a bit on identifying themselves with Miller as a "fiscal conservative." The Fabian attacks on Young in public are masked in the form of surrogate attacks on Young's friends in the leadership of the National Association for the Advancement of Colored People. The main axis of British Secret Intelligence spreading of the Miller-Young rumor is run under a liberal-conservative profile, reaching from Henry Kissinger and allied types in the United States, by way of London, into Israeli Intelligence networks.

Miller's Role

Fed Chairman Miller is absolutely not what the "Trojan Horse" rumor represents him to be. His role at the Fed at the present moment is that of setting the United States up for a replay of the 1929 stock market crash. His role is in effect outrightly treasonous, playing the key inside agent for London's effort to replay the scenario by which it rigged the 1929 crash.

Rising interest rates, the so-called "fiscal conservatism" of Miller's policy has the effect — *and the intention* — of increasing the rate of flow of savings and credit away from employment-creating production and trade into purely speculative ventures. A reading of the British press shows that London cannot contain itself in gloating in advance over the new 1929 collapse its de facto agent Miller is currently engineering.

The problem is this. Although the Carter Administration has shifted its position toward a pro-export posture, so far nothing substantial has been done to actually foster increased U.S. exports. In response to the downgrading of Blumenthal, Harris, and Califano, and to other impulses toward reviving exports, the dollar's value has been rising, and the anticipation of a rise in exports has catalyzed a self-feeding speculative boom in the stock market. If the Export-Import Bank program is actually put into effect, and the obstacles to nuclear-energy development sharply reduced, there will be a U.S. internal and export economic boom, a boom which justifies and sustains the rise in dollar and equity values. However, if the Carter Administration vacillates, fails to deliver what it has hinted at delivering, then the current boom is transformed into a bubble, as was the case in 1929.

If the majority of relevant politicians and bankers were not so miserably ignorant of the ABCs of economics and of modern economic history, no one could be hornswoggled on the Miller issue. The British orchestration of the 1929 U.S. stock market collapse was in no sense original.

During the middle of the sixteenth century, the Genoa bankers built up and then pricked a bubble in the Portuguese, Spanish, and other nations' debt, through which the Antwerp banks were wiped out, and the power of the Genoese's competitors, the Welsers and Fuggers, totally broken. At the onset of the eighteenth century, the Anglo-Dutch bankers ran up the Mississippi bubble in England as a way of breaking the back of the potential economic and financial power of the prodevelopment political forces of Europe.

Through the presidency of British puppet Andrew Jackson, the credit of the United States was taken out of the control of Biddle's Second Bank of the United States, and placed in the speculative control of Manhattan banks which were subsidiaries of the City of London. By this means, the credit of the United States collapsed in the trigger 1837 panic. The British attempted to pull off the same operation during the middle of the Civil War and succeeded in this purpose during the 1873 period.

During the 1890s, the United States suffered another financial collapse as a by-product of an operation run by the London Rothschild interests against their Baring competitors. Another operation of the same character was run during the last half of the first decade of this century, and then again under the postwar Wilson Administration and in 1929.

The method of setting up a bear-market raid by setting up a bubble is the oldest and plainest trick in the annals of modern finance. Anyone who falls once again for such an ancient hoax deserves to be ranked as the most stubbornly pitiable of jackasses. Unfortunately, there is considerable braying in Manhattan, Washington, and Berne these days.

The only Fed policy which would coincide with the

Miller rumor cited would be Miller's action to lower interest rates for hard-commodity categories of discountable paper, while jacking up the premiums on speculative paper. This would mean lowering the reserve requirements for properly secured high-technology credits for domestic production and export, while cracking down on reserve requirements for speculative uses of credit. A neo-Schachtian "fiscal austerity" approach feeds the inflationary speculative bubbles, and sets up the United States for a catastrophic collapse during the relatively early future.

The Slanders Against Young

There is no coincidence in the fact that British Secret-Intelligence conduits are boosting Miller in the same package circulated to slander UN Ambassador Young. The Connection between the two issues is established by concentrating first on the reasons London is enraged against Mr. Young.

London hates and fears Ambassador Andrew Young for numerous reasons. However, the most obvious and readily defined issues are Young's role in Africa and his recent actions in concert with Secretary Cyrus Vance in support of the Italian government's fight against British international terrorism.

Mr. Young has correctly understated the point that British policy for southern Africa is analogous to the role of Dutch terrorist Van der Lubbe in the Reichstag fire. Mr. Healey et al., who together with Henry Kissinger, set up the war in the Horn of Africa, propose to ignite a larger and more bloody conflagration throughout southern Africa. The objectives of Messers. Healey, Owen, Churchill, et al. are inclusively to destroy the Republic of South Africa by embroiling that white-ruled nation in a "Thirty Years War" type of general bloodbath throughout the southern portion of the continent, setting up a U.S. thermonuclear eyeballing of the Soviet Union in the course of this horror-show.

Although we are not prepared to certify unconditionally every effort or perception of Mr. Young in this matter, he, significantly aided by the Nigerian government, has gained the world — and southern Africa itself — precious time to defeat the British conspiracy, time to get workable alternatives under way. It is not surprising that following President Carter's visit to Nigeria, the British Secret Intelligence Services' set up the customary wave of student riots, aimed at destabilizing the Nigerian government, and possibly overthrowing it or assassinating its head of state. (Neither London, nor Kissinger and Brzezinski, were exactly pleased with the outcome of Mr. Carter's visit to Nigeria).

At the same time, Young has offended the British painfully on the matter of terrorism in Italy. The British blame Mr. Young for the recent United Nations declarations denouncing the Moro kidnapping, and correlate Mr. Young with the U.S. State Department's bypassing of Anglophile obstructionist Ambassador Richard Gardner to tighten up State Department antiterrorist efficiency while offering Italy's government suitable support for its fight against terrorism.

Although Anglophile elements in the United States, such as Henry Kissinger and the Institute for Policy

Studies, are up to their ears in terrorism in Italy (and elsewhere), the kidnapping of Italy's former prime minister Aldo Moro was accomplished by the combined forces of the British and Israeli secret service, with British networks in the Brussel's NATO command providing a significant contributing role. Several governments, including those of the Soviet Union and Egypt, as well as Italy and France, are currently in possession of hard evidence establishing that fact.

The complication in the business is that the coordination of the terrorist and related crimes in Italy is being most visibly provided by Henry Kissinger in person. Kissinger is directly orchestrating the forces inside Italy who are currently engaged in setting up Italy for such a massive internal bloodbath that the "secret clause" of NATO can be invoked to apply a "Chilean solution" for Italy with aid of external military forces. Kissinger's prominence in this affair correlates with London's desire to use a "Chilean" bloodbath in Italy as a lever for heating up a thermonuclear-confrontation potential between the United States and the Soviet Union.

Notable is the continuing pilgrimage of public figures from Italy for consultations with Kissinger on this effort. The British networks inside the Communist Party of Italy were represented by Napolitano, Miceli, a person of established terrorist credentials, is another. Representatives of fascist Umberto Agnelli's "One Hundred" are currently receiving orders from Kissinger. Bettino Craxi of the Socialist Party may not visit the U.S., but he (with Riccardo Lombardi) represents that section of the Socialist International which coordinated the development of terrorist forces inside Italy, and Mr. Craxi is very high in the list of those whom Mr. Kissinger favors.

As the U.S. government, through Mr. Vance and Mr. Young, moves to aid Italy in combatting terrorism, the British are given a major setback on two counts. First, Ambassador Gardner's blocking of CIA assistance to Italy has hurt the Italian antiterrorist effort materially — a fact not unrelated to the fact that Gardner is related by marriage to the circles behind terrorism in Italy, and a former booster of environmentalist hooliganism in France, Germany, and Italy in his own right. Also significant is the role of Switzerland as the principal safe-house and financial-laundering facility for terrorism on the continent of Europe, a function of Switzerland which dates from Bakunin's days. Second, active aid to Italy against terrorism helps both to prevent a new "Chile" and to oblige the Soviets to focus their attacks not on the United States, but where those accusations belong, London and Israel.

As one cuts a political profile of the British intelligence-linked networks behind the terrorist operation in Italy, one comes up with the exact same set of personalities and channels of deployment pushing the neo-Schachtian policies of London's Mr. Miller at the Fed. Terrorism in Italy and Mr. Miller's policies at the Fed may appear to the ignorant to be two entirely distinct matters. In fact, they are interdependent aspects of the same operation. Whoever supports Miller is supporting terrorism in Italy. They are the same operation run by the same combination of forces.

The Dossier San Maco, Part II

Kissinger, Terrorism And The 'Nixon Plan'

Exclusive to the
Executive Intelligence Review

The Executive Intelligence Review this week reprints the second and concluding installment of a document originally published in 1974 in the Italian magazine *Il Settimanale* and presented in the EIR for the first time in English. The contents of this document have been "overlooked" ever since by the Italian and international press and intelligence community. Now, they must be urgently underlined because they provide precious corroborating evidence that the current efforts of Henry A. Kissinger and his comrades and dupes to set the United States on a collision course with the Soviet Union are a replay of what occurred in early 1974 — to the identical end of undermining the actual national interests of every western nation involved.

"Dossier San Marco," as explained by *Il Settimanale's* introduction at the time of its publication, was nominally authored by one Guido Giannettini, an Italian journalist. Giannettini was in fact working with French intelligence as an interface with that wing of Italian military intelligence (SID) characterized by the cited Captain La Bruna and General Maletti. In turn, this wing of the SID is the intelligence arm of the Italian political faction most easily identified with current Prime Minister Giulio Andreotti and a corresponding grouping in the Vatican.

What is unique about the Giannettini "Dossier" is its attempt to independently document, particularly in the later sections of the report, the international political fight generated by the commitment of American circles around then Secretary of State William Rogers and the Nixon Administration for a divestiture of British "spoiler" capabilities. What has subsequently become known as the "Rogers Plan" was identified in the Dossier San Marco as the "Nixon Plan." The document correctly takes the Nixon Administration strategy of using a planned massive capital-export approach as the key to solving the Middle East and other conflicts around the globe through economic development, as the determining international phenomenon for which the 1968-1974 wave of terrorism and government destabilizations was the classic response by the opposing forces.

Unlike, therefore, the "analyses" now current in the British and British-allied press that terrorism is an arm of the so-called East-West fight between "capitalism" and "socialism," the Dossier San Marco correctly — if sometimes too implicitly — dispels such "left versus right" myths. It gets down to the real issue of growth

factions versus feudalist rentier factions as the game-masters of the international arena.

The Giannettini document has a special relevance today because of the light it sheds on the activities of Henry A. Kissinger. As recounted in the recently issued Campaigner Special Report, "Expel Britain's Kissinger for Treason," it was in 1973-1974 that Henry Kissinger on behalf of and in collaboration with British Secret Intelligence Services washed down the drain the Rogers Plan for Mideast peace and supplanted Secretary of State Rogers. The result was the Yom Kippur war of October 1973, the provoked "Arab Oil Embargo" with its disastrous consequences on the western and developing economies, and the toppling of every major government which had been collaborating in the Rogers Plan efforts — including Italy's and that of the United States, through the Kissinger-orchestrated Watergate operation.

In 1974 then Minister of Defense Giulio Andreotti, who is now Italian Prime Minister, temporarily suspended the State Secrets Act to allow the Dossier's contents to be made public.

Of all the obvious flaws of the Dossier San Marco, the most significant is one which New Solidarity International Press Service and the EIR have corrected in depth in numerous locations over the recent period, i.e. the failure to identify Britain specifically as the controller of what are otherwise clearly "flunkies," such as former West German Chancellor, Social Democrat Willy Brandt. In the Dossier, Brandt, together with Israeli intelligence (Mossad) and the like, is presented as the "mastermind" of the international deployment against the Rogers Plan. In Giannettini's schema the British government and intelligence networks figure as merely another part of the international conspiracy.

There is little question that this could have been an oversight on the part of those French intelligence networks which in fact commissioned the writing of the Dossier San Marco. On the contrary. The Gaullist faction of French intelligence knows precisely who runs such nonentities as Willy Brandt and such British creations as Israeli intelligence.

Nonetheless, despite the political decision made by its authors to leave a certain measure of "cover" in the story, the resulting document is unique, outside of the U.S. Labor Party and allied publications, in identifying the most important networks and individuals determining world events in that period, and identifying them as belonging to one of two camps which are not determined by any left versus right mythology.

Behind the Putsch of 1970

Following the changes that intervened in September 1969 in the plans of the international centers of agitation after the failure of the Czech operation, the British and Israeli services planned an operation — which can be conveniently called “Operation 3947” — tending to reinforce Western and Israeli positions in Europe and in the Mediterranean....The objectives of “Operation 3947” are still unknown, except for the following two:

(1) To reduce and possibly to scrap the defect of naval inferiority of Israel in confrontations with her adversaries, recovering five “Sa’ar” sentry missile launchers blockaded at Cherbourg by the French embargo, and at the same time accelerating construction of new “Reshef” sentry missile launchers in Israeli shipyards.

(2) To reinforce the Western and Israeli strategic-political situation in the Mediterranean, destroying the Italian regime (very weak in confrontations with the left) by means of a military coup d’etat.

Among the principal bodies involved with “Operation 3947” were: the British DI-6 service (Defence Intelligence 6), operating principally out of the Embassy in Rome...; the Israeli military information service AMAN (Agaf Modlin); liberal circles allied to the Great Unified Lodge of England and the Great National Lodge of Italian Masonry; the British banks Hambros and Barclays.

For the second objective of “Operation 3947” (changing the Italian regime) collaboration with the following circles was discovered: the “National Front” of Junio Valerio Borghese; “Avanguardia Nazionale” which belonged to Borghese’s “Front”; military circles, and veteran organizations.

Elements of the U.S. and German military services (*DIA — the U.S. Defense Intelligence Agency, and MAD — Militarischer Abschirmdienst — NSIPS*) also participated in preparations for the putsch.

During the second half of 1970, contacts between Interior Ministry circles controlled by AR Office were stabilized with the men of the putsch. The head of the AR office channeled a doctor, Drago, known as a right-winger...and pledged in favor of the putsch. Yet, his intentions were exactly the opposite...thus it was through that complicity promised, and not maintained, that ultimately, on the night of December 7-8, 1970, he permitted a squad of Valerio Borghese to penetrate from under ground, the offices of the Interior Ministry (Palazzo del Viminale) and to occupy it with the collaboration of Interior personnel.

Secret meetings in Rome on December 5-6, 1970 had determined to actuate the putsch on the night of December 7-8. According to some sources, the conspirators, whether politicians or military, were induced to blame the action on the AR Office, which led them to believe they had the cover of the Interior Minister, Restivo — the only one in the dark up to March 17, 1971 — of members of the government and State administration, of President Saragat and the United States government. The maneuver intended to acquire

precise proof so as to blame the right wing and military circles. This was not only part of a Socialist political game, but also fed into the traditional rivalry of the police with respect to the Carabinieri and the AR Office, with respect to the SID.

As has been noted, the putsch rapidly receded when the participants found out about the double game of the Interior Ministry, and the lack of cooperation in the political and military spheres.

It is thus rather disconcerting to reveal that the news of the failed putsch, in all its details, was known to political and journalistic circles by December 8-10, 1970, as well as to police and security services, and yet was not divulged until March 17, 1971....

Then, after three months of absolute silence, the March 17, 1971 Communist afternoon daily in Rome, *Paese Sera*, broke the story of the failed coup d’etat in December, maintaining a certain equivocation about the data to make it appear that the danger made it incumbent upon the left to mobilize itself to “defend republican legality.” Massive arrests and searches in right-wing circles were begun, and Interior Minister Restivo...received the text of an official declaration containing the government’s theses, just minutes before having to testify before Parliament and answer accusations from the left opposition Deputies.

The partial elections of June 13, 1971 were only three months away, and in this sense the provocative maneuver against the right succeeded perfectly.

At the beginning of 1971, some British and Israeli circles who had attended to “Operation 3947” made contact again over Italy, asking this time for a legal operation to move the axis of the country toward the right via massive support of the (*Mussolinian — NSIPS*) MSI in the partial elections of June 13, 1971, and in the succeeding elections of May 7, 1972....

The principal circles operant in this were the British DI-6...the Israeli military information service AMAN; the British banks Hambros and Barclays; circles in the Israeli government, among them General Moshe Dayan, Itzhak (*sic*) Rabin and Arig Sharon; and elements in the NATO command, principally in AFSOUTH (Allied Forces Southern Europe).

To these were joined American circles in the position of exercising influence on the DC right and on local power groups in Sicily, a key point in the partial elections of June 13, 1971.

The results of the maneuver were the following:

- June 13, 1971 — clamorous electoral success of the MSI
- December 24, 1971 — election of Giovanni Leone to the Presidency of the Italian republic.
- February 2, 1972 — Giulio Andreotti charged with the formation of a center government (in reality, center-right).
- March 13, 1972 — Admiral Gino Birindelli, of NATO Command, Joins MSI.

Behind The “Black Clues”

Between the end of 1971 and the beginning of 1972, the operation to move Italy’s political axis toward the right ran aground as some of the forces involved withdrew and

other forces intervened in a contrary sense. This led to the reshaping of the electoral success of the MSI-DN (*Movimento Sociale Italiano-Destra Nazionale — NSIPS*) and the total inversion of the rightist tendency with a movement toward the left.

The origin of this radical change can be found in the Nixon plan for the Mediterranean, and above all in negative reactions that such a plan provoked among the political forces damaged by it.

The Nixon plan for the Mediterranean, elaborated at the end of 1971 and the beginning of 1972, was designed to avert the threatened embargo of Arab-supplied oil, towards the adoption of a new American policy, to be gradually actuated in the following phases:

(1) Creation of a Mediterranean alliance allied to the United States but pro-Arab, formed of Spain, Italy, Greece and Turkey.

(2) Increased economic intervention by the United States in Arab countries, including those directly involved in the conflict with Israel, like Egypt (as for example, concession to the U.S. of the construction of the Samed oil pipeline, Suez-Alexandria, and the October 1, 1973 vigil in the fourth Arab-Israeli war).

(3) Assumption of a political line equidistant from confrontation in the Middle East conflict and from collaboration with the USSR to conclude peace in the region.

The Nixon plan collided against five principal obstacles:

(1) The interests of the State of Israel or an important part of its ruling class; (2) The political line and prestige of Henry Kissinger, which had been seriously eroded in November 1972, with Nixon's risk taken on the occasion of a peace settlement in Vietnam (which was a real presidential attempt to redimension the embarrassing security affairs advisor); (3) The political line of the CIA faction operating on the left; (4) The line of Jewish and pro-Jewish Americans and foreigners; (5) The interests of China principally in relation to reflections on the political-strategic situation in Asia and the Indian Ocean.

As a consequence, countermoves destined to provoke the failure of the Nixon plan for the Mediterranean were put into operation, based on two principal operations within the United States, and in the Mediterranean area.

The internal U.S. operation consisted of the mounting of the Watergate affair, towards which the best presidential advisors were sacrificed; Henry Kissinger received exceptional powers; and which impelled Republican Party leaders to present him as a White House candidate in the next elections.

In the Mediterranean area, the reaction to the Nixon plan especially interested Italy, a key country in the projected regional alliance.

In fact, the best way to provoke the failure of the projected Mediterranean alliance foreseen in the Nixon plan was to block every move to turn the Italian political axis toward the right, but to turn it instead toward the left. Only an Italy turned toward the left would have refused the projected alliance with "fascist" countries like Spain, Greece and Turkey. And an alliance without Italy remained practically unrealizable.

To carry out such a maneuver it was necessary to launch the left and above all its actively involved

groups, like the PSI and the extraparliamentarians and to sustain their propaganda campaigns, especially the launching of the so-called "black clues," the most effective way to make difficulties for the right.

The other obstacle in a left change was represented by the armed forces, generally well disposed toward the right; and the armed forces were aimed at in the advanced stages of the maneuver.

In brief, the operation began according to the following schema:

(1) The Israeli Command and AMAN were induced to progressively reduce their support of the Italian right from the beginning of 1972; (2) The Americans and British did likewise; (3) Gioglio Almirante and the leadership of the MSI-DN were induced to conduct a low-profile electoral campaign for May 7, 1972, not presenting themselves as an alternative to the regime; (4) the Israeli Mossad assumed (and not only for motives concerning the Italian situation) the control over the European extraparliamentary left (end of 1971) at the same time the West German services abandoned it; (5) The Mossad intervened at the base of left provocations on the so-called "black clues" printing them in rapid succession.

The other occurrence which greatly influenced, though indirectly, the Italian events was the Soviet-German Oreanda accord of August 1971. This was the basis for the Mossad's assumption of control over the European extraparliamentary left.

At Oreanda, in fact, Leonid Brezhnev induced West German Chancellor Willy Brandt to abandon a pro-Chinese line and support for the European extraparliamentary left. The exposure of the German services by the Mossad provoked a purge of members of the European extraparliamentary left who were not Trotskyist, or assimilable.

In particular, this purge included two operations to physically liquidate non-assimilable members of the extraparliamentary left as well. These were not executed by the Mossad, but by those tied to the German services in collaboration with the pro-Israel faction of the CIA.

The German services were otherwise interested in the disappearance of dangerous testimony on past collaboration between the European extraparliamentary left and the SPD of Willy Brandt. The two operations were:

(1) March 15, 1972 — liquidation of Gianciacomo Feltrinelli at Segrate, near Milan. Feltrinelli was unrecoverable because of his contacts with Arab organizations, and because he was considered dangerous and manipulable, since he had left behind evidence that he was involved in the attacks of December 12, 1969; evidence that came to the attention of investigative bodies, like that represented by Commissioner Luigi Calabresi (that is, the political office of the Milan Police Department).

(2) June 1, 1972 — Neutralization of the RAF (*Rote Armee Fraktion — NSIPS*), better known as the B and M band (*the Baader-Meinhoff gang — NSIPS*), by the special brigade GSG 9 on orders from the West German Interior Minister, Hans-Dietrich Genscher.

The elimination of Commissioner Luigi Calabresi on

May 17, 1972, is tied to these events. Calabresi, in the weeks preceding his death, had been investigating the liquidation of Feltrinelli and the activities of the guerrilla organization he had formed, the BR-GAP (*Red Brigades* — *NSIPS*). His investigations had brought him to precise clues: the collaboration, in the recent past, of Brandt's SPD with the European extraparliamentary left, including Feltrinelli's BR-GAP, against which there was precise evidence of participation in the attacks of December 12, 1969.

This clue, if pursued to its end, would have rendered fatal the political instrumentation of the elements of the search as it emerged, producing the following results:

It would involve Brandt in a colossal scandal of international proportions; it would collapse the "black clues" campaign in Italy, and would radically overturn the political situation, provoking the end of the opening to the left.

He was dealing with a very high risk, as much for Germany as for the forces interested in Italy's turn toward the left. In short, the German services armed a professional killer, who May 17, 1972, killed Luigi Calabresi in Milan, in front of his house on Via Cherubini.

The liquidation of Calabresi eliminated one of the major obstacles to the indiscriminate exploitation of the "black clues." Calabresi, in fact investigated the BR-GAP, their activities and the forces behind them moving in the contest of the redirecting Italy to the left, and was also convinced of the left matrix of the attacks of December 12, 1969. His declarations, released on the same evening, were unequivocal: "It is toward this sector we must direct ourselves; extremism, but extremism of the left."

In the context of rendering practically impossible the Nixon plan for the Mediterranean, the Mossad launched two operations in Italy:

At the end of 1971 and the beginning of 1972, indirect operating contacts were stabilized with the interested circles involved in the "black clues" operation against the right and the armed forces, principally with the Socialist Party, the extraparliamentary left, the Veneto secret antifascist military center, the CIA structures operating in Italy in the same context, the AR Office and other circles in the Interior Ministry, the *Il Mondo* group (Pietro Sanavio) and the "Magistratura Democratica" group (Luigi Bianchi d'Espinosa, Giancarlo Stiz, Gerardo D'Ambrosio).

Between December, 1972, and January, 1973, a functionary in the Israeli Embassy in Rome, Bonney, made contact with right-wing press, attempting to induce them to make public and "blow" the news of the Mediterranean alliance foreseen in the Nixon plan.

While the second operation failed...the first was fully successful, making the second one superfluous. In fact, the loss of any initiative on the part of the right...as a result of the "black clues" campaign, made Italy unable to actuate the Nixon plan...dooming it to failure.

As the target of the "black clues" campaign, the extreme right group from Veneto headed by Freda was chosen. The principal motives were the following; many of the interested persons knew the Veneto circles well — Mariano Rumor, Luigi Bianchi D'Espinosa, Giancarlo

Stiz, Gerardo D'Ambrosio, the General of the secret antifascist military center, Captain L. Sartori, Juliano, Mangano, Sanavio (*Il Mondo*), Saviane (*L'Espresso*).

The attention of Commissioner Juliano was already pointed toward the Freda group; Freda was shown to have had anti-Jewish propaganda, organizing, among other things, a public demonstration in March 1969 at the Sala della Gran Guardia in Padua in collaboration with members of the Palestinian organization "Al-Fatah," and acquiring a stock of "timers" — without taking any precautions to preserve his incognito, which excludes his intention of using them personally for terrorist acts.

Freda was an infiltrator into the pro-Chinese Communist Party (PCdI), and in other extreme left circles, which infiltration was revealed by the Mossad, which was interested in Freda as anti-Israeli and pro-Arab....

From the end of 1971, at the point of the Mossad's infiltration into the operation, the "black clues" campaign became more intense, developing toward an incredible series of "coincidences" and aberrant episodes.

September 4, 1971 — Judge Gerardo D'Ambrosio asked to be put in charge of the investigation into the death of Giuseppe Pinelli; his request welcomed.

October 5, 1971 — Scarcely 20 days after obtaining control, D'Ambrosio accused Commissioners Calabresi and Allegre (the latter had requested authorization to search Feltrinelli's offices December 19, 1969) and other minor functionaries of the death of Pinelli. Never had the Italian magistracy proceeded with such promptness.

December 8, 1971 — Luigi Bianchi D'Espinosa took up the inquiry into the reconstitution of the fascist party, directly against the MSI.

December 15, 1971 — Judge Stiz and Carabinieri Captain L. "discovered" that the attacks of 1969 were not attributed to a "red clue" (the Valpreda group), but to a "black clue" instead, formed by a Padua lawyer (Freda) and a bookseller of Castelfranco Veneto (Ventura), who was arrested.

March 3, 1972 — Pino Rauti, national director of the MSI was arrested, but the charge did not stick and the investigators were forced to free him April 24, 1972.

March 15, 1972 — Feltrinelli's body found near Segrate, leading to the discovery of the BR-GAP organization that had carried out numerous terrorist acts...but after the physical elimination of Commissioner Calabresi, all the members of the organization arrested were freed, and all investigations ceased.

In spring, 1972, someone (probably men of Captain L.) secretly informed Stiz that the Triestian Judge Serbo was on the point of taking up the Freda case himself. Stiz within hours succeeded in transferring Judge D'Ambrosio from Milan; in fact, Stiz and L. considered Serbo a personal enemy (he had already caused one provocative maneuver to fail); however, he was not a leftist and not subject to manipulation.

In the spring of 1972, the Armed Command (of Padua) was dissolved, signaled by Yugoslav services — always informed by the secret antifascist military center at Veneto — because this would have been controlled by "fascist" elements.

May 17, 1972, Commissioner Calabresi was killed.

Around the middle of 1972, the police participated in a scarcely credible maneuver, attempting to attribute to the extreme right (Gianni Nardi) the killing of Calabresi, but abandoning the trail soon after.

Near the end of 1972, and the beginning of 1973, the right-wing weekly *Candido* launched an inquiry in Germany into the "timers" used in attacks and found: (1) a signed and notarized declaration by the responsible person of the German manufacturer affirming that the number of "timers" used in the attacks and sold in Italy at the end of December 1969, was not 57 as claimed by the examining judge, but hundreds; (2) the photographic proof that the "timers" bought by Freda were different from those used in the December 12, 1969 attacks.

If these proofs confirmed Freda's testimony, about his consigning of 50 "timers" to "Al-Fatah" the examining judge took no notice of it....

Around February, 1973, "K" learned from confidential sources in Israeli services that said services collaborated in obtaining evidence of "black clues."

At the beginning of March 1973, someone close to Israeli services announced to "BH" a future extension of provocation maneuvers, citing names of persons who would be involved eight months later.

May 17, 197 — an agent provocateur of dubious past, easily manipulated, Gianfranco Bertoli, just after entering an Israeli kibbutz, threw a hand grenade of the Tzshal (*Israeli Defence Force — NSIPS*) at Prime Minister Rumor in Milan — on the occasion of a memorial service for Calabresi — after ascertaining that the Minister was out of range.

Less than three months later, August 12, 1973, Sergio Saviane recounted a...story in the pages of *L'Espresso*...that since the end of April, the Trotskyist journalist Sergio D'Asnash (of *ANSA*) had insisted...he foresaw Bertoli's attack before it took place...linking the Bertoli case to the "black clues" to make it more consistent and more credible.

In reality, in the middle of 1973, Judge D'Ambrosio connected in one context three persons of three completely different cases: (Freda, Martino and

Bertoli), thus extending the "black clues."

May 15, 1973 — Judge D'Ambrosio was involved in the "black clues" campaign as a witness — there were already 12 witnesses deceased under unclear circumstances; Giuseppe Pinelli, Cornelio Rolandi, Alberto Muraro, Vittorio Ambrosini, Armando Calzolari, Dante Baldari, Angelo Casile, Gianni Aricó, Annalisa Borth, Mario Della Savia, Edgardo Ginosi, Adriano Romualdi — a right-wing journalist, Guido Giannettini, noted for writing for military publications, consenting in some fashion to present himself to the left press as a "SID agent" and thus involving himself in the "black clues," the state security services and the armed forces.

October 15, 1973 — the chief of the political office of the Padua Police Department, Giosué Salomone, "discovered by chance" a 1969 dossier containing revelation of an attempted fascist plot.

November 12, 1973 — At Ortonovo in Lunigiana, an obscure element, easily subject to manipulation, Giampaolo Porta Casucci, produced a voluminous dossier on a supposed fascist-military coup d'état possessed by the head of the mobile squadron at La Spezia, Rodolfo Venezia, a noted admirer of Israel and probably a collaborator of Mossad.

Dr. Venezia, without having time to examine the dossier, "intuited" that the plot was "connected" to Freda and transferred the case automatically to D'Ambrosio, who with amazing promptness linked Freda, Ventura, Merlino, Bertoli and Porta Casucci in a single context.

Thus, on December 14, 1973, Giampaolo Porta Casucci was freed without much noise, but the new "plot" of the "black clues" remained a success.

On January 6, 1974, the left newspapers renewed attacks against the Armed Forces, leaking arrests of officials as members of the new "plot"; on January 13, Lt. Colonel Amos Spiazzi was arrested.

On March 5, 1974, the magistracy exhumed the accusation against Gianni Nardi for the murder of Calabresi, with as yet minor credibility, which provoked skepticism even in the Communist press. (*End of memoir A.*)

To Sabotage SALT

Mr. Kissinger Sends Mr. Brzezinski To Peking

Reports that Secretary of State Cyrus Vance had made progress toward a strategic arms limitation accord with the Soviet Union were met this week with overt attempts at sabotage by the Administration grouping centered around National Security Advisor Zbigniew Brzezinski. Less than 48 hours after Vance's return from Moscow, Brzezinski emerged from a meeting of the Bilderberg Society attended by Henry Kissinger to announce that he will travel to Peking May 20-23 for "consultations" with the rabidly anti-Soviet leadership there.

FOREIGN POLICY

So closely was Brzezinski following the instructions of his predecessor, Kissinger, the architect of the "playing the China card" policy against the Soviets, that the *Washington Post* openly speculated that Brzezinski might want to use his trip as National Security Advisor as Kissinger did after his 1971 trip to Peking to gain overall ascendancy over U.S. foreign policy. (see below.)

The same *Washington Post* coverage revealed that Brzezinski will discuss "geopolitics" with the Chinese in the manner of Kissinger's talks with Chou En-lai. The underlying notion of "geopolitics" as publicly enunciated in recent months is the strategic isolation of the Soviet Union, and is most closely associated with the official foreign policy of Great Britain. The intermediate goal of this doctrine is a U.S.-China anti-Soviet alliance — the long-range British intention is a U.S.-Soviet Pacific theatre confrontation.

However, it is well known that any concrete steps toward a U.S.-China alliance will effectively sabotage any possibility of detente and propel the Soviet Union into a dangerously hardline posture. It was to minimize the effect of Brzezinski's announcement in this direction that Assistant Secretary of State for Far Eastern Affairs Richard Holbrooke attempted to downplay the importance of the May visit. "This is not a normalization trip," Holbrooke said, referring to the normalization of U.S.-Peking relations that remains stalemated over the question of U.S. recognition for the regime on Taiwan.

However, Holbrooke's disclaimer merely served to highlight the real purpose of Brzezinski's trip: to discuss with the Chinese leaders the mutual concern of the Peking fanatics and Brzezinski to force the U.S. Administration to jettison the SALT talks.

Brzezinski's trip will only cap a campaign for U.S.-

China alliance led by Senator Henry Jackson. Jackson, who visited Peking in February, returned to argue that it was the United States' strategic interest to build up China's economic and military strength for "containment" of the Soviets (see excerpts below). More recently, Jackson argued on national television that the Vance approach to SALT was damaging U.S. relations with Peking and agreed with Chinese criticisms that the U.S. was, in effect, selling out to Moscow. Jackson is known to favor such hardline terms for a SALT agreement as to torpedo any hope of an agreement.

Jackson's public crusade has been supported by a series of unpublicized visits to Peking by leading members of the warhawk Committee on the Present Danger (CPD), actually laying the groundwork for Brzezinski's visit. CPD executive board member Paul Nitze recently returned from Peking, and his close colleague on the Committee, Richard Pipes of Harvard, visited in early April.

At the time that Brzezinski made his announcement, he was participating in the annual meeting of the London-dominated Bilderberg group, headed by the Rothschild family's Prince Bernhard of Holland. The focus of this Princeton April 22-23 meeting, according to the group's spokesman, Sir Alec Douglas-Home, was "the threat of a Soviet military buildup in Central Europe." The Bilderberg Society dictates its strategic thrusts to the British Secret Intelligence Service, which communicates them to British agents and agents-of-influence throughout the West — for example, Zbigniew Brzezinski.

In attendance at the meeting, besides Brzezinski, were Council on Foreign Relations head William Bundy, David Rockefeller, Henry Kissinger, and his protégé NATO Supreme Commander Alexander Haig. There is little doubt that the meeting also examined in depth how to push forward the Kissinger-Brzezinski China policy.

The fact that Britain, not the United States, is the source of the push for the sort of Western ties with China that are aimed against the Soviet Union was emphasized by the announcement recently that the British Chief of Staff Neil Cameron is now in Peking to carry on high-level consultations with the Chinese on their joint concern to oppose the Soviet Union. Simultaneously a high-level delegation from Britain's aerospace industry paid a call in order to sell the Chinese warplanes. London press coverage trumpeted the need for strengthening British-Chinese ties, and for finding a means to circumvent the State Department's opposition to such things as the warplane sale.

The Press On British Peking Policy

The Daily Telegraph (London), "Defense Chief to Visit China," April 4:

The Chief of the Defence Staff, Marshal of the Royal Air Force Sir Neil Cameron, will visit Peking later this month to discuss world strategy with Chinese military leaders. But the Chinese will also seek Sir Neil's views on the more detailed problems concerning the planned modernization of their armed forces.

Additional point will be given to these discussions by the recent dramatic increase in tension along the 4,000-mile frontier between China and the Soviet Union caused largely by Mr. Brezhnev's current visit to the area....

The Chinese will also want to be briefed on NATO policy, since the West and China both benefit from the division of Russian strength between Europe and Asia. There is little doubt that Sir Neil's visit will help to improve relations between Peking and London. A senior officer said yesterday that he "believed a more cooperative approach to China would help to sustain the present situation" which was "highly desirable."

The Observer (London), April 16:

The Foreign Office and the Ministry of Defence are maintaining strict secrecy about moves to clinch a sale of Harrier jump-jets to China. Both said yesterday that they could not confirm a report that a high-level British Aerospace sales team was due to go to Peking next week. The source of the report was insistent, however. The visit would coincide with a visit to China on 27 April by the Chief of the Defence Staff, Marshal of the RAF Sir Neil Cameron.

Sir Neil is an enthusiast for vertical take-off development and for the Harrier in particular. It will be the first visit ever made by a British Chief of Defence Staff to the People's Republic. Two obstacles have impeded progress on the possible sale of the Harrier...The second is reported American insistence that China should not be offered any arms deal that Russia could construe as "favored treatment."

China's requirement has been stated to be for 300 planes, which would almost certainly involve setting up a local assembly line.

Sources close to China trade deals say that the Chinese government is growing increasingly impatient with the slowness of Britain's response to its interest in the Harrier. But it seems at least possible that there has been a misunderstanding. The British have been waiting for a formal request to present the aircraft technically and discuss possible terms, while the Chinese have been waiting for Britain to make a request.

Jackson, the Senator from London

Report by Henry Jackson to the Committee on Armed Services, "China and United States Policy," March, 1978:

There is a new spirit in China today...On my return from China, I recommended to the President...that we

should immediately move toward increased and substantial consultation between the most senior officials of our government and those of China. These consultations at the highest level should take place on a frequent and continuing basis...For our part, we have a significant stake in the continued existence of a strong, independent China. We share with China a common interest in key strategic issues. We must not let the lack of normalization impede possible progress in areas where our concerns run parallel....

Despite such areas of differences as over Korea, the greater number of areas of parallel concern lead the Chinese to look to the United States to play a determined and active role in world affairs, both at the strategic level and in areas of local tension. Their present concern is that we are doing too little, rather than that we are doing too much. They are also concerned that at this time American leaders do not understand China's own contribution to the strategic balance.

Washington Post, April 27:

Presidential National Security Affairs Adviser Zbigniew Brzezinski will make a mission to China next month, despite the reported opposition of Secretary of State Cyrus R. Vance...informed sources confirmed the essence of an account in the current issue of *The New Yorker* magazine that Vance "opposed the idea of the trip" and worked to thwart it through the policy process...

Brzezinski's forerunner as White House adviser on national security, Henry A. Kissinger, made his more sensational secret mission in July 1971 in Peking trip which reestablished U.S.-China relations after decades of hostility. The symbolism if not the substance of a Brzezinski trip to Peking is a matter of unusual interest among foreign policy watchers who have been waiting since January, 1977, for Brzezinski to develop into "another Kissinger." The *New Yorker* account by Elizabeth Drew described Brzezinski as wishing to use relations with China in Kissinger-like fashion "as a means of tweaking the Soviet Union; that is...to do what policymakers call 'playing the China card.' "...Officials described the likely topic for Brzezinski's talks in China May 20-23 as broad discussion of geopolitics, essentially the kind of summit seminar that Kissinger carried on to his delight with the late Premier Chou En-lai.

Senator Henry Jackson, CBS-TV "Face the Nation," April 23:

I can't support the proposed treaty (SALT), in protocol the way it stands now, and the reason is very simple. The Russians get more in the way of strategic arms than we would get. Now, that's going to create an imbalance, it's destabilizing, it's of grave concern to our allies, and certainly, I would make a special point as to the Chinese. The Chinese feel more and more that the U.S. is rather inept with the Russians.

(Q: Are We?)

Yes, we are, and I must say that is disturbing...."

Scotty Reston Leads Press Sabotage of SALT

James "Scotty" Reston, who built his journalism career on conducting disinformation provided him by Henry Kissinger, has foredoomed the SALT negotiations even before Vance began his meetings. He and several other Anglophilic columnists are aiding Brzezinski's sabotage of the negotiations by claiming — on the authority of unnamed congressional sources — that Congress would never pass a SALT treaty. These columnists have manufactured congressional opposition to disarmament and filled pages with reports of Western European "concern" over the "weakness" of Carter in deferring production of the neutron bomb. These reports have been perfunctorily denied by spokesmen for the relevant governments.

The Meyer family's *Washington Post* is so desperate at the possibility of healthy relations with the USSR that it is seizing upon anything which it can turn into Cold War propaganda — including the transforming of the forced landing of a Korean Airlines jet into a case of Soviet "outlawry."

We excerpt Reston's column "the Senate and the Soviets" in the April 26 *New York Times*:

... The heated debate in the Senate over the Panama treaties, Mr. Byrd observed, was nothing compared to the "fire" he expects if the SALT II treaty comes up for ratification under present circumstances. A strategic arms agreement with Moscow, Mr. Byrd said, "goes to the vital interests of the United States. The Panama treaty did not." . . .

This is not a new controversy. Ever since Franklin Roosevelt negotiated with Stalin at Yalta there has been a fundamental disagreement here about how to negotiate with Moscow. The Soviets have always insisted on dealing with one issue at a time, particularly on matters that threaten war between the atomic powers, but never on the creation of a general order in the world. On that, they have demanded freedom of action to wage what they call "wars of national liberation" and what Washington calls "wars of Soviet domination." Moscow's consistent attitude has been: "What's ours is ours, and what's yours is negotiable." . . .

This is creating an internal dispute here which the Senate and many high officials of the Administration are determined to face before any arms treaty is negotiated. Nobody is saying here that nothing can be solved between Washington and Moscow unless everything is solved, but a lot of people are insisting that bricks without mortar are not very useful, and that the time has come to get the principles of détente straight.

There are two different approaches. One group is saying, yes, a treaty to control nuclear weapons is fundamental, and we must raise these other problems with the Soviets, but we would not confuse the Cubans with the atomic bomb.

Another group is saying that the creation of a Soviet foreign legion of mercenaries in Africa is unacceptable and must be removed before we sign a SALT II treaty. And besides, this group is pointing out, the treaty would probably be rejected by the Senate if Moscow insists on waging proxy wars for its political advantage.

This group wants to put the problem squarely to Moscow, saying, in effect, if you insist on your present policy in the sensitive areas, then we will do the same: meaning, increase our propaganda in Eastern Europe and among the restless nationality groups within the Soviet Union, and consider a policy of closer cooperation with China.

The Carter Administration has not resolved this conflict within its own ranks. Secretary Vance would like to try to solve it quietly. He fears that any public demand that the Cubans go home as a condition of a SALT treaty would be rejected and might even intensify the arms race.

But the Senate is clearly not satisfied with Mr. Vance's vague assurances that the "atmosphere" is better for reasons he thinks it prudent not to explain. It is even challenging the decision to sell advanced airplanes to Israel, Egypt and Saudi Arabia.

In short the Senate is skeptical not only of the Soviets but of the Carter Administration these days. It wants substance and not "atmosphere" this time. It wants what it will probably never get, not brick-by-brick diplomacy but a secure wall against any more Soviet penetration.

Steelworkers Suit Could Drive IPS Out Of Labor Movement

A law suit brought by the United Steelworkers against nine tax-exempt foundations who illegally conspired to finance steel union "dissident" Ed Sadlowski is being viewed by other trade union leaders as an opportunity to blow the lid off much broader Institute for Policy Studies subversive activities inside the labor movement. The Sadlowski campaign, run by IPS lawyer Joe Rauh, is in fact only one of the many unsavory developments in American labor associated with IPS and the foundations now accused by the steelworkers.

Filed last week in New York, the USWA's suit names the Rockefeller Family Fund, the New World Foundation, the J.P. Kaplan Fund, the Community Funds, Inc., the Samuel J. Rubin Foundation, the Ottinger Foundation, Youth Project, the Association for Union Democracy, and the Field Foundation as defendants in a conspiracy to fund Sadlowski in his unsuccessful 1976 run for union president. Since six of eight hold stock in companies employing steel union members, they are in effect "employers" funding a union faction in violation of labor laws.

LABOR

The same foundations, as the USWA complaint itself implies, are the financial angels of IPS "dissidents" all over the labor movement — and according to Mike Trbovich, a former Vice President of the United Mineworkers, that's not all. In addition to funding PROD and Teamsters for a Democratic Union (TDU) inside the Teamsters union, "the same foundations are behind such terrorist groups as the 'Miners Right to Strike Committee,'" reports Trbovich. "You begin to get the picture," he continued. "They helped set up the unnecessarily long coal strike which Energy Secretary Schlesinger manipulated, adversely affecting not only the union but the whole nation."

The USWA suit could open up a very big can of worms, says Trbovich. "These foundations have a zero-growth policy, a deindustrialization policy which they want to impose on American labor. I've attempted to expose this conspiracy since 1972-1973, and my information indicates involvement of high public officials. They've targeted the USWA, the UMW, the Teamsters...and the center of it is the Institute for Policy Studies in Washington. With the USWA suit, we might finally get to the bottom of things."

Excerpts below from the USWA suit outline the "tax-exempt" method which IPS's foundation sponsors use:

Introduction

1. ...The defendants are multi-million dollar, tax-exempt organizations, themselves employers, and financed by employer contributions. Defendants have caused, and unless enjoined will continue to cause, employer monies to be contributed to and expended on behalf of candidates

for USWA offices in blatant violation of Section 401(g) of the Labor-Management Reporting and Disclosure Act of 1959 ("LMRDA"), 29 U.S.C. §481(g), and the common law of the State of New York. These illegal expenditures by the defendant-employers have threatened the democratic integrity of USWA elections, pose a continuing threat to democracy within the Steelworkers Union, deprive the Union's members of their right to elections free from employer interference, jeopardize the legality of USWA elections, and expose the Union to potential costs of millions of dollars should an election be set aside because of these illegal expenditures...

19. The purpose of §401(g) is to assure that union elections reflect the views of union members — and not of employers — as to who should represent and lead the union. Whenever an employer makes contributions to a candidate for union office, this vital congressional policy is infringed, and the union and its members suffer an injury to their right to conduct their elections free from employer interference...

22. In February, 1977, USWA held a contested election for its top offices. The rival slates were headed by Lloyd McBride and Edward Sadlowski. The Sadlowski slate was largely underwritten by tax-exempt corporations which are employers under the LMRDA...

24. Defendants Rockefeller Family Fund, New World Foundation, Field Foundation, Samuel Rubin Foundation, Inc., J.M. Kaplan Fund, Inc., Ottinger Foundation, Community Funds, Inc., Youth Project, and other employers unknown at present to plaintiffs, used defendant Association for Union Democracy ("AUD") and other employers unknown at present to plaintiffs, as conduits through which monies and other assets were laundered for use by or on behalf of the Sadlowski slate. These expenditures were *ultra vires*, and were outside the scope of expenditures permitted to be made by tax-exempt organizations. In addition, officers, directors, and managing employees of these defendants made substantial contributions directly to the Sadlowski slate campaign...

26. Defendant Association for Union Democracy (AUD) violated §401(g) with respect to the 1977 USWA election by expending virtually its entire budget for the years 1976 and 1977 to promote the Sadlowski slate, including the monies and assets donated to it for this purpose by the other named defendants and by other unnamed employers. Specifically:

(a) From an unmarked store front adjacent to the Sadlowski headquarters, pursuant to arrangements negotiated with the Sadlowski slate, defendant AUD recruited and trained over one thousand persons to work as election-day observers throughout the United States on behalf of the Sadlowski slate...These observers reported only to the Sadlowski slate, and reported only such information as could be used to benefit the Sadlowski slate...defendant AUD did not offer to recruit or train

persons to serve as observers on behalf of the McBride slate. Indeed, defendant AUD refused, when requested, to provide like services to the McBride slate or to representatives chosen by it. The cost of recruiting and training of observers is a routine campaign expense incurred by all candidates for union office; in this instance, however, the Sadlowski slate obtained an unlawful advantage by reason of defendants' illegal expenditures...

(b) Defendant AUD prepared and printed tens of thousands of copies of an election manual instructing observers and other union members about their election rights. That manual was distributed exclusively to Sadlowski slate supporters. McBride slate supporters were refused copies of the manual when they requested them....

(c) Several lawsuits were filed during the course of the 1977 election campaign. At the request of the Sadlowski slate, defendant AUD assigned its legal director, Judith Schneider, and other AUD lawyers, to work as the Sadlowski slate's representatives. Through Schneider and its other lawyers, defendant AUD provided free legal assistance to the Sadlowski slate...

(d) Located in an office adjacent to Sadlowski slate headquarters, defendant AUD, acting through its legal director, Judith Schneider, and other employees, provided, without cost to the Sadlowski

slate, campaign services for the slate....held press conferences, monitored rival press conferences, represented the Sadlowski slate at meetings of the candidates, drafted campaign literature, provided day-to-day administrative assistance and support to the Sadlowski slate campaign, and otherwise participated in the development and implementation of the Sadlowski slate's campaign strategy. Defendant AUD's legal director was so closely associated with the Sadlowski slate campaign that she was variously described in the press as a "part of the informal Sadlowski entourage" and as a campaign "spokesman," and she was reported in the press as referring to Sadlowski as "her man."...

29. Defendants have pursued and are continuing to pursue a policy of unlawfully spending vast sums of money and other assets to influence the outcome of union elections. The expenditures in the 1977 USWA elections were just one of a number of instances in which illegal expenditures have been made by defendants on behalf of candidates for union offices. Defendants are committed to a general policy of spending employer monies to elect union officers sympathetic to the defendants-employers' views. AUD has continued to spend its own monies, and monies conduited to it by the other defendants, even after the conclusion of the 1977 election, in order to maintain the viability of its candidates for future USWA elections.

Strauss To 'Anti-Inflate' Environmental Agency

At a closed-door White House meeting with chief executives of leading U.S. corporations on April 20, President Carter promised that he "would set up a mechanism within the White House to ease their federal regulatory problems as a trade-off for price moderation."

Specifically, Carter meant that Robert Strauss, the President's recently appointed "anti-inflation counselor," had already been meeting with officials of the Environmental Protection Agency to discuss business complaints that their regulations have been adding "inflationary costs" to production. Strauss reportedly met directly with EPA's administrator, Douglas Costle, to seek ways to "cut costs and curb inflation." Immediately afterward, the executive director of the environmentalist Environmental Defense Fund, Arlie Schardt, accused Strauss of trying to make the EPA, which is a notorious haven for Naderites and antinuclear fanatics, a "scapegoat in the fight against inflation."

Business leaders attending the meeting were apparently more than satisfied with this attention to one of the real zero-growth causes of production cutbacks and, thus, inflation. Thomas A. Murphy, chairman of General

Motors, said he was gratified that the "problem of added costs resulting from federal regulatory requirements was discussed in such depth."

In a related Administration move, Attorney General Griffin Bell last week personally presented the government's case to the Supreme Court in opposition to the Endangered Species Act which has prevented the Tennessee Valley Authority from completing the Tellico Dam because of the "snail darter," an endangered species of perch. Last February, a United States Court of Appeals enjoined the TVA from further construction on the dam, which would add 200 billion kilowatt hours of electricity yearly to the overall U.S. energy supply and would vastly stimulate industrial development in the Mississippi Valley.

The day after Bell laid out the government's reasons why the Tellico Dam should be built, Secretary of the Interior Andrus issued several press releases opposing Bell's decision. But, as columnist Pat Buchanan commented regarding Bell's brief to the Supreme Court: "Carter, it seems, has decided that environmentalism is bad politics."

Industry Coalition, Unions Condemn Sunday

"The U.S. is on the verge of becoming a second-rate nation — a country which just two decades ago was the most advanced industrial nation in the world, with the highest overall standard of living and the mostly highly skilled workforce in history . . . Our nation was founded by the visionaries who knew well the importance of growth and who forged the Republic which for decades was the standard bearer of humanistic notions . . ."

ENERGY

With these words, the Chief Energy Planning Engineer for the State of Colorado, Bill Sommerville, opened an April 26 press conference called by the Colorado Science and Industry Coalition which he chairs. The press briefing's purpose was to condemn an "environmentalist demonstration scheduled for April 29 at the Rocky Flats nuclear plant in Colorado, a demonstration organized as part of more general "Sun Day" festivities and terrorist acts planned for May 3.

Somerville described "Sun Day" spokesmen against nuclear power as persons who "take positions unsupported by facts." He referred to James Schlesinger's support for inefficient solar power as Energy Secretary, but said "there is hope that the current Administration is groping for a new policy. This fact is reflected in the ascension of Robert Strauss (Special Trade Negotiator for President Carter) and the descent of Blumenthal (Treasury) and Schlesinger. Do you want to stop the attacks on the dollar? Start developing nuclear technology, and start exporting it," Somerville declared.

Somerville was followed by Jim Kelley, President of United Steelworkers Local 8031, Rocky Flats. Kelley read a prepared statement which said in part:

The United Steelworkers of America, while always in support of the right to free expression of views, also feels the obligation to respond when those expressions by others appear to have a detrimental effect on the nation.

The upcoming demonstration at Rocky Flats has as its aims the closing of the Rocky Flats operation which would be a serious, if not fatal blow to the defense capabilities of the United States and the Free World. . . We cannot jeopardize our security and the freedoms we cherish so dearly by such a decision. . . While the Catholic Arch-bishop of Denver is a very fine person who

has done many good things it is my opinion that his decision to support the demonstration to close Rocky Flats is a mistake, and I would call upon him to reconsider his decision, and to urge instead an appeal by Pope Paul for all world leaders to mutually agree to the cessation of the world's arms race . . .

. . . On a related issue, we must continue to pursue the use of nuclear energy as a very viable source of energy if we are indeed to become a self-sustaining nation in the energy field. Nuclear energy can be safely developed and utilized — and this must be done because coal, solar, oil, wind, and the rest cannot fully continue to meet our future needs.

Mr. Kelley distributed a news release from the Denver area Labor Federation (Central Labor Council) which reads:

The Denver Area Labor Federation has adopted a resolution condemning the intent of this weekend's announced demonstration at the Rocky Flats nuclear plant. While the resolution addresses the problems of nuclear proliferation, it strongly opposes any unilateral weakening of the nation's defense.

Delegates discussing the proposal spoke of the potential loss of 4,000 jobs which result in an annual payroll in excess of \$44 million and an additional loss to the Denver area of \$90 million in goods and services. The Federation is the Denver metropolitan arm of the AFL-CIO and is comprised of 85 local unions having approximately 50,000 members throughout Denver and Jefferson Counties.

The following is the text of that resolution:

WHEREAS Rocky Flats is an extremely vital link in the defense capabilities of the United States;

WHEREAS these groups in the above demonstrations would have the U.S. disarm itself unilaterally;

THEREFORE BE IT RESOLVED that the Denver area Labor Federation condemn the intent behind the April 29-30, 1978 demonstrations and give their support for the mission of Rocky Flats until such a time as all nations of the world reach an agreement . . .

AND BE IT FURTHER RESOLVED that this federation shall continue its support of nuclear energy as a necessary source of energy in this nation along with solar coal gas and oil, and those others which may be safely developed.

NAACP Energy Policy Spurs New Political Alliances

Five months ago the National Association for the Advancement of Colored People released a statement calling on the Carter Administration to adopt a program of fostering, not discouraging, energy development, including nuclear power. In the wake of that statement's release, pressure from liberals and environmentalists has failed to force the NAACP to repudiate or alter its policy. In fact, the civil rights group has actively sought support for its program from business and labor.

THE ECONOMY

The mutual interests of "big industry," "big labor," and "big minorities" in forging a federal policy of economic growth and defending the U.S. economy and the dollar were the main features of an address that NAACP board chairman Margaret Bush Wilson gave April 10 to the annual convention of the Edison Electric Institute. In her speech, Wilson reiterated the civil rights organization's commitment to energy development, and spoke of the necessity of solving the U.S. balance of payments problems.

An alliance between the black community and industry will have a telling effect on partisan politics. For decades the black vote has been assumed to be the property of the Democratic Party's liberal wing. Much of the liberal outrage at the NAACP energy statement was precisely due to the fact that a black organization was (in the *Wall Street Journal's* phrase) declaring itself "free at last" from liberal low-growth, low-capital, labor-intensive policy.

Unless the Democratic Party's policy becomes one favoring support for economic expansion, energy development, and high-technology jobs, the "solid" black vote could become a thing of the past. This was the prognosis of Bruce Llewelyn, president of the Harlem-based civic organization, The 100 Black Men. In an interview with this news service, Llewelyn termed Democratic Party-supported public works programs like Humphrey Hawkins bill "a failure." Like the NAACP, Llewelyn, who played a critical role in delivering the Harlem vote to the Carter campaign in 1976, favors energy development and investment in the private sector to foster a domestic economic recovery.

"For Energy Growth and Jobs"

Here are excerpts of Margaret Bush Wilson's speech before the Edison Electric Institute.

....Indeed, I have been bemused every since receiving the kind invitation to be one of your speakers for the First General Session. A year ago this time, neither you nor I would have forecast this particular detail, for then it seemed remote that the NAACP and the Edison Electric

Institute had a mutually compelling interest....

What has brought us near, of course, is a rather provocative nine page document which the National Board of Directors of the largest and oldest civil rights organization in the nation adopted unanimously on the 9th day of January of this year. It is entitled simply "*Statement of Position on a National Energy Policy by the NAACP National Board of Directors.*"

You may find the headlines which this statement sparked as intriguing, as I have.

It was the *Detroit News* which first surfaced the matter with its forthright headline "Energy plan dooms poor, NAACP says." This was followed by the *New York Times* headline which triggered all the rest: "NAACP Takes Side of the Oil Industry in Energy Struggle." This was amplified a few days later by a curious lead editorial in the *New York Times*: "Does Civil Rights Include Energy." Then with staccato rapidity all across the country they came: "NAACP hits Carter Energy Plan." "Who's conning the NAACP on Energy.?" "The NAACP Turns a Corner," "Big Oil's Black Allies," "Did the NAACP Board Know what it was Voting For," and, in the *Congressional Record* Sen. Orrin Hatch lambasts "The New Slavery" and supports the NAACP position, while Representative Richard Ottinger of New York calls it "A Travesty for Blacks."

The rhetoric has moved all of the way from the *Wall Street Journal's* "The NAACP — Free at Last," to Hoyt Fuller's "NAACP Takes a Giant Step — Backward!" Not to mention one of dubious throw-back: "Finding an oil man in NAACP wood pile."

It has been a heady and provocative three months. However, those of us in the civil rights movement who are long distance runners, and I consider myself among them, have mustered the art of endurance and patience, and above all to wear controversy "like a loose garment."

Because there have been conflicting and confusing stories, it does seem important for me to give address to the major thrust of the NAACP Energy Policy. Perhaps no one has described that thrust better than our dynamic, new executive director, Benjamin L. Hooks and I shall quote him in detail:

NAACP National Energy Policy is the sum total of seven months of intensive research and review...The major thrust of that policy is reflected in the following...:

The NAACP feels that President Carter's National Energy Program overly emphasizes conservation as opposed to directing national goals to the development of new and alternative energy supplies.

That the President's emphasis on energy conservation could severely restrict the expansion of the national economy. Historically, energy abundance has gone hand in hand with economic expansion.

The NAACP believes that a static economy will have the most disastrous effect upon the black community. There can be no new jobs created in a static economy and past record reveals that the job pool actually declines during a period of no growth....

The primary thrust of this policy is to protect as well as foster the creation of jobs — especially for black Americans. The NAACP believes that any national policy that does not stress the development of new and alternative energy sources will increase, rather than reduce the present high rate of joblessness....

More than a decade ago, when the Great Society programs were launched, our hope for government solutions to these problems was at its highest point. The reversal and failure of much of this effort, however, has led to widespread disillusionment throughout the black community about the strength of America's will to meet the challenges of the "Last Frontier."

After careful review of the history of social progress over the past 50 years, there are those among us who are now more convinced than ever that the solutions to these hardcore social problems do not rest with government alone. Private industry does have, and must play, a crucial role in this area.

The problem, we again stress, is not merely one of civil rights. In fact, having won the enactment of the several Civil Rights, Voting Rights and Housing Acts, blacks now find that the principal civil rights struggle is that of preventing the erosion of these gains. We must also struggle to ensure that these several laws are enforced.

At the same time, though, there is another dimension to the implementation of these gains. This involves bringing the traditional victims of racism into the economic mainstream of our society. The dominant dynamic today is economic.

And the provision of economic advancement can best be accomplished through the availability of an ample supply of jobs and the assurance of equal opportunities for black workers and black entrepreneurs.

Thus, the principal challenge for black leaders today is to reawaken the concerns of America to the dimensions of these other problems. New jobs come from economic growth in the private sector.

This was another of the goals of the NAACP policy statement on energy. By actively becoming involved in the development of a national energy policy, the NAACP has served notice on our national leaders that a new dimension has been added to our concerns about social programs.

Seeking adequate amounts of welfare and food stamps are fine. But we must go beyond this syndrome since it represents the symptoms of a severe social condition, not a solution. Our broader and long-range perspective must center on closing the gap between black and white income. If we do not do that soon, we will be lost in an economic quagmire for generations to come.

The all-encompassing effects of energy scarcity were made very clear just five years ago when oil supplies from abroad were suddenly disrupted. The nightmare of long gasoline lines still hangs over us. Some still worry that the spigot of Mideast oil may be turned off again as easily as it was then.

There was also the troubling specter of widespread layoffs of workers by several midwestern industries in

the winter of 1977 because of severe cold that caused shortages in the natural gas supplies. Natural gas supplies, we know, are rapidly dwindling. So the problem rapidly worsens.

A much more pervasive — and evident — problem is the price of these fuels. The poor, who drive the old, inefficient gas guzzlers and live in dilapidated housing, already know just how much oil and natural gas prices have skyrocketed. They might still cope now through great sacrifices.

But what will America do when our supplies of oil and natural gas are depleted?

These are questions that affect not only white but black Americans.

These are questions that affect not only American industries but also home owners.

These are questions that affect the poor today; but they will surely affect the wealthy tomorrow.

One of the surest signs of this spreading effect is the rapid decline of the dollar abroad....

And the primary reason for this decline is the widespread lack of confidence that has been generated by America's whopping \$20 billion balance-of-payments deficit which has been boosted by our huge oil importation bill.

Ultimately, it is feared that the increasing balance of payments problem will again spur worldwide inflation and its related problems. Then we will again be sent pell-mell into another inflation-depression situation....

One question that has been raised about the energy industry concerns the number of jobs that you can provide. We are reminded that unemployed, unskilled blacks cannot expect to find much opportunities in capital intensive nuclear, natural gas and oil industries. So what can blacks expect as a return on their support for policies that directly benefit the industry.

One answer — and this the NAACP Energy Policy Statement sought to address — is a vigorous expansion of the national economy. Such an expansion along the lines of 7 percent a year would, we feel, open up enough opportunities for more blacks to find work....

As a phase two of the NAACP Energy Policy Statement, therefore, you should expect that the Association will be addressing such issues as job opportunities within the industry for minorities.

The NAACP will be expressing strong concerns about the amounts of industry profits that are plowed back into research, exploration and development of new energy sources....

What I surmise is that your concern is with inflation and the uncertainties surrounding a yet to be determined energy policy which may aggravate an already spiraling inflationary trend. This creates problems for business expansion, and since capital investment is the engine of economic growth in America the difficulties are obvious. Let me emphasize in the strongest tone possible, however, that *inflation is not caused by too many people working* (emphasis in the original). As my good friend Clarke Watson, who is head of the American Association of Blacks in Energy has said: "There is something very paradoxical about paying the Arabs, the Nigerians and the Mexicans a third to twice as much for their energy, but hesitating to pay Americans to develop their own resources and thus get people back to work...."

“Blacks Want Industrial Development”

An Interview with Bruce Llewelyn, President of The 100 Black men:

Q: Mr. Llewelyn, Percy Sutton (formerly a candidate in the 1978 New York City mayoral race — ed.) said that black people should be represented in both political parties, that they should not automatically vote Democratic but should be a power in the Republican Party. Is this the sentiment of the Harlem community?

A: I would agree with Sutton; black people should be in both political parties. For years black people have tended to “block” vote. Previously blacks considered themselves automatic Republicans because Lincoln freed the slaves. Along came FDR with certain programs that were seen as helping minorities, and the black population switched to voting Democratic. Block voting doesn’t work.

Q: What do you think about Margaret Bush Wilson’s and the NAACP’s explicit support of a program calling for energy development? Do you think the Harlem community favors this over Jesse Jackson’s continued support for Humphrey Hawkins?

A: Full employment is a nice idea. Nuclear power and energy development are nice ideas. The question is, how do you get them? The Humphrey-Hawkins bill as it now stands says that unemployment should be at the level of two or three percent. That’s true. It’s also true that without motherhood none of us would be here.

But to turn around the stagnation of the economy, and in order for a great many people who have jobs, we need economic growth.

There can be no economic growth without advancement of the energy component. Now the next question: if we get those skilled jobs will the unions have us? Will they allow black participation to its fullest? Without energy, without electric power, there are no plants. And that means no jobs.

At this point black people don’t need a Humphrey-Hawkins-type program. Putting people into public works jobs is short term. The U.S. economy needs long-term

investment, and that means development of the private sector. Resources must be developed. Private profit will increase the tax base, public works will not. CETA and Humphrey-Hawkins have been failures.

Q: Are you familiar with Nelson Rockefeller’s proposal for a multi-billion dollar development corporation that would be based in New York? What effect do you think the influx of Arab petrodollars would have on New York?

A: We are waiting to see what develops with that plan. It is still in the talking stages, and could have farreaching effects for the black community.

I would like to make one sweeping statement — maybe I shouldn’t but what the hell... People believe that politics will solve all the problems. Not really — politics aren’t tangible, they are a mere reflection of the financial and industrial might of this country. True power is in economic power, not in politics. Black people do not get political power by electing city councilmen and state senators. Elected officials represent economic interests.

What made America great? Companies like IBM and General Electric made America great. For years the Arabs were viewed as a bunch of guys wearing bedsheets. Today they are a power to be respected, they are working on realizing their potential.

President Carter stopped in Nigeria on his world tour. Would that have happened a few years ago? The Nigerians supply almost 20 percent of our oil, they are important to us. That is the bottom line in foreign relations or domestic policy.

For years the Jewish community — only 3 million people — has been responsible for influencing foreign policy to be supportive of the needs of Israel... If 20 million black people got together, U.S. policy would certainly be different toward Africa and the Arabs. There would be a basis for developing those parts of the world.

Our aid to Africa and the Arab countries would develop our markets. The U.S. gets back what it gives in aid. None of our aid has been totally a giveaway. We in turn get jobs created, and markets for our exports. This is what we must do with Africa and the Arab world; this is how the U.S. can expand its spheres of influence.

OMB ‘Efficiency’ Is Paralyzing Policy-Making

The Office of Management and Budget, although usually credited with being little more than a “monitoring” agency, is effectively usurping the functions of both the Congress and the President of the United States on vital issues of American policy. It is doing so through its

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nominally “above-politics” position as a monitor and manager, and is currently moving to extend the utterly *political*, factional tendency it represents to the entire executive branch through “civil service reform.”

Rand’s Role in the Executive

From its creation in 1971 the OMB has operated on the

basis of “budget programming,” a technique brought to the U.S. from Britain by the Rand Corporation, to every aspect of U.S. budget appropriations. The OMB has no interest in what policies are in the long-term interest of the nation. Instead, its management function places a staff of “systems analysts” and CPAs in the position of determining how cabinet-level and other agencies will implement and even develop policy. Its weapon is the imposition of criteria that *a priori* demand austerity and prevent the investment that is necessary *now* to ensure the country’s future.

OMB’s relationship to the Rand Corporation dates to its precursor, the Bureau of the Budget. In the mid-1960s then-Defense Secretary Robert “Body Count” McNamara initiated “programmed planning” in his Department of Defense and installed an entourage of Rand personnel to reorganize the agency. From this

"systems analysis" hierarchy evolved the McNamara-Kissinger-Schlesinger doctrine of "limited nuclear war."

Once set in motion, many of the Rand operatives were redeployed to the Bureau of the Budget, including Henry Rowan, former President of Rand, and James R. Schlesinger. When the Bureau of the Budget was revamped and named the Office of Management and Budget in 1971, and placed on the same level of the executive hierarchy as the National Security Council, James Schlesinger was made the first Acting Director of OMB. The "systems analysis" policies that he represented have prevailed at the agency ever since.

Backers of the OMB management methods have traditionally sought to appeal to the "fiscal conservatives" in Congress and other agencies with slogans like "cost efficiency." Their knee-jerk reaction has led too many of these "fiscal conservatives" to settle for politically antigrowth OMB policies even though they run directly counter to legislative actions.

The OMB vs. Export Policy

Answering directly to the President, the Office of Management and Budget is currently headed by Robert McIntyre, who designed Jimmy Carter's "zero-based budgeting" plan during Carter's tenure as Governor of Georgia. The OMB has been allocated \$27 million for this year alone to apply the same zero-based principles to every aspect of U.S. policy. These methods, which force each government department to justify its existence by "prioritizing" its programs and functions on the basis of cost and cutting those that fall at the bottom of the list, have proven disastrous to policies and programs which seek to *expand* U.S. technology, industry, and research and development.

A case in point is the recent slashing of funds allocated to the Commerce Department's Commerce Action Group of the Near East (CAGNE), the prime U.S. agency which negotiates trade and economic development deals in the Middle East. Its funding has been cut nearly in half during the Carter Administration, largely through the recommendations of the OMB, from \$26 million a few years ago under President Ford to the current \$14 million. CAGNE's funding cuts occur at a time when the group's operational jurisdiction has expanded to include trade with the entire continent of Africa! State Department officials, alarmed at such OMB interference into the crucial area of export policy, have recently publicly attacked the OMB actions.

Commerce Department officials, who are currently undergoing an internal reorganization to maximize coordination of trade — particularly export — policy, report that the OMB has seriously crippled its ability to carry out expanded trade policies. "We know how to organize for exports..." said one Commerce official, "we just have no money to do it." In addition to the cutbacks of the vital CAGNE operation, a series of seemingly "small scale" cuts have been made in the Commerce Department, stalling any changes in U.S. trade policy at a time when the trade deficit has reached a disastrous low. Among these reportedly harmless cuts have been an extreme lowering of the number of trade attachés assigned to work with foreign embassies and a

cutback of 50 percent in U.S. participation in international trade fairs.

Last month, Undersecretary of the Navy James Woolsey publicly lashed out at the OMB when OMB budget-cutter Edward R. Jayne directed the Navy to "tailor forces" according to a "cost-efficiency" formula. Woolsey charged the OMB with forcing a "systems analysis" approach to questions of military strategy, the same complaint voiced by congressional representatives seeking to seriously discuss U.S. military strategic limitations.

The Energy Research and Development Administration (ERDA) fusion research budget is yet another prime example of OMB sabotage of U.S. policy and policy-development. A study prepared by an independent firm, ECON, in October, 1977 (ERDA Report #COO-4181-1) demonstrated how OMB's "zero-based budgeting" does not allow for long-range research and development, the benefits of which won't be clearly seen until some later point. "At the moment, the OMB imposes the use of a 10 percent rate of discount for the evaluation of federal expenditures," the report charged. "Such a discount rate strongly favors short-term benefits."

OMB and Civil Service Reform

A second oversight function of the OMB is ostensibly to "manage" the executive branch departments and agencies, to make them run efficiently. In fact, the current reorganization of the executive branch, being "managed" by OMB, has created probably the biggest bottleneck in U.S. foreign, economic, and domestic policy in the nation's history. Here again, the OMB's group of accountants and systems analysts is duplicating functions of and overriding policies made by both the legislature and the President — and in so doing, bringing the constitutionality of the OMB itself under serious question.

Zero-Based Budgeting: "That's Life"

An official from the Office of Management and Budget described the OMB's methods this way in a recent interview:

Q: Isn't it true that zero-based budgeting makes it very difficult to plan ahead on programs, when you have to reevaluate every program every year?

A: We don't look at every program fully. Well, of course for the first year or two we will look very carefully at everything and review every program in certain sections.

Q: But if, let's say, you have a 10-year plan and it is reviewed and canceled, people will find it very hard to make plans and actually carry out any long-range programs if they fear this will happen.

A: That's life. We make plans on our current knowledge, and there is a political reality that things change. What's good for a 10-year plan is out the window in two years.

Szanton: "There'll Be a Fight"

In an interview earlier this year, OMB reorganization chief Peter Szanton, former Director of the Rand Corporation, predicted the civil service reform measures that President Carter would announce:

Q: Is there any prospect that your reform proposals would serve to set up mechanisms for transferring seasoned Defense or State Department personnel, who, let us say, are having problems, over to Interior or Agriculture?

A: Yes. Soon the President is going to introduce a bill and deliver a report to Congress on civil service reform. The bill will, if passed, establish an "Executive Service Corps," which will include GS-16, 17 and 18 and Levels 4 and 5 right below the cabinets, except for political appointees of course. All civil servants in this new corps would be looked upon as a group that could be moved from agency to agency as need requires. The bill will be completely consistent with my book.

Q: So, say Mr. Habib (formerly of the State Department) is Level 4. If he had not been a political appointee, and if this bill is passed, he could be transferred to Fisheries...

A: That's right.

Q: Do you think there's going to be much opposition to this?

A: Oh, yeah. There'll be a big fight.

The purpose of the current reorganization is detailed in a book entitled *Remaking Foreign Policy* (reviewed by *Executive Intelligence Review* in 1977, Vol. IV, No. 5). The book was coauthored by Peter Szanton, who now serves as OMB's Associate Director for Organizational Studies. Szanton, former director of the Rand Corporation, proposed a reshuffling of the executive branch, the prime features of which would include:

(1) The creation of an "executive cabinet" — in Rand newspeak, the "Ex-Cab" — to serve as a crisis-management team which could override already existing policy.

(2) The creation of four "Assistant to the President" posts — "czars" — for defense, foreign policy, domestic management, and energy. The creation of the Department of Energy, headed by James Schlesinger, and the

expanded role of the National Security Council head, Zbigniew Brzezinski, essentially fulfill the purposes outlined in the book.

(3) Combining the staffs of the National Security Council, the Domestic Council, and the Economic Planning Board into a single foreign and defense policy staff for the "Ex-Cab" and czars. OMB's civil service "reform" package, presented earlier this year by President Carter, proposes to create a pool of top-level executive branch staffers to be shuffled from one department to another, going even beyond Szanton's originally published proposal. The "reform" program leaves all foreign and domestic policy decisions in the hands of the "Ex-Cab."

(4) The elimination of the Joint Chiefs of Staff, to be replaced by a "single military officer." This would eliminate debate and full discussion on any military and related foreign policy decisions. Not only does this reform package completely eliminate the process by which the executive and legislative branches are able to make policy decisions, leaving such policy determination to the "Ex-Cab," but Szanton's specific target for revamping — the military — is scheduled to become "civilianized" so that competent military policy-making will be seriously impaired.

The Issue is Progress

The reorganization being conducted by Szanton and a coterie of former Rand personnel was begun last February and continues unabated. Some of its most far-reaching changes, including its economic policy reorganization, are still in the intermediate stage of "analysis."

Meanwhile, virtually every agency or department in the executive branch has complained of OMB interference in their day-to-day functioning. The very agency assigned to rid the federal bureaucracy of "red tape," "inefficiency," and "gobbledegook" is creating governmental stand-stills on a mass scale.

While OMB has not yet announced its plan for taking over economic policy, profiling of agencies dealing with economic policy-formulation is in an intermediate stage of completion. According to an internal working paper of the reorganization task force, plans for changing U.S. economic policy will focus on international policy, singling out trade and technological transfers as two of three target areas. Applying Rand's "programmed planning" to these areas will be instrumental in plans by Treasury Secretary Blumenthal and colleagues in the cabinet to defeat the "export faction" initiatives to expand U.S. trade.

The Young Pretender

by Lyndon H. LaRouche
Chairman, U.S. Labor Party

The reporter from the *Washington Post* even looked like a rat, the White House staffer mused to himself. The sharply slanting forehead, the sharp, darting nose, overbite and receding chin were the least of the impression of sheer rattiness. The White House staffer wondered if, perhaps, the reporter had not cultivated the greying, flickering mous-tache to underscore the rodent-like effect. Now, the reporter was almost trembling in silent rage, his feral eyes darting glances rapidly back and forth among the group at the table.

GAMESMANSHIP

"Ever play the new game, Chappaquidick bridge?" the dry mannered journalist from Indianapolis had seized upon a pause in the conversation afforded by the shrimp cocktail.

The White House staffer had played straight man. "No, I hadn't heard of it. What's the difference?"

"The dummy is covered," the Indianapolis reporter responded coolly, and then brought the fork to his mouth.

Naturally, that interchange had been a prearranged set-up.

Occasional luncheon interviews with the *Post's* assistant editor were a painful bore, but unavoidable. The post-Watergate breed of Anglophile journalist is, in general, not only a totally immoral, evil creature, but it is impossible to hold any sort of coherent conversation with any of them. They are all creatures of almost infinitesimal concentration-span. So much so that by the end of their loaded question or remark on any one topic, their minds have already flitted to an entirely different topic, oblivious to any response their question or remark then evokes. This psychedelic-like flitting of such creature's chatter from one bit of fantasy to the other is intolerable for more than a minute or two. After that, one's compelling impulse is to call for the men in the white suits to carry the poor wretch off to the funny-farm. An entire luncheon with one of these miserable creatures is, but for clinical purposes, pure torment. The *Post's* Bugsy Rottenfoul is one of the worst.

The only possible way to handle such a situation is to freak such creatures out. The gag about the dummy, then making rounds through the American faction of the Washington establishment, rattled Rottenfoul to the desired effect.

The White House's current problem-case on the hill was Senator Leadweight O'Whisky. Maneuvering Federal Reserve Chairman Miller into resignation was going to be somewhat more difficult than the dumping of Blumenthal and Schlesinger from the Treasury and Energy departments had been, in any case. Senator

O'Whiskey, aided by a wild press campaign orchestrated from the offices of the *Washington Post*, was heading up the mob of bandits rallying to Miller's defense. From the White House staffer's side, the purpose of accepting this luncheon interview with Rottenfoul was to provoke Rottenfoul into revealing a bit more of Katherine Graham's current gameplan than Rottenfoul would have intended to disclose. Rattling the fellow a bit had therefore seemed appropriate.

As everyone knows, kicking out Blumenthal had only made the Miller problem clearer. As long as Blumenthal had been pushing monetary diarrhea at the Treasury, the Mutt-and-Jeff-game, with Miller playing the "fiscal conservative" role, had had a lot of people fooled. With Blumenthal out, Miller's squeeze on industrial and trade financing had been seen for what it was...unless Miller were dumped, the short-lived bull market in the New York Stock Exchange was about to turn into a replay of the 1929 scenario. Even Bob Strauss, usually the temporizing, "something-for-everyone" fixer, had seen and said that, along with an enraged Arthur Burns.

Originally, the up-front pushing of the Miller nomination had come from Fritz Mondale and Blumenthal. One might have thought that Blumenthal's boosting of Miller would have been a tip-off to Burns. However, Burns, although a tough-minded patriot with certain competencies, is a pragmatist — which is to say, person whose focus on the immediate options in sight often blinds them to the lessons of even immediately preceding experience. Even the patriotic pragmatists, Burns and Strauss, had realized that no compromises with Miller were available. At that point, Leadweight had popped up as the *Washington Post's* chosen leader of the pro-Miller counteroffensive. (Mondale, it was rumored, was going through another crisis, like that which had spoiled his own campaign for the 1976 nomination, and it was said he was popping librium like M&Ms.)

No one should have been surprised. Miller had been a Lizard protégé at Trenton, and politically the only token "businessman" prominent in the Kennedy boosting of the fascism-with-a-democratic-face Initiative Committee for National Economic Planning packages. Laura Chasen had reminded another member of the White House staff of that painful fact in the setting of a recent press conference. Although the Humphrey-machine had been over its head in the ICNEP business, the hard-core Lizards around Washington and the Eastern Financial Community were Felix Rohatyn, the Kennedys, and Katharine Graham. If Miller were ousted, the whole London "1929" gameplan against the United States was finished, and the power of the Lizards vastly reduced. Leadweight was the titular spokesman of the Lizards on the Hill, and now he, and the *Washington Post* were totally out in the open on the issue.

The White House staff had obtained an in-depth profile-study of Leadweight. They had not conducted the

investigation themselves — memories of Watergate and the many spy leaks being coordinated by Morton Halperin and Ralph Nader had terrorized the Administration to the point that no one but a registered accomplice of Henry Kissinger or of Joe Rauh, Jr. dared to go so far in creating the appearance of intelligence activities as matching newspaper clippings, at least not without clear directive from Woody Woodpecker. The White House had merely received a private, in-depth study prepared by an outside source.

Leadweight, some Capitol Hill wags called him the "Senator from Peyton Place" was the last adult heir of a parvenu Scotch family, which had added the "O" on the advice of one of the Cliveden set Astors. As John Wheeler Bennett emphasized "Fill an Irish man up with whisky, play a John McCormack record, and stick an "O" in front of your name, and you can lead the poor sentimental bloke wherever you like most of the time."

Under the guidance of the British Secret Intelligence Service (SIS) the O'Whiskey's became rich under the management of Lizard's André Meyer, and were given a thin british-liberal gentlemen's disguise at the greater Boston colonial branch of Oxford's Balliol College, Harvard University. With the aid of some ghost-writing by Wheeler-Bennet and other SIS specialists in that sort of thing, the older O'Whisky boys graduated from Harvard without incident. Poor Leadweight was a more difficult case, having flunked the standard Harvard course in cheating. Nonetheless, some discreet efforts effected even Leadweight's ultimate graduation.

To be brief, Leadweight is one of the dumbest. Leadweight's only talents for politics, of the sort he plays, is a combination of pure meanness and the suggestibility that goes together with his lack of intellectual powers to get to the bottom of any subject but a pretty Chorus-Girl of a secretary. The poor lout was stuck into the electoral dukedom over which he titularly presided purely for reasons of Anglophile policy. As the British and their emulators do customarily for such cases, the "Young Pretender," as he was otherwise known, was surrounded with a mass of advisors. The advisors clustered around Leadweight like a cluster of footmen and valets, changing the Young Pretender's opinions as a valet manages his master's wardrobe.

There is the rub of the thing. Leadweight, a person whose afflictions would have caused a more discreet old New England family to tuck such a relative out of sight in an upstairs room, was a national political celebrity. In essentials, the loutish Young Pretender's significance is that he was the titular Baron and symbol of a very capable and vicious political machine, and representative of one of the most powerful Baronies of British secret intelligence in United States politics.

The Young Pretender's political profile was that of a liberal, a British-style liberal, expressing the same essence but under different brand label than the mock Oxonian libertarian, William F. Buckley. As a liberal, the Young Pretender pretended to be horrified by disclosures of covert activities by the Nixon Administration, the CIA and FBI. In fact, the O'Whiskey machine ran one of the nastiest private dirty-tricks

network-organizations in the United States, and controlled nests of wickedness inside federal and state governmental agencies which pursued with impunity far more reprehensible covert operations than any which the Nixon Administration or CIA and FBI were accused.

This apparatus did not belong to the O'Whiskys. It belonged, ultimately, to the British Secret Intelligence Service, and to such SIS branches of power inside the USA as the Lizards themselves. When the *Washington Post* boosted the Young Pretender, the master's voice, the *Post*, was in effect giving the Young Pretender his British master's marching orders.

Those sorts of facts ought to have been brought out during the Watergate affair. If the facts had been brought forward, it would have been recognized that Watergate was a rigged affair, with the Kennedys, the O'Whiskys, the neo-Fabians and the *Washington Post* running the outside operation, and Henry Kissinger, another British SIS protégé, running all the dirty work on the inside. Senator Howard Baker had begun, indeed, to scratch at some of those relevant facts, but the Kennedys' dirty tricks specialists, John Doar, and the majority forces on the Ervin committee managed to keep that side of the truth covered up until the Nixon resignation was in the bag. Meanwhile, the same crowd working through another committee gave blanket clearance to the persons responsible for authoring all of the incidents for which Nixon stood accused, Henry Kissinger and White House office boy Alexander Haig.

Lately, the truth surrounding Henry Kissinger and Leadweight O'Whisky, in particular, has been leaking into public notice. The section of the Nixon Administration which had represented the hard-core carried over from the second Eisenhower Administration was among the first to discover how the pieces went together, but leading traditionalist forces within the Democratic Party were not far behind in seeing the point. The White House is becoming increasingly aware of what had really happened during Watergate, aware that the same forces centered around Kissinger, the Kennedys, the *Washington Post*, Joe Rauh Jr., and the O'Whiskys, are itching to replay the Watergate game against President Jimmy Carter.

Although many White House Friends were distressed by the White House's vacillations on connected issues, some forces in and around the White House were developing a clear view of their problem. Rapidly, they were moving to counterattack against a British-orchestrated evil inside the nation, an evil bordering on outright treason. The perception of what Miller really represented had been an eye-opener in this respect.

If Rottenfoul was disturbed by the Chappaquidick quip his inner seething increased — as the journalist from Indianapolis worked in the word "bridge," both as word and stem, at various points in the interchanges which followed. "Bridge" was the word to give Rottenfoul the greatest pain, but other ambiguities to the same effect were not overlooked. Given the train of associations established in Rottenfoul's mind by the Chappaquidick, phrases like "bootlegging British stuff" and "case-by-case import controls" increased the internal

disassociation of Rottenfoul's thoughts. "A bad taste to the Haig line lately," the moral of a Lizard furthered the process. It was so crude as to be obvious, but given Rottenfoul's psycho-profile, the establishment of the pattern of association with the Chappaquidick quip made Rottenfoul helpless to resist the effect of this on his mental processes.

The *Post's* assistant editor blurted out more than he realized. He was caught between making an angry scene in the restaurant, and attempting to strike back psycho-

logically against his tormentors with veiled, and not so veiled, threats. "If you guys think you can get to Leadweight through Kennedy, you're making the biggest mistake in your life. Look what happened to Nixon."

"Kennedy?" the man from Indianapolis replied coolly. "Who is worrying about Kennedy? Get Leadweight and the Kennedy problem will go away by itself."

A silence fell on the conversation. The man from the White House ended the luncheon with a story which ended, "I wonder who's Kissinger now?"

New Monetary System Emerges As World Awaits U.S. Participation

"We disagreed when in 1971 President Nixon decoupled the dollar from gold," West German Chancellor Helmut Schmidt told the April 27 *Neue Ruhr Zeitung* newspaper. With those words he summed up the concerted European discussion for a new gold-based international monetary

GOLD

system, emerging this past week, to finance the unprecedented new round of East-West and North-South industrial development deals just signed.

Far from an attack on the dollar and his American allies, Schmidt's activities, in close coordination with French President Giscard d'Estaing and France's real Gaullists are meant to finally establish the dollar as the center of a world monetary order based on the "American System" of nonlinear credit expansion in favor of high-technology exports to industrially develop the Third World and increase East-West collaboration. In line with this, the German and French press and governments mounted a heavy attack this week on Lord Keynes' International Monetary Fund (IMF), center of British influence in present monetary affairs, including a forceful dismissal of the British government's current demand to "dethrone the dollar" in favor of the IMF's funny-money Special Drawing Rights (SDRs) as "juridically impossible," in the words of leading West German financial journalist Horst Siebert.

So far the U.S. patriots in Washington grouped around the Robert Strauss-Frank Weil-John Moore "pro-trade" faction of the Carter Administration have ensured, via pressure on the President, that the "cheap dollar" Blumenthal Treasury officially rejects the SDR madness. However, as in the international trade and diplomatic fronts, the Administration is still out in the cold, simply not participating, on the international stabilization of the dollar awaited for impatiently by all America's friends abroad. Without a firm U.S. policy on an "American System" dollar the future of the world economy will remain in grave danger.

Whose Gold System?

There are as many versions of gold systems as there are "gold bugs" in the international financial circuit, but the touchstone of an American System modeled on

Alexander Hamilton's First National Bank and 1790 *Report on Manufactures* is the dedication of credit to expanded trade and industrial investment geared to ever more technologically advanced industrialization of the less-developed areas of the world. Thus it is essential that an international finance system provide for national credit policies to have the freedom to expand along with the development programs financed, while ensuring the necessity of credit expansion into such productive channels and away from real estate speculation, government debt and other paper bubbles.

The gold system being discussed by Schmidt, Giscard and their collaborators fills this bill precisely because it posits the dollar and the U.S. economy as its centerpiece. "Germany has no intention whatsoever of excluding the dollar for the creation of a monetary area hostile to the U.S.," Chancellor Schmidt told the British press in London this week. "On the contrary, restabilizing the dollar remains our priority . . . No one will succeed in splitting Europe from the United States."

The kind of "pre-1971" system the Europeans envision is a Hamiltonian version of the 1914-1971 "gold exchange standard." As before 1971, the dollar would be pegged to a per ounce gold value and all other currencies, marks, yen, and so forth, to a dollar value and thus indirectly but coherently to gold. The gold would come into play to settle trade imbalances between central banks — governments — only.

What went "wrong" in the period up to the Nixon cut-off of the dollar from gold on August 15, 1971 was not the gold exchange standard but *how it was used*: under British intellectual hegemony in postwar economics, Hamiltonian direction of credit was halted in favor of real estate and raw materials-related bubbles such as the Eurodollar market, causing a contraction in the U.S.'s export market by maintenance of the Third World in an impoverished state. By the early 1970s, U.S. export collapse produced (as today) a huge trade deficit, financed by creation of dollars which could not be used by the recipients.

This allowed the British government to bring its dollars to the U.S. Treasury window and demand payment in gold — "now, please" — in summer 1971, touching off a general run on the dollar which forced a panic closing of the gold window. "We knew it was wrong to move the dollar off gold but we didn't know what the hell else to do," said a former Nixon Administration source recently.

What is proposed by Schmidt, Giscard, and the rest of

America's allies today, similar to the widely circulated U.S. Labor Party programs, is a "return to a gold exchange standard" as a highly placed Swiss banker collaborator of Schmidt's said recently, based on the dollar to which all other currencies would be pegged — but run in a Hamiltonian direction. That is, as the U.S. creates credit expansion for large-scale development programs in the East bloc and Third World, through the Export-Import Bank in cooperation with the commercial banking system, so will the rest of the industrially advanced OECD nations. Although the "number of dollars in the world" would thus obviously increase vastly faster than the "number of ounces of gold in Fort Knox," the U.S. will in aggregate go into a *massive trade surplus*, so that the need to settle trade imbalances in gold decreases — and the pressure on U.S. gold reserves approaches zero! No "devaluation" or adjustment of the dollar-gold rate need be made.

This is precisely the kind of system called for by Gaullist Michel Debre earlier this month, who urged the U.S. to support the dollar by going back to the kind of international development policies which made the dollar the world currency in the first place and made the gold link work since "the dollar was as good as gold, no, better than gold."

The European strategy to get from here to there was laid out clearly by a top German bank's gold trading desk commenting on the U.S. Treasury's April 20 decision to sell gold to support the dollar. First, the gold sales, which were demanded of President Carter by Schmidt and Giscard, will establish a "U.S.-West German-Swiss-Japanese swap relationship de facto among central banks to support the dollar," he asserted, since the European and Japanese governments intend to buy up the U.S. gold via their leading commercial banks. Next, the same governments intend to move the U.S. "toward a currency system including currencies pegged directly to gold," of the dollar-centerpiece variety.

British "Barbaric Relic"

The "gold is a barbaric relic" line circulated by the disciples of Lord Keynes and repeated by confused U.S. bankers scared half to death by the 1971 debacle, in fact, refers *properly* to the wrong sort of gold system, the so-called gold reserve standard in place under British Imperial domination of the world markets up until 1914. Unlike the gold exchange standard which can be run on Hamiltonian credit expansion, the gold reserve standard stipulates gold is the be-all and end-all of the monetary system. All currencies are valued in gold, gold coins themselves (sovereigns, Louis d'or, etc.) circulate as money, and credit expansion is strictly limited to the rate of gold mining — and the political control of the owners of the gold mine. Central banks are irrelevant in the last analysis, since gold circulates in the open market and payments are balanced à la Adam Smith — any *national policy* planning of credit for development becomes impossible, indeed forbidden.

The distinction between this and the Hamiltonian-Gaullist gold standard was defined clearly by François Donati in his eulogy of the late Jacques Rueff in *Les Echos*, April 25: Contrary to "distortions" of Rueff by Keynes and others, Jacques Rueff was not proposing a

sheer return to the pre-1914 gold (reserve) standard. He was demanding the institution of a system where gold would serve as a basis for international credits whose creation would be controlled (that is planned for development) to avoid inflation.

The End of the IMF

A major political attack on the International Monetary Fund is at the center of this new political motion for a "golden dollar" monetary system. The demands of the British government first announced by Prime Minister James Callaghan March 14 to the London Finance Houses Association for the "dethroning" of the dollar and its replacement as a world reserve by the SDR (publicized on this side of the Atlantic only by the U.S. Labor Party for the past month), surfaced openly this week on the front page of the *New York Journal of Commerce* as the IMF interim Committee prepares to meet in Mexico City April 29-30. "Britain Favors SDR Substitution Plans" ran the front-page headline.

But this British "flight forward" audacity may serve instead to doom the IMF itself, rather than the dollar. "Finance Minister in Mexico — Resistance Against the IMF Plans" ran the headline in today's *Die Welt*. Both the U.S. and West Germany reject "point blank" the SDR substitution account, reports journalist Horst Siebert. "It is juridically impossible to force a country to exchange its dollars for SDRs . . . The Germans think that the fund has enough liquidity, and they deny the need for another quota increase. The danger is that British Chancellor of the Exchequer Denis Healy will try to evade Chancellor Schmidt's demand to give equal attention to inflation and unemployment."

The *Journal of Commerce* reports similarly that the SDR substitution plan is "an April fool's joke" as does the April 24 edition of the Swiss newsletter *Investment Index*. It denounced "a top UK official's claim" that the SDR scheme would "allow the West's central bankers to unload their dollar reserves . . . to dethrone the dollar. . . . Naturally the Bundesbank . . . is not keen to help the City of London play. . . ."

Meanwhile the economic austerity policies of the IMF in general are under attack from member governments. Mexican President Lopez Portillo in La Paz April 24 denounced the "international financial institutions" such as the IMF whose policies threaten Mexico with "auto-cannibalization." The West German daily *Frankfurter Allgemeine Zeitung* the same day attacked the IMF for proposing "unworkable" measures in Peru which would lead to "social chaos" and "a debt moratorium nobody wants." In Egypt, the government initiated a purge of IMF-linked officials and there were rumors that Minister of Economy Kaissouny would resign and that Prime Minister Momdu Salem would be sacked because the public sector-linked faction of the Sadat government is opposed to their IMF austerity programs.

Les Echos, Paris financial daily, journalist François Danati's eulogy of Jacques Rueff:

His adversaries, starting with Maynard Keynes in 1929, often distorted his thoughts. Alfred Sauvy attacked him for wanting to "stop a flood with a cork" by

proposing to reestablish the gold standard. But Jacques Rueff was not proposing a sheer return to the pre-1914 gold standard. He was demanding the restoration of a system where gold would serve as a basis for international credit the creation of which would be controlled to avoid inflation.

The new economists who propose to cure our ills by generalizing the system of market economy, should rightly claim allegiance to Rueff because he was one of the first to demonstrate that the well being of the citizenry cannot be obtained by the different dirigist system of income redistribution which leads in fact to a result contrary to that sought. One of the images often used by Jacques Rueff is that of "the man jumping from the top of a skyscraper": as long as it lasts the fall can seem all the easier if he doesn't know exactly how far he has to fall but the encounter with the ground is unavoidable, unless one opens the parachute proposed by Rueff. Until the end of his life, he never stopped repeating that there was still time to avoid a catastrophe by applying the principles which allowed him to save the franc and restart economic expansion three times in 30 years.

Swiss Investment Index No. 15-16 April 24, 1978
'EEC Supports IMF Plan Swapping Dollar for SDR'

"Expressing concern at the dollar's instability and the atomic cloud of the footloose funds now wracking international money markets, a top UK official claimed here that the scheme would allow the West's central bankers to gradually unload their dollar reserve."

The above is a quote by western press in a report from Luxembourg of April 17. Was the "top UK official" Jenkins, the Fabian who is now doing his best to keep Europe an assortment of querulous dwarfs? In any case, he forgot to say on whom which central banks were going to unload their dollar "reserves" with which the high priests of the new economic order symbolized by bankers trust pyramid engineered the great plundering scheme devised in Bretton Woods in 1944.

Why is the British government so bent on the SDR scheme? Some suggest that it is the best ploy to dethrone the dollar and get back in on the parasitic scheme by administering the SDR from London. What better way than to capitalize on the growing difference between the U.S. establishment trying to uphold the "reserve" status of the dollar with the Arabs' support and its erstwhile allies in the Zionist camp? The condition sine qua non for reasserting London's former role is, of course, that the Bank of England get rid of its own 18 billions "reserves" in dollars. And what better way than to convert them into SDRs — the obligation of everyone and no one. Naturally the biggest holder in dollar "reserve" is not keen to help in the City of London ploy for fear of offending its U.S. "friends" while the Saudis, locked into the U.S. relationship for better and worse.... Hence the double-barreled attack last week, which mimicked the City's impressively engineered 1976 "comebacks" of the pound through a bull market in London....

Brits Want to Take the Gold and Dump the \$

The City of London financial press are unanimous in their hysteria at the announcement this week that the

U.S. is conducting gold sales to support the dollar. The Financial Times, for example, carried no less than four articles on April 21, the day after the U.S. announcement; each claimed that gold would somehow "replace" the dollar, and that Britain could control the gold market.

London Times, "Gold and the Fighting Retreat of the U.S. Dollar":

The . . . gold sales inevitably strengthen the position of gold and weaken the dollar . . . the gradual liquidation of the (U.S. gold) stockpile itself soon (will) begin to strengthen its price . . . People want to get out of a suspect currency . . . Every central bank holding dollars is now sitting on a loss . . . We are now near the end of the period of dollar predominance. Given . . . the lack of understanding in Washington . . . it is virtually inevitable that the dollar should cease to be acceptable as a reserve currency on the present scale . . . Gold is the better money in the present and offers better security for the future. If Washington challenges gold to a knockout fight, there is only one possible victor.

Financial Times, "The Americans Try to Kill the Golden Calf":

It is a gesture that the (gold) sales are most questionable. . . . actions intended to demonstrate determination (to support the dollar) can easily be read in the outside world as a sign of desperation . . . The difficulty is to restore confidence in a currency which has proved a loss-making holding, and a speculative flight into gold has been an apparent danger for some time . . . Not even American stocks — representing a little over a decade of mining output — are big enough to convert gold into "a commodity like any other."

Cold Shower for Witteveen

Journal of Commerce, New York, April 27:

Assistant Treasury Secretary Anthony Solomon has thrown cold water over a proposal by out-going Fund managing director, Johannes Witteveen, that a certain portion of official reserves be substituted for special drawing rights (SDRs). This proposal has the very active support of the British, who have had a long and painful experience with having their currency a reserve asset and the Belgians. it is most likely to die of neglect.

The proposal does have some support on Wall Street. Henry Fowler, Chairman of Goldman Sachs International Corp. and a former Secretary of the Treasury, says emphatically that he favors a substitution account. "Any time is the right time to consider it," he states in answer to present Treasury officials, who feel it would be better to see how the present system works first.

The amended articles to the Fund, conceived in Jamaica in January, 1976, have just gone into force. They dethroned gold and established SDRs as the "numeraire" of the monetary system.

If the whole procedure isn't to become an April Fool's joke, a lot more will have to be done to make the SDR an attractive asset to hold. Mr. Fowler would like to see

holders of SDRs get the same rate of interest they get on their dollars. He also favors a "token" new issue of SDRs to affirm the asset's place as the centerpiece of the monetary system.

The investment banker, who is known as the "grandfather of the SDR" believes it is time to reconsider the additional reforms — such as the substitution account — that were set aside after the quadrupling of oil prices in the autumn of 1973.

The British and SDRs

Journal of Commerce, New York, April 27:

Proposals to substitute Special Drawing Rights for official dollar holdings in order to take some of the

pressure off the U.S. currency are viewed as promising by the British government which will be pressing for a study of such a scheme at this weekend's International Monetary Fund meeting in Mexico.

Chancellor of the Exchequer Denis Healey, who is this year's chairman of the Fund's Interim Committee, will also be urging further consideration of the U.K. five-point plan to revive the world economy.

British Prime Minister James Callaghan believes that the five key areas are growth, energy, trade, aid and long-term investment, and greater currency stability. In recent meetings with other world leaders, including President Carter and West German Chancellor Helmut Schmidt, Mr. Callaghan has emphasized the need to make progress on these five fronts. . . .

In Memoriam: Jacques Rueff

On learning of the death on April 24 of Jacques Rueff, who at the time of his death was serving on the advisory board of the Bank of France and Bank of Japan, U.S. Labor Party Chairman Lyndon H. LaRouche issued the following release on April 25 from Wiesbaden, West Germany.

Yesterday morning French sources informed me of the death of my acquaintance and valued ally, Jacques Rueff. Let our unborn posterity tremble at that saddening report.

Although I met M. Rueff only once, during a meeting in his office two years ago, there is an aspect of his life and work in respect to which we confirmed our profound agreement during that meeting. We agreed on the nature and present danger of neo-Schachtian fascist "fiscal austerity" and on the needed steps to prevent this fascist holocaust from being imposed upon the world. Since that meeting, our efforts have been parallel, and necessarily intersecting in that dedication to a common purpose.

In the nature of things, there is an aspect of M. Rueff's long and magnificent life of which I am specially qualified and obliged to speak — for the benefit of the living.

In the course of my work, I have taken the measure of the morality and intellect of most of those contemporary statesmen, bankers, industrialists and others who, in the main, determine the policies of nations and fate of peoples. Some are evil, some are useful, some are capable of becoming far better than they are. Most, at best, are mere Lilliputans. They are short-sighted, confusing the misrepresented appearance of the short-term for the true consequences of policy action. They are so pathetically susceptible to accredited gossip planted in influential circles, so easily swayed by mere opinion, that one must fairly describe them as miserably superstitious in the manner of their judgments.

As if to underline this point, during the same hours I received word of M. Rueff's passing, my financial intelligence informed me of a fresh outbreak of lemming-

like lunacy among a broad selection of statesmen, central bankers and others. Once again, the superstitious Lilliputans have panicked on the basis of a mere rumor planted in influential channels for this very purpose.

Among the Lilliputans, M. Rueff was one of the few Pantagruellian giants, a true hero in the 16th century sense of Henry of Navarre and of Christopher Marlowe. Like his friend, Charles de Gaulle, M. Rueff was a shepherd caring for his sheep. In this respect, it is not necessary for me that I agree or disagree with each facet of Jacques Rueff's or Charles de Gaulle's perceptions and policies. Giants, too, may err, but remain giants among Lilliputans nonetheless.

Unlike the Lilliputans, Charles de Gaulle and Jacques Rueff accepted world-historical responsibility for the consequences of their own acts and acts of omission. They were continuers of the best current flowing through France's Louis XI, Henri IV, Richelieu, Mazarin, Colbert, Descartes, Vergennes, Turgot.

I do not eulogize. I state hard fact. Without such giants, each nation stands in peril in each fresh crisis. Today, the peril is the danger that the Lilliputans, enamored either of Keynesian Lunacy or Schachtian "fiscal austerity" will bring about a global, or nearly-global neo-Schachtian order. The "fiscal austerity" policies of the U.S.'s Federal Reserve Chairman Miller and the related neo-Schachtian policies of the IMF, the World Bank and the "Brandt Commission" are all of one piece and share common hideous, economic-genocidal consequences in this respect. It was the perception of this danger which was perhaps the outstanding achievement of Jacques Rueff during the most recent years of his work as a political economist.

This he defined clearly during our meeting. This conception he pursued most significantly and effectively during the past years of his work. Without the contributing effort of this hero the world's peril is increased: Let our unborn posterity rightly tremble for reason of this fact.

Book Review Part I

'A Tool Of Power: The Political History Of Money'

A Tool of Power: The Political History of Money

by William Wisely
John Wiley and Sons, New York, 1977.

by David Goldman
USLP Director of Financial Intelligence

At least twice in human history, the question of whether the United States and France could create a humanist alliance has settled all other interesting questions of world policy. The first time, precisely two hundred years ago, came to failure, as the French and Americans jointly failed to create the international credit facilities in time to finance Europe-American development which could have ended British monetarism forever. France paid for that stupidity with a century of relative backwardness, and America lost hold of the levers with which to replace the rotten European oligarchy with American-model humanist republics.

Two centuries later the stakes are incalculably higher: French-American diplomacy is the key to a positive world leadership role for the United States, a world development approach including security arrangements mutually agreeable to the Soviet Union. Otherwise 5,000 years of human civilization will be burned in thermonuclear war. France, as U.S. Labor Party Chairman Lyndon H. LaRouche told a European Labor Party Congress last month, is the one political subdivision of Europe that can think and act as a *nation*, and effectively pursue national-interest objectives in agreement with other nations.

Royal Institute of International Affairs member and RAND Corporation veteran William Wisely has done an inadvertent service to muddled strivers after American national interest. Like Mephistopheles, he lies incessantly, in particular that French leaders since Sully and Colbert are obsessive bullionists and spoilers in world politics, the wreckers of the world monetary system since World War II. In fact, even his book provides sufficient evidence in passing to prove that Britain bears the built for every shady maneuver against the U.S. dollar since the end of the last world war. But also like Mephistopheles, his jibes contain some unpleasant truths.

His one truth is that American world policy after World War II was a cumulative disaster *only* because of an idea. The idea was the British model of world empire, which, Wisely sneers, Winston Churchill and British Foreign Office chief Lord Strang sold to the stupid Americans under the rubric, "Pax Americana." Operating according to British imperial model —

Wisely documents — the United States followed Britain's lead into a cold war that defeated everyone's interest except Britain's, and fell into Britain's trap of making the dollar a *rentier* currency like the pound before it. Britain, and its spokesman Wisely, could sit back and snicker at the French-American monetary and other policy brawls of the 1960s, all the while knowing that America was on the path to disintegration that Britain had followed before her, and that the collapse of sterling only broke the earth for the burial of the dollar.

The knowledge that a slow poison of British devising was at work in the veins of the international monetary system only incited the British to more dirty operations against the weakening American giant: Lord Keynes's wrecking of the 1944 Bretton Woods negotiations for a new world monetary system, postwar sabotage of American-Soviet entente, the overvaluation of the dollar in 1949, the financial bailout of Britain after the 1956 Suez escapade, the first attacks on America's gold stocks in 1958, and the first proposals to replace the dollar with a "supranational currency" as early as 1960. All these events Wisely reports, though it is significant to see where he covers up: the most transparent deception is his account of the events leading up to the dollar's suspension from gold convertibility on Aug. 15, 1971, which he blames on the French:

... on Wednesday, August 4, President Georges Pompidou decided that the time had come to repay a grudge . . . Pompidou issued orders that introduced the most rigorous exchange controls, to prevent the sale of francs for dollars. That circular from the Bank of France caused bewildered consternation among Parisian bankers and exchange dealers, until they learned Pompidou's purpose (i.e. to collapse the dollar — DG). Then speculation in gold and dollars was excited, not calmed . . . Later Minister Giscard (now French President — DG) would try, with conspicuous lack of success, to persuade the public that: 'It would have been absurd to have precipitated a world monetary crisis.' "

Wisely ascribes France's efforts to *stabilize* the markets to a hidden desire to wreck the dollar! Every other author, including unblushing Anglophiles, reports what the President and Cabinet really discussed at Camp David on the eve of the dollar's bankruptcy on Aug. 15: a *British* demand for immediate payment of \$2 billion in gold from America's shrinking hoard.

Wisely cannot bear to report that simple fact, for all else he reveals about British operations, because doing so would point towards the secret he holds back from the reader: no matter how pig-headedly committed to British ideology American leaders were, American impulses towards actual national-interest policy never

gave out. Continuously, Britain had to "correct" these impulses through outright dirty operations, breaking its public-relations image as America's "junior partner." Although France too often fell into Britain's "anti-American" trap, General de Gaulle was too great a statesman to forget that France's overriding national interest centered on America. Contrary to the usual version, reiterated in the present book, that de Gaulle's "European unity" efforts were a scurrilous plot against American leadership, the epitome of De Gaulle's European policy — the 1963 Friendship Treaty with Konrad Adenauer's German Federal Republic — was undertaken with the enthusiastic support of the American State Department. London sold us a bad dream, and proceeded to hit us on the head at frequent intervals to prevent our waking up.

In this spirit, Wiseley's book purports to be a history of money reaching back 5,000 years, where it really is a history of the Bretton Woods monetary system, written to inculcate Mephisto's view that "All that arises only deserves to go to ground." The fake objectivity of the "long view" is for the sheep. But the falsehoods by context and by fact are less interesting for our purposes than the truth: that American world policy floundered after World War II because Americans employed British *thinking*. Since Americans who have undergone the tutelage of Bacon, Locke, Mill, and Russell don't believe that thinking has much to do with their actions, Wiseley's book is not likely to have much circulation in the United States, for the most ironic of all reasons! Except that it would deny the author royalties, it's too bad. It would be a useful exercise in Platonic dialogue for American policymakers to sit down and subject themselves to Dr. Wiseley's revealing contempt. Let them look over the shoulder, so to speak, of the Royal Institute of International Affairs, while it ridicules them for taking British advice and aping the Paz Britannica! Again, *A Tool of Power* is not written for the sheep to understand; but if some of the sheep read it from the right vantage point, they might stop bleating.

Why, despite upwards of \$50 billion of postwar

expenditures, did the United States find its economy and the dollar slipping by 1958? Most Americans still recite nursery rhymes about the "business cycle," including former Federal Reserve Chairman Burns and the Federal Reserve staff. But the RIIA and its tool, Dr. Wiseley, don't believe in such myths circulated for the benefit of the credulous, any more than trade war specialist Adam Smith believed in "Free Trade." These events in the economic sphere occurred, the RIIA says plainly, because Britain persuaded the United States to enter a Cold War against its best national interests. Secondly, they occurred because the U.S. adopted a rentier, or financial investment, approach to European recovery, not a capital-goods export approach.

Who is responsible for this? Wiseley brags that Churchill and the Kissinger circuit sold that package to the dumb Americans, as this publication has also argued. In his words:

Since 1949 the British Foreign Office had been ruled by Lord Strang. As Permanent Under Secretary he had persuaded himself that British power could be perpetuated by maintaining appearances long after the realities had departed. Strang and the Foreign Secretaries for whom he served as "eyes and ears" shared the belief that their unique inheritance, centuries of experience with Europe and its colonies overseas, had somehow endowed them with a wisdom the United States would respect. In their schemes for the future, British leaders would provide the tutelage and policy guidance, while Americans would pay the costs in men and money to defend Western Europe and its empires. Persuasively Winston Churchill and Lord Strang had proclaimed that it was the "responsibility" of the United States to provide a "Pax Americana" for the 20th century.

Who, on the "American" side, carried out these orders, and perverted the Marshall Plan, which was to be the agency of European reconstruction, into an agency of Cold War?

Miller's 'Fiscal Conservatism' Ruse Will Cause A Crash

At this point, Federal Reserve Board Chairman, George William Miller's "fiscal conservatism" is not merely a ruse to gull credulous businessmen. It will

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produce a fullscale, 1929-style collapse of the current New York bull market, which has been produced by a combination of European determination to stabilize the dollar and London's desire to create a bull market that

can then be collapsed.

In testimony to the Senate Banking Committee on April 25, Miller said the Fed would "show the world we are acting with discipline" in crunching the money supply, driving up interest rates and postponing tax reductions. Miller used the White House "anti-inflation" push to declare that the Fed "will play its part" in the president's program, by "leaning against" the rising money supply.

The Miller "anti-inflation" maneuvering could not come at a more dangerous time for the U.S. economy. The corporate sector is moving from an excess liquidity

position to a shortage of liquidity, while inventories have dropped to historic lows. Corporate loan demand is currently rising at a 30 percent yearly rate and capital formation is extremely thin.

Thus the Miller austerity plans for the U.S. economy can only mean collapse of the bull market, and recession. This was made absolutely clear by London's Our Crowd New York banking spokesman, Leonard Silk in his April 27 New York Times column, "Will Credit-Tightening Lead to Recession?" "An unwritten law of politics and central banking is never to forecast recession and never to admit that policy is designed to induce one. . . . The Fed, which G. William Miller, its chairman, says is just beginning its fight against inflation, could readily cause a recession this year if it continues to push up interest rates."

Silk concludes that this policy, "would be likely to bring on a credit crunch and the recession *that only Wall Street wants.*" Silk is using "Wall Street" as a surrogate reference to his own designs.

This list of "fiscal conservative" dupes, financial and business spokesmen who have bellowed about the danger of inflation and have sung praises of Miller's austerity wrecking of the economy is, unfortunately, large.

Paul McCracken, Nixon's Council of Economic Advisor's head, dismissed Robert Strauss' "jawboning" approach and praised Miller's tough policies in a *Wall Street Journal* editorial feature. More, McCracken slammed Carter for not having initiated the austerity crackdown.

The next day the *Journal* reported that Miller "is not only delivering sermons worthy of his predecessor, but actually boosting short term interest rate targets to curb monetary expansion. . . . Maybe someone should start a rumor that controlling inflation is bullish."

That rumor had indeed already been circulated — in the Sunday April 23 *London Times* by Lehman Brothers, Kuhn Loeb 7 Company partner, Lewis Blucksman. Glucksman commended Miller for "making all the right noises" about inflation and called the stock market boom a "Strauss-Miller rally," adding, "I think Carter has finally gotten away from his Georgia cronies . . ."

With encomiums to Miller came the inflation scare stories. Alfred L. Malabre, Jr. in the April 24 *Wall Street Journal* laments piteously that "Whatever does develop, the overriding fact is that the recent, distressing pattern of inflation in America grows still more distressing when one reviews patterns elsewhere."

April 26 readers were treated to a "Taking Off Again" column in the *Wall Street Journal* and a front-page "Gloom Over Inflation is Spreading" dirge in the *Journal of Commerce* by Christopher Elias. The *Journal of Commerce* reported with similar fatalism, "Price Increases by Auto, Steel Firms 'Unavoidable'".

Miller can get away with this because financial and industry layers are acting stupidly, and because Administration officials who know better are propitiating the "anti-inflation" line originated by the

British financial press. The most striking example of this was Robert S. Strauss's April 26 speech to the Columbia Graduate School of Business where he said the Administration is "asking each American to insure he make some contribution to lowering inflation rates this year." Speaking directly to assembled corporate executives, he said, "you are in a position to make meaningful sacrifices in your own compensation and we expect it of you . . ."

The Miller-Blumenthal-Schlesinger forces are using the \$1 billion drop in the U.S. trade deficit in March to bolster their argument that "restraint" is working. In fact a cheaper dollar has produced an increase in exports — up nearly 10 percent in the month — but only to 1977 levels. As early as the first of this year, certain Arab orders were shifted from Europe to the U.S. to take advantage of a cheaper U.S. dollar. But that is merely re-carving the shrinking world-trade pie rather than establishing the actual basis for U.S. industrial expansion.

Westinghouse Electric chairman Robert E. Kirby told his corporation's annual meeting this week the truth of the matter: the Carter Administration policies — the Miller-Blumenthal tax reform policies — are aggravating inflation. "Rather than fostering exports to aid in our balance of payments, the Administration has devised a whole new set of taxes and restrictions that would substantially increase the costs and reduce the competitiveness of American companies operating overseas," he charged. One of the few corporate leaders to speak out, Kirby demanded measures to stimulate productivity and new investment.

The nearest thing the financial press could come to such a program was the *Wall Street Journal's* praise for Representative William Steiger's (R-Wisc.) proposal for cutting investment tax credits back to pre-1968 levels. Yet while the *Wall Street Journal* labelled this "an important intellectual and financial breakthrough" there is no mention of what the capital funds should be used for.

Meanwhile West German Chancellor Schmidt has found the means for massive trade expansion. Two days after the West Germans announced a 40 billion deutsche-mark (\$20 billion) nuclear power deal with the Iranians, a 4 billion deutschemark trade deal with Yugoslavia, and other deals, Chancellor Schmidt announced in a press conference on Wednesday that West Germany and the USSR would "negotiate a trade deal that would last through the century".

With all the world showing an unprecedentedly commitment to expanding trade, and pinning down the concretes in a myriad of deals and political overtures. Why can't U.S. business and financial lenders make a similar intellectual breakthrough and realize that the only barrier to U.S. participation is the Miller-led austerity wrecking operation? or will the sop of higher interest rates for certificates of deposit and passbook deposits immobilize the New York financial community?

Third World Industrialization, Advanced Sector Exports

A Program For Colombia, Venezuela And The Caribbean

The following draft of a regional industrialization program for the northern tier of South America and the Caribbean is now being circulated in Colombia by the Andean Labor Party, cothinker organization to the U.S. and European Labor Parties, and forms a part of that Colombia-based party's political platform.

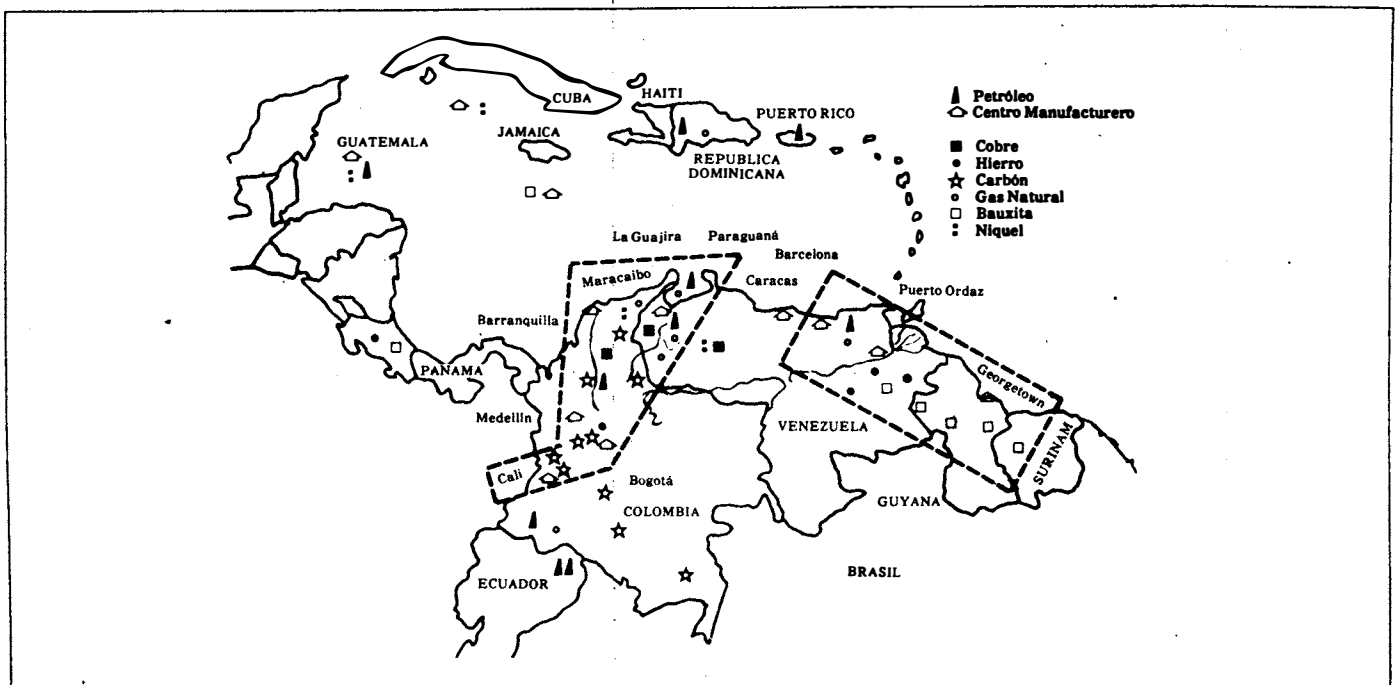
Our publication here of the Andean Labor Party platform is intended to provide prodevelopment forces in the U.S. and other advanced sector nations with a concrete picture of the opportunities for high-technology capital goods exports and expanded trade with this part of Latin America, opportunities that will be available once the world political climate is properly shaped to permit such southern hemisphere development projects.

A bare minimum of \$40 billion in capital goods alone will be required during the first five years of this regional industrialization plan. This does not include the vastly expanded requirements for imports of food and agricultural technology, and other emergency interim imports that the successful carrying out of this plan would presuppose. Taking these into account, the region's increased import demands will be on the order of \$10 billion per year — and growing. This is a market potential which no growth-oriented industrial, government or labor leader in the advanced sector can afford to ignore.

I. The Program

The purpose of the Regional Industrialization Program proposal of the Andean Labor Party (PLAN) that follows here is to make the region once known as Gran Colombia — today, the nations of Colombia, Ecuador, Venezuela, Guyana, and Surinam — and the neighboring Caribbean Islands into a modern, integrated industrial zone, enjoying a cultural and material standard of living equal to or better than that now experienced in advanced sector nations.

The Gran Colombia-Caribbean region has enormous reserves of bauxite, iron ore, coal, and oil, and a vast hydroelectric energy potential that suit it to become one of the world's major metallurgical and petrochemical production centers. Nearly one-third of the area's 20.5 million-man workforce is located within the political boundaries of Colombia. This population lives on top of the 12th largest reserve of coal in the world and on, or conveniently near to, massive iron ore resources. These circumstances dictate that the western industrial corridor (see map), including all the major cities of Colombia, focus industrialization efforts on steel production and related downstream industries, while the eastern corridor concentrates on aluminum products.



Plastics and petrochemical production will be distributed throughout the area, as is the supply of crude oil.

Within five years, the western corridor can and must move from its pitiful current crude steel output of 400,000 tons to at least a 14-million ton capacity, coming out of two large, modern and fully automated 7-million-ton plants, together employing 35,000 workers. The skilled and semiskilled blue-collar workforce must grow by at least 20 percent per year, permitting an overall national economic growth rate of 25 to 30 percent. In Colombia alone, 1.5 million new family housing units must be built to accommodate this new workforce, with an ongoing housing construction capacity of 1 million family units per year, or an equivalent mix of housing and other types of construction. To reach an advanced sector level of electrical generation capacity of approximately 1 gigawatt per 1 million population (Colombia now has about one-seventh of that) will require an energy growth rate of 40 percent per year, carried out over five years and focusing on nuclear energy sources.

The most difficult problem in achieving these ambitious goals is how to create a skilled labor force rapidly enough to carry out the program.

II. A National Industrial Development Bank

The basis for financing an industrialization program of this scope is the concept of a national bank, precisely as that concept was first elaborated 200 years ago by United States Treasury Secretary Alexander Hamilton in the fledgling years of the American Republic. It is fitting that the ideas of Hamilton, who was born and raised in the British West Indies and became one of the most distinguished native sons of the Caribbean, should finally contribute to the industrialization of this region.

A Colombian national bank chartered on Hamiltonian principles will serve to concentrate the nation's available capital surplus for investment on a scale that private enterprise cannot hope to accomplish on its own.

The credit and loan policy of such a bank will be directed to provision of direct credit for the expansion and improvement of the nation's industrial, agricultural, scientific, technological, and infrastructural resources.

The bank will have a policy of cheap and plentiful credit for capital-intensive industrialization projects and related investment in efficient food production and provision of necessary social services. But no credit for slave-labor "employment creating" schemes of the sort typified by the current Colombian National Development Plan — no credit for speculation. Credits for genuine industrialization projects shall bear interest at 2 percent to cover the bank's administrative expenses.

Between Colombia and Venezuela, there is now a positive foreign reserve balance of over \$10 billion. These funds are more than sufficient to form the seed capital for either an integrated regional development bank, or of separate national development banks capable of generating the required initial financing for industrialization. As the last section of this program elaborates, roughly \$40 billion over five years will be required to cover the basic direct capital costs of industrialization.

The \$10 billion in combined Colombia-Venezuela reserves is properly viewed as the *seed capital* for financing the industrialization effort. The national bank would invite additional investment from private capital sources.

The prevailing view among economists that Colombia's coffee bonanza has been at best a mixed blessing is true only if the country fails to seize on the fortunate circumstance of a \$1.8 billion foreign reserve, to form a national industrial development bank, or a regional entity jointly with Venezuela.

The other principal source of long-term development financing should arise from a healthy competition among advanced sector development banks such as the U.S. Eximbank and its counterparts in West Germany, Japan, and the Soviet Union.

III. The Three-Stage Development Plan

Once such a bank is established, the region will be in a position to purchase masses of high-technology capital goods and other essential imports from the advanced sector. How will they be used, where, and by whom?

The answer can be found only by starting from a conception of how the region must look at some future point, say 10 years from now, and from there work backwards to what is necessary at each previous stage and what problems must be solved to get there.

We will look primarily at the western industrial corridor which includes the major industrial cities of Colombia (Bogota, Cali, Medellin, and Barranquilla) as well as the Maracaibo region of Venezuela. This is the part of the region where large-scale steel production, and the metalworking and metal machinery industries downstream of the steel process must be given the most emphasis. It will require a working class that is well-fed, housed, and clothed. More highways, railroads and ports to move the raw material and finished goods will be needed and vastly more electrical energy both for industry and household consumption.

Housing and Skill Levels

Accomplishing these goals will require the development of a large, skilled workforce, which does not now exist. The workers and potential workers are there among the population of nearly 25 million, but the high skill-levels are lacking. Education and on-the-job training with foreign skilled workers and a cadre force of the most developed native workers will be necessary. But still more is needed. By the 10th year, nearly 50 percent of the workforce must have developed into a modern blue-collar workforce approximating skill levels of a more developed country. Without this, none of the other goals can be achieved.

For modern labor to be productive over the long term, and to be capable of reproducing and enlarging its skill levels in the next generation, it must not only learn the work routines, but also enjoy a material standard of living allowing sufficient recreational and cultural leisure-time activities to truly become human. What is the difference between two production-line autoworkers of approximately equal skills, one living in Brazil and the other in Detroit? Their time spent on the job may look

very much the same, but off the job it is different. The U.S. auto worker is able to buy much more with his wages, the largest component being decent housing. The difference between our plan and the type of industrialization that is exemplified by Brazil, and to a lesser extent Mexico City, is, in large measure, the sums of labor and capital projected to be spent on maintenance of the human labor force in this broader sense.

How Many Workers?

Housing will be the largest single item that must be produced. Because of its size, it is quite expensive to import large quantities of ready-built housing and it is therefore best built domestically.

To build long-lasting high quality apartment housing units, providing a minimum of 25 square meters per person, 16 tons of cement and 8.5 tons of steel are required for each unit that is expected to house a four-person family. For wood housing of equivalent space, about 600 square meters of plywood per house is needed. In addition, one experienced construction worker and one semiskilled factory worker producing the materials are needed for every two housing units.

But on this basis, building 750,000 housing units a year in Colombia would exhaust virtually the entire supply of skilled labor in the country, leaving no one to work in any other activity. The materials requirements would amount to 16 times the country's current output of steel, or hundreds of times the current plywood production.

The most efficient way to get the housing built in this region will be to build the required steel and cement plants as rapidly as possible, and then make use of the output of these plants to supply the housing construction industry with its raw materials.

Using the modularized techniques practiced in the U.S., a modern cement plant can be constructed in less than six months. Large steel plants, however, will require three to four years to complete in Colombia, even using the most advanced Japanese engineering techniques. After three years, a little over half of full production could be accomplished, and full production only after four. Planning, then, on two steel plants of 7 million tons capacity each, the program projects roughly 8 million tons total steel capacity coming on line by the start of the fourth year of the plan. By dedicating the majority of this fourth-year steel output to housing construction, it would become possible to begin a housing boom in the fourth year, building at a rate of 750,000 family units per year, thus providing housing for 3 million people within one year.

But this still leaves open the question of who will build them. Using modern conventional building methods, more than 300,000 skilled construction workers would be needed. But Colombia has only 250,000 construction workers now, and of these, perhaps one worker in 10 or 20 has developed the skills needed.

The solution is twofold. The skill levels of the construction workforce must be raised as rapidly as possible. But, since we are talking about a workforce made up in large part of workers with barely a grade school education and lacking experience in advanced construction techniques, it won't be possible within three years to bring them up to the levels required.

Therefore, the second measure will be to make use of

modular construction techniques of the type used on a large scale in the Soviet Union and proven suitable for local conditions by the example of Cuba. In the USSR and at some sites in Cuba, complete reinforced concrete units roughly 6 meters by 12 meters in size, are put together in a factory, and much of the interior work installed before delivery. These "building blocks" are trucked to the construction site, stacked on top of each other and welded together to form complete structures. By use of modular construction methods, the productivity of the construction workforce is magnified 25 times.

Thus, 12 to 15 thousand highly skilled construction workers backed up by 60 to 75 thousand "housing factory" workers, about 15,000 steelworkers, 12,000 cement plant workers, and an array of other supply industries, truckers, and administrative personnel, can build enough housing for 3 million people in one year.

Before the Housing Boom

The most important activities of the first three years of the program — before there is enough steel for large-scale housing construction — will be, again, construction. Among the required projects will be: two huge, fully integrated, 7-million-ton-capacity steel plants, a dozen cement plants of half million ton or greater capacity, four or five large modular housing plants, and all the highways, railroads, port facilities and other infrastructure that will be required to move the raw materials and finished products of the new industries. In addition, construction will have to begin on a vastly increased electrical production and distribution grid, and as much emergency housing as possible.

In all this activity, it will be necessary to use the most advanced equipment and techniques available, both to get the job done fast and to provide training in the modern construction skills the workforce will need *in later stages of the program*. As many foreign skilled construction workers as possible must be encouraged to come to the country to provide on-the-job training. At the same time, nearly the whole workforce must be engaged part-time in educational activity, while cadre groups of workers will undergo specialized training in particular fields.

Where Will The Workers Come From?

Only 22 percent of Colombia's total workforce is made up of blue collar industrial, construction and transportation workers. The same proportions hold true for the rest of the region. Of this amount, only at most 300,000 (less than five percent) can be considered skilled or semi-skilled workers who have achieved at least a tenth-grade education or its equivalent, and some familiarity with modern industry.

To supply the hundreds of thousands of skilled workers which the new industry will require, will be a race with time.

In our favor is the reasonably high literacy rate of 78 percent in Colombia, and the fact that its workforce as a whole is urbanized, highly politically conscious, and holds education in great esteem. These are factors which contribute to the workforce's ability to absorb new skills quickly. The program projects a 20 percent annual growth rate for the skilled and semiskilled section of the workforce, increasing to 25 percent annually after five

Three-Staged Development Plan For Colombia

	FIRST STAGE				SECOND STAGE		THIRD STAGE				
	Yr. 0	Yr. 1	Yr. 2	Yr. 3	Yr. 4	Yr. 5	Yr. 6	Yr. 7	Yr. 8	Yr. 9	Yr. 10
Steel Production (millions of tons)	0.4	0.5	0.6	0.8	8.8	14.8	15.0	17.8	27.8	37.8	44.0
	Integrated Mill Construction				Mills Completed		New Mill Construction		Mills Completed		
Cement (millions of tons)	5.5	7.3	9.7	12.9	17.2	22.9	27.5	32.9	39.6	47.5	57.0
	33% Annual Growth						20% Annual Growth				
Housing (1,000's of family units)	50	60	72	86	750	750	750	750	750	750	750
	Modular Housing Plant Construction				Modular Housing Construction						
Electricity Generation (1 gigawatt—1,000 Mw)	3.94	4.17	5.11	5.47	5.85	6.44	9.01	12.62	17.67	24.73	34.63
							40% Annual Growth				
Autos, Tractors (1,000's of units)	29.5	35.4	42.5	51.0	61.2	250	350	450	540	648	778
	Plant Construction						20% Annual Growth				
Skilled and Semi-skilled Workforce (millions)	0.3	0.36	0.43	0.52	0.62	0.75	0.94	1.17	1.46	1.83	2.29
	20% Annual Growth						25% Annual Growth				

years, when it is anticipated that the effects of the housing construction and other social measures will first begin to be realized in a qualitatively improved population.

New skilled and semiskilled workers are added to the workforce gradually — 60,000 the first year, 70,000 the second year, and 86,000 the third (see chart). This is not the number of new jobs created — there will be far more — but represents the more critical *rate at which new skills have to be absorbed*. These more skilled workers will both come up from the ranks of the already existing workforce, and from the many already educated but unemployed layers, and new graduates from high schools.

Among the unemployed in the seven largest cities, there are 126,000 who have had some level of secondary education. Some of these will rapidly be able to become skilled workers along with many of the 150,000 students now in high school.

IV. Energy and Industry

Nuclear power must make up at least one-third of the 30 gigawatts of installed electrical generating capacity to be constructed in the western corridor during the first 10 years of industrialization. For inland cities such as Bogota, which will be the site of massive industrial growth, the Nuplex concept will be applied.

A nuplex is a fully integrated, modern, residential-industrial complex which is built right around a large nuclear generating plant — the safest and cleanest of all

power systems. With a nuplex, the high cost of transmitting energy from distant hydroelectric sources is avoided, and there is absolutely no air pollution.

For the Caribbean Islands, which lack indigenous energy supplies, the solution will be the installation of one-gigawatt offshore floating nuclear plants of the sort contracted by the New Jersey Public Utilities Commission. Floating plants will also be able to supply energy for mainland port cities in the region, and even near-ports such as Cali. The mass production of such plants in the advanced sector must be a part of the worldwide fight for a high-technology export program.

The Transitional Source

As Table I shows, at current inflated costs for fossil fuels, nuclear light-water reactor systems are the cheapest means of producing a kilowatt of energy. When the inflated cost of fossil fuels is taken into account, the prices of power systems based on oil, coal, and nuclear fission power become approximately equal. In the Colombia-Venezuela region, where oil and coal are abundant, much of the electricity should be generated by these means. Hydroelectric power, which is frequently cheaper than any of the above methods, should also continue to be exploited.

It would be entirely wrong, however, to ignore nuclear power systems simply because this region has a good supply of oil and coal. The other crucial factor to consider is the transition to the next stage of power generation. Fossil fuels, after all, are finite and have important uses besides energy generation. Although exhaustion of fossil fuels would not become a problem

before the next century even at the high rates of energy generation required for a worldwide industrialization effort, new vastly more efficient energy generation methods are already on the horizon. By the year 1990, commercially available controlled thermonuclear reaction (fusion) systems should begin to replace

Table I
Comparison of Costs of
Delivered Electric Power
 (U.S.\$.001/kwh)

Energy Source	Cost at	
	Cost at 1975 Fuel Prices	Non-inflated Fuel Prices
Oil.....	45.7	25.1
Coal.....	31.7	24.2
Coal Gas.....	55.7	24.2
Coal Liquid.....	58.8	46.3
Light Water Reactor.....	28.5	27.8
Light Metal Fast Breeder Reactor.....	33.9	33.7

Source: Burns and Roe Study, cited in *Campaigner Special Report No. 7. "Nuclear Power. Core of U.S. and World Energy Policy"*

present systems. Fusion will not only provide unlimited energy using processed seawater as its fuel, but will allow for new materials processing technologies (e.g., the "fusion torch") which will eliminate all resource shortages for the foreseeable future.

By the time fusion systems become available, the region must have developed a core of scientists, engineers, and skilled workers who will be able to manage them. The best "training program" for such a skilled workforce is experience with current state-of-the-art nuclear fission systems, which will soon evolve into hybrid fission-fusion systems, then to full fusion. If nuclear power is not introduced now, the region would begin to fall behind the rest of the world in the 1990s, and fall back again into relative "Third World" status by the 21st century.

Energy and Steel

The keystone of the Stage One construction plans are the two modern steel plants, one to be located just outside the city of Bogota, the other in Maracaibo, Venezuela, which the program considers as integrally a part of the western industrial corridor. The Bogota location is ideal for steel production because the factors of production — raw materials, labor force, a transportation network — as well as much of the final demand are all concentrated here. Coking coal, the bulkiest raw material for steel, is conveniently located within 75 kilometers of the city, at Zipaquirá. Major iron ore deposits surround the Paz del Rio complex to the north of the city, which is already connected by the Bogota-Belencito spur of the Ferrocarril Atlántico.

To handle the increase of traffic, this railroad must be upgraded and an extension built into the Zipaquirá coal region.

The Japanese engineering firms which have the most advanced methods for steel plant construction in the world must be brought into the planning of Colombia-Venezuela steel plants from the very first day.

Ironically, Japanese steel companies, which must import all of their coal, have already looked into the Zipaquirá deposits as a possible source for their own industry. How much more sensible to use Japanese steel technology to build a plant right outside of Bogota, where the coal and iron ore are nearby!

The second major steel plant will be located in Maracaibo, Venezuela, a city of under one million population that will also see considerable growth in petrochemical processing industries. To fill in the labor shortage created when these plants open, the border will be opened to encourage immigration of skilled and potentially skilled workers.

Five hundred million tons of coking coal (enough to supply a 7-million-ton plant using the new Jordan steel process for 140 years), are located near Cucuta, Colombia, only 300 kilometers from Maracaibo. With suitable transport capabilities for the coke, possibly by way of the Zulia River down to Maracaibo, this will be an ideal location, and has already been studied by the Venezuelan government. Iron ore will come in by ship from eastern Venezuela's huge deposits of 2,500 million tons of some of the richest and most easily mined ore in the world.

This will be one major aspect of the concrete realization of Colombian-Venezuelan integration advocated by key industrial figures and recently given eloquent expression by Venezuelan President Carlos Andres Perez (CAP) in an interview with Colombian radio. Said CAP: "... for me, the main problem in my country is to identify itself fully with Colombia; to eliminate all the circumstances which could become pretexts for differences between Colombia and Venezuela; because there is one inexorable reality; either we unite and accomplish the integration, or we will remain underdeveloped countries."

The Energy Bottleneck

Location of one of the two steel plants in Venezuela and integration of the Colombo-Venezuela border is absolutely essential from one last standpoint — energy supply. Production of 7 million tons of crude steel requires nearly half a gigawatt of electricity. If half of this steel is going to be fabricated, that requires nearly one gigawatt more of electricity. A look at the three-staged chart shows that by Year 5, when the first two major steel mills are completed, Colombia will have no electric power to spare.

This is not the result of any real "energy shortage" in the region. Colombia has 90 gigawatts of potential from hydroelectric sources alone. Nearly half the country is made up of potentially oil-bearing sedimentary formations, although exploratory drilling has been restricted to insignificant levels. New deposits of uranium ore are being charted at this moment, and coal is ubiquitous.

The only real energy problem is the no-growth policy imposed on the country by the World Bank, and far too complacently accepted by responsible officials. Basing their projections on so-called "demand curves," energy experts have planned for approximately a 7 percent yearly growth rate in the country's electrical generating capacity, when what is *needed right now* is a 40 percent growth rate. The fallacy in the method of determining

future energy needs by projecting energy demand curves into the future, is that it denies the very idea of development. Development, as the effect of *technology*, is inherently nonlinear. How could the transition from Third World misery to a modern industrialized economy possibly occur by plodding along at the present miserable rates of development? The World Bank's 7 percent yearly growth rate is in fact effectively a zero-growth rate. It will never allow the country to "catch up."

A competent industrialization program for the region must start by immediately planning for 40 percent annual growth rates in energy generation to continue for at least a five to six-year period. Unfortunately, there is a five-year *lead time* on construction of electrical generating plants — capacity planned now cannot become available for use until five years hence. Therefore, for the next five years the country is unfortunately locked into the inadequate 7 percent growth rates that have been tolerated to date.

This underlines the importance of waging the battle for energy development *now*, and on every front, including taking on the pagan zero-growthers and environmentalists who want to stop nuclear energy and all human development. Without massive rapid development of electrical generating capacity today there can be no industrialization tomorrow.

This is no less true for Venezuela. But Venezuela, a country with half of Colombia's population, is producing half again as much electricity. To get Colombia over the short-term electrical energy crunch that it will face in Years 4, 5, and 6, a strengthened interconnection at the Norte de Santander border with Venezuela must be established. This, in conjunction with the already-planned North-South interconnection in Colombia, should help to ease the short-term crunch.

V. How Much Will It Cost?

Although for Colombia and the Gran Colombia-Caribe Region the program means a fundamental transition from Third World backwardness to a human standard of living, in terms of capital requirements nothing that we have proposed begins to really burden the *actual capital goods export capacity* of the advanced sector, that is Western Europe, Japan, the United States and the Comecon countries. Using ballpark estimates, we see costs for the proposed principal capital construction projects over the first five years roughly as shown in Table II.

For the whole region, the Table II figures rise to a total of approximately \$40,000 million in U.S. dollars, or \$8 billion per year over five years. This represents regional requirements for *high-technology exports from the advanced sector*.

Table II
How Much Will It Cost?

(in U.S. dollars)	
Steel (two 7-million ton mills)	\$7,000 million
Electric Generation (10 gigawatts)	\$6,000 million
Auto-Tractor Production (250,000 units)	\$800 million
Cement Plants (20 million tons total capacity)	\$65 million
Modular Housing Plants (750,000 units)	\$750 million
Ports, Roads, Rails	\$10,000 million
TOTAL	\$24,615 million

The total cost of industrialization will be greater than this, since it will include such items as increased food imports for the growing workforce, capital for agricultural development, and provision of necessary social services. The proposed national bank will be able to fund some but not all of the total cost of industrialization. Additional loans from advanced-sector development banks, such as the U.S. Eximbank and its European and Soviet counterparts, will be required.

Long-term 5, 10, and 15-year development credits must be extended by agencies such as the U.S. Eximbank to buy the high-technology goods which the region will require. Generator turbines, bulldozers, cranes, machinery, and whole factories will be produced immediately with that money, which is then paid back over an extended time period. The ability to pay back is based on the augmented production capability that the investment has created.

Thus, Colombia's imported steel plant technology, for example, will be paid for either directly in exports of steel to the lending country, or indirectly through earnings made from exporting the new steel output to third countries, or by exports of other goods whose efficient production has been made possible by the overall industrialization.

In this way the imperialist looting cycle, in which foreign speculative capital is channeled only into extraction of mineral and agricultural wealth and low-wage, labor-intensive industry, will be broken once and for all and the dream of industrialization will become a reality.

— This program was prepared
for the Andean Labor Party
by Laurencé Hecht

Sun Day: Mass Mobilization For Terrorism and Deindustrialization

Under the rubric of "Sun Day" a national solar energy celebration, a massive terrorist capability is being geared up in the United States. The May 3 Sun Day extravaganza has also been designed to bring together a mass "grassroots" political machine to run economic warfare against high-technology U.S. industry, the backbone of the nation's economy, and to force a shift in U.S. policy away from a centralized constitutional republic toward an aggregation of autonomous communities.

The Sun Day operation is being run through a layered network of London-controlled private intelligence institutions, with collaboration from key government officials including Energy Secretary James Schlesinger and Sam Brown, the director of the ACTION division of the Department of Health, Education and Welfare. On the top layer of the private side of the Sun Day push is a deployment of "respectable" think tanks including Robert O. Anderson's Aspen Institute for Humanistic Studies. The Aspen Institute is peddling solar energy "alternatives" to the "energy crisis" and rising unemployment. Another "lace curtain" layer of the operation, typified by Sun Day, Inc. has transformed this policy into legislation, recruited support from duped labor officials and prominent public figures, and prepared the political climate and logistical capability for mass Sun Day demonstrations. But behind the lace curtain is the horde of drugged zombies, mobilized by *High Times*, the national drug magazine, antinuclear anarchists, environmentalist hippies and terrorists who make up the mass base of support for policies of deindustrialization and zero energy growth.

This proto-fascist base is being whipped up into a terrorist frenzy through antinuclear demonstrations at the Rocky Flats, Colorado nuclear weapons facility and the nearly completed Barnwell, South Carolina nuclear reprocessing facility less than a week before Sun Day.

To guarantee that the antinuclear, antitechnology campaign continues after May 3, the Department of Energy, and London-controlled foundations including the Stern Fund and Ottinger Foundation, have pumped funds into a Citizens-Labor Energy Coalition, heartily endorsed by London's choice for President, Sen. Ted Kennedy, and a national renewable resources survey, which will prepare state-by-state blueprints for imposition of solar and biomass energy systems on the U. S.

The Sun Day Apparatus

The Sun Day terrorism campaign is being run by an interlocking network of private foundations and institutions and their collaborators inside governmental agencies. From the top down, this network includes:

* *James Schlesinger*: Since his installation in the Carter Administration as energy czar in early 1977,

Schlesinger has maintained a covert relationship with the environmental movement, while keeping up a phony image as "Mr. Nuclear." Last January, however, Schlesinger dropped the façade and issued a signed internal memorandum to all Department of Energy personnel advising them to support the Sun Day effort:

The broad objectives of Sun Day are consistent with the major objectives set forth in the NEP (National Energy Plan). The Department of Energy (DOE) therefore, supports the concept of Sun Day and those activities associated with Sun Day which are compatible with the NEP. I have designated the Assistant Secretary for Intergovernmental and Institutional Relations (IR) as the focal point for Sun Day policy guidance... Each DOE office and employee should consider how they can assist the NEP supported activities of Sun Day...

The Department of Energy has established a 20-member steering committee to handle DOE relations with the extra-governmental Sun Day organizers. The committee is under the direction of Assistant Secretary for Intergovernmental Relations, Sam Hughes. Hughes has promised extensive DOE services to the Sun Day event and has provided hundreds of thousands of dollars to the national Sun Day office for advertising. Some of the money will be used to maintain the national operation intact after May 3. Local Sun Day centers have received large sums from the DOE for local events.

"Terror is unappetizing, but you can't do anything until after it happens," Schlesinger said in a recent public appearance in New Jersey. "It may be true that a number of groups organizing for solar energy tend to get very emotional about nuclear power; but in terms of their organizing for solar, I'm willing to work with them."

He continued, "We have this problem in the U.S., its called the U.S. Constitution and its guarantee of the separation of powers. The separation of powers is nothing but a formulation for frustration, which was anticipated by the founding fathers.... The inability of the Congress to formulate an energy policy seems to prove that the Constitution, with its built-in formula for frustration, is an anchor..."

* *Council on Environmental Quality*: The CEQ, established under the National Environmental Protection Act legislation in 1969, has become a deindustrialization council under Carter. The three-member CEQ panel includes Gus Speth, formerly the antinuclear operations coordinator for the Natural Resources Defense Council environmentalist command-and-control center; and Gerald O. Barney, formerly in charge of the Environmental Agenda Task Force, a coalition of vir-

tually every environmentalist grouping in the U.S. The task force prepared a major report in the spring of 1977 entitled "The Unfinished Agenda." The report called for the end for research and development into nuclear power, an end to all basic scientific research, and the conversion of the U.S. economy to "renewable energy sources," utilization of "intermediate technology" such as horse-drawn plows, for agriculture and industrial production. Schlesinger based his proposals for U.S. energy policy directly on the report.

Also a member of the CEQ board is Charles Warren, formerly a California state senator and one of the leading advocates of environmentalist policies in the state. In the May 1976 issue of the Friends of the Earth journal *Not Man Apart*, Warren outlined his outlook:

...Malthusians argue that the (re)sources of the world are finite, and that continued growth will eventually threaten the resource supply available for future generations; that the driving mechanism behind resource exhaustion is increased population in conjunction with increasing per capita requirements. Therefore, they conclude some form of population control is essential... I come down on the side of the Malthusians.

The CEQ has issued an "in-depth" study on solar power, timed to coincide with Sun Day, finding it an economically, environmentally, and technically sound form of energy production which should represent a major portion of the nation's energy output within the next 20 years.

* *Sun Day, Inc. (Solar Action)*: Outside of governmental channels, a new coalition is coordinating and publicizing the Sun Day movement. The Solar Action board of directors is chaired by Denis Hayes, a senior fellow at the Worldwatch Institute who specializes in nuclear terrorist scenarios and alternative energy resource reporting. Hayes was chairman of Earth Day 1970, the vehicle that spawned the environmentalist movement in the U.S.

Solar Action's board of directors is composed of fascist zero-growth planners, including Dr. Robert S. Browne of the Black Economic Research Center and John A. Harris IV, a member of the British-run Club of Rome planning group for genocide. Environmentalist leaders are also represented, including Friends of the Earth zealot David Brower, Sierra Club director Michael McClosky and Richard Morgan from the Environmental Action Foundation. Treasonous politicians and government officials on the board include Rep. Richard Ottinger (D-NY), Sen. Gary Hart (D-Colo.), and Rep. James Jeffords (R-Vt.). They are accompanied by labor leaders of dubious morals including Douglas Fraser, president of the United Auto Workers, and William Winpisinger of the International Association of Machinists.

Solar Action's specific purpose is to provide an aura of respectability for the Sun Day operation. State and local governments across the country have been targeted by Solar Action representatives to officially recognize Sun Day and fight for solar legislation. Solar Action has dazzled organized labor with the "solar energy means jobs" hoax, while businessmen and bankers have been hit with bogus arguments on the economic benefits of

solar technology versus nuclear energy and other high-technology energy systems.

On Capitol Hill, Solar Action, working in conjunction with their affiliate Consumer Action Now, is lobbying for an extensive package of solar legislation which is designed to, in the words of one environmentalist "...get solar technology into the market place where Adam Smith's invisible fist will then be crucial in determining its location in the economy." The legislation includes banking acts to favor solar installations, and similar government subsidies and government-backed guarantees of solar technology, to overcome the "problem of its high initial cost."

* *Midwest Academy*: This Chicago-based institution is the training center for the U.S. Fabian local community control apparatus. Academy director Heather Booth is a member of the Solar Action board of directors, and is a longtime "new left" radical activist. Booth has been linked to the Institute for Policy Studies terrorist command center since the 1960s.

The Midwest Academy received a \$15,000 grant from the Ottinger Foundation in New York City to build a national energy coalition capable of selling a solar energy policy for the U.S. Because of its affiliations with radical labor organizing, the Academy has been given the job of recruiting labor representatives to the Sun Day festivities, and has organized a nationwide speaking tour for quack scientist Barry Commoner, to brief labor officials in Chicago, Cleveland, Philadelphia, New York and elsewhere on the relation of solar energy to jobs.

* *High Times*: Working out of the New York offices of the *High Times* drug magazine, staff member Tom Kay, self-described as "the Solar Kid," is attempting to coordinate the Sun Day activities of the national network of antinuclear coalitions, drug freaks, mystical religious cults, and the anarchist and terrorist groups.

These groupings in fact make up the majority of the solar energy movement but have been carefully excluded from any official positions in the Sun Day event, to preserve the official "neutral" position of Sun Day, Inc. on nuclear technology. "Antinuclear is the real issue, though," Tom Kay admitted in an interview several weeks ago. "If they don't stop with nuclear energy we'll just blow them up; if it is feasible to blow up a whole system, we'll do it."

Several days after he made these statements, Kay was arrested by New York police attempting a flag-pole sit to publicize Sun Day. He was charged with public endangerment and resisting arrest and sent to the psychiatric ward of Bellevue hospital for observation.

* *Clamshell Alliance*: The Clamshell Alliance is an umbrella of dozens of local control anti-technology groups spread across the five New England states. Since last summer, members of the Clamshell Alliance have been sent out to all corners of the country to organize new antinuclear actions and help build up Sun Day.

A year ago, the Clamshell carried out a highly publicized mass "civil disobedience" occupation of the construction site of a nuclear power plant in Seabrook, N.H., modeled on the violent clashes with police carried out by antinuclear activists in West Germany.

In Baltimore, Clamshell member Don Mendelson is coordinating Sun Day activities. In Charlotte, N.C.,

Johnathan Block, one of 1400 Clamshell members arrested in the Seabrook action, is organizing for the April 30-May 1 demonstration at the Barnwell facility.

Other "star" Clamshell provocateurs are touring the nation meeting with local environmentalist alliances and agitating on campuses. One is Harvey Wasserman, the official propagandist for the antinuclear movement, a longtime associate of the Washington, D.C. Institute for Policy Studies. Wasserman founded the Liberation News Service, the terrorist-support information network.

The second leading Clamshell agitator is Sam Lovejoy. Lovejoy became an anti-nuclear hero in 1976 when he initiated the sabotage of a meteorological tower at a proposed nuclear power site in Massachusetts. In an recently published article in the *Shut Down Times*, an antinuclear rag printed in Oregon, Lovejoy wrote:

It is conceivable that citizens could occupy or even disrupt the power lines which run from these plants, to shut down a reactor... this type of action has worked in Europe and Japan, and is being examined here and in Canada.

** Mobilization for Survival:* The MFS combines the antinuclear energy issue with the pacifist networks formerly associated with the 1950s "ban the bomb" movement, and the 1960s mobilization against the Vietnam war. It is composed of over 40 national organizations in the U.S. with international affiliations across Western Europe and Japan. The overall policy and direction of the MFS is formulated out of IPS, with major input from Institute cofounder Richard Barnet, a former State Department arms expert close to Henry Kissinger. Day-to-day activities, however, are handled by the American Friends Service Committee, which has provided resources and succor to the antinuclear coalitions, including the Clamshell Alliance, and terrorist gangs such as the Seattle-based George Jackson Brigade.

Additional groups listed as members of MFS include the July Fourth Coalition, a major umbrella group for the Bicentennial planned terrorism operation; SANE, a misnamed "pacifist" organization set up by Bertrand Russell during the 1950s as part of the British operation to undermine peaceful joint development of nuclear power by the U.S. and the Soviet Union; and the Clamshell Alliance.

The Mobilization's role in the Sun Day build-up is to turn out the largest possible numbers to serve as cannon fodder in antinuclear "direct actions."

Build-up for Terrorism

During the week before Sun Day, this motley apparatus is planning to whip up antinuclear "direct action" demonstrations, centering around two main targets, with smaller demonstrations elsewhere.

The first target is the Rocky Flats nuclear weapons facility near Denver. Organized by the Mobilization for Survival and its local affiliate, the Rocky Flats Action Group, the demonstration will begin April 29 with a mass rally, where it is hoped several thousands will turn out. On April 30, 100-odd activists who have received special training, will march onto the Rocky Flats facility grounds in a "civil disobedience" action. The final plans have not been revealed by the groups, whose spokesmen state that they are "refining the scenario."

"Refinement" includes getting a profile of the schedule of trains bringing shipments into the facility, and, reportedly, counseling sessions by Lovejoy in Denver.

The second target is the nearly completed nuclear fuels reprocessing facility in Barnwell, S.C. The main coordinators of this action, in addition to MFS, are the Palmetto Alliance and Catfish Alliance. The demonstration will begin on April 30 with a rally, and end with an attempted occupation of the facility by an estimated 300 to 1,000 activists. Reinforcements are expected from the Institute for Policy Studies-run American Agriculture Movement. The AAM's credentials include "farm strike" violence from a mini-riot on the U.S.-Mexican border to fist fights with Washington, D.C. security police during an occupation of the Department of Agriculture offices, and threats of crop sabotage against farmers who refuse to support their "strike." Officials of the National Farm Bureau have been threatened with assassination by the AAM, according to informed sources.

Sam Lovejoy, on returning from a strategy session with the Palmetto Alliance explained how the anti-nuclear demonstrations connect with Sun Day: "So here you have two actions, first against the weapons aspect and then against the reprocessing aspect of nuclear technology, then right after that with this fresh in everybody's minds, you have the alternative, Sun Day. This is the greatest one-two punch imaginable... This is the watershed for the movement," Lovejoy continued, "the infrastructure is growing so fast that by 1979 it will be an undeniable force in politics."

The antinuclear demonstrations are planned to continue throughout the summer. On May 22, the occupation of a Trident nuclear submarine base near Seattle, Washington is scheduled. On May 27, the Mobilization for Survival will hold an international demonstration at the United Nations in New York City during the U.N. Special Session on Disarmament. On June 24, the Clamshell and Crabshell Alliances respectively plan to simultaneously occupy the Seabrook nuclear site and a nuclear construction site in Satsop, Washington. Warner Communications rock stars are being told to make public statements against nuclear technology. Jackson Brown has endorsed the Barnwell occupation, and degenerate rock star James Taylor held a press conference on April 19 to denounce nuclear energy as a "threat to the planet."

Sun Day, like the 1976 People's Bicentennial celebration, was organized to provide the cover of mass political demonstrations for seemingly spontaneous outbreaks of violence, up to and including riots and assassinations. Two years ago, the U.S. Labor Party's exposure of this scenario for terrorism, which reached the highest levels of the U.S. law enforcement community, effectively averted disruption and bloodshed.

No one looking at the organizational apparatus behind Sun Day could believe the line that the terrorist controllers are once more trying to peddle: that terrorism — and nuclear terrorism — are lawful responses by fringe groupings to the real hazards of nuclear energy.

But early this month, in Seattle, Sun Day, Inc. chairman Denis Hayes was again pushing just this line. Hayes threatened that if construction of nuclear facilities was not stopped terrorists might launch attacks against them. On the West Coast, the IPS-created New World

Liberation Front might soon attack a nuclear plant, Hayes predicted. "First they attacked power lines, more recently they have blown up sub-stations, who knows what they will do next..."

During the same period a team of "scientists" from Great Britain turned over the results of their "safety inspection" of the Trojan nuclear power station in nearby Portland, Oregon to the *Shut Down Times*, a publication of the antinuclear Trojan Decommissioning Alliance, which profiled the entire plant.

More recently, a terrorist profiler of British citizenship operating in the U.S. stated that although there is no formal link between the terrorist and environmentalist networks, they interface at college campuses where agitators, such as Harvey Wasserman, provide the political focus for the terrorist grouplets. "Nuclear terrorism is not far off in the future," he stated.

Long Term Perspective

The Sun Day proposals have been couched in the polite terms of "alternative technologies," "community-based full employment," "intermediate technology," "free market competition," and so forth. However, it would be impossible to utilize such programs on a wide scale without a comprehensive fascist economic and social reorganization of American society. The "decentralized intermediate technology" which will be hoop-laed on Sun Day could only be implemented by driving down the wage levels and living standards of the U.S. population to the feudal level. Each "community" of peasants and serfs could then be fully employed in plowing fields by hand and in primitive cottage industry.

In the do-it-yourself economy that the Sun Day planners envision, there could be no room for national trade unions, centralized city governments or national political parties. The striking resemblance between Britain's plans for America 200 years ago and today's proposals of the Sun Day planners and organizers is not an accident.

The IPS drive for energy austerity and community control is being aided by HEW's ACTION. ACTION is now headed by Sam Brown, a collaborator of IPS since the student anti-Vietnam war mobilization, and Eugene McCarthy's campaign. As Treasurer for the State of Colorado, in the mid-1970s, Brown began a complete reorganization of the state's banking structure based on the deindustrialization blueprints of the IPS front group The Exploratory Project on Economic Alternatives.

Brown brought in an associate director of ACTION, Mary King, wife of Carter's drug-pushing drug abuse advisor Peter Bourne, and Marge Tabankin, formerly the director of the Youth Project, a conduit for Stern Fund grants to local community control and terrorist groups. Brown has overhauled ACTION as a funding conduit and support apparatus exclusively for IPS. Over \$400,000 went to the Midwest Academy to train ACTION organizers. Another massive grant was given to ACORN (Association of Community Organizations for Reform Now) a 10-state community control network in the Midwest and South.

ACORN was created in 1970 by IPS operative Wade Rathke, now on the Sun Day board of directors. Rathke is providing office space, toll-free telephone, and organizing support to the AAM "farmers strike."

During the past month, ACTION, which in the words of a spokesman now "embodies Sam Brown's politics," has

received \$50 million to participate in President Carter's urban policy. Brown can add this to his already allocated \$130 million budget to finance IPS projects.

Roots of the Sun Day Operation

The Aspen Institute think-tank, headed by Robert O. Anderson, is pushing a policy consciously inspired by British Fabian Society doctrine. It is designed to recruit academics and leading public figures to the British Malthusian policies of zero growth, population control, environmentalism, world federalism, etc. as a means for influencing American policy. During the late 1960s, in the wake of the Club of Rome's genocidal report *The Limits to Growth*, the Aspen Institute began to spawn environmentalist groups, both in the U.S. and internationally. To facilitate this operation, Aspen planned Earth Day 1970 as a publicity stunt and political cover for conducting massive amounts of money into establishing what has become the U.S. environmentalist movement. Not accidentally, the same Denis Hayes who chaired Earth Day was once again approached last fall to organize "Sun Day."

The Protection Apparatus

In order to protect the Sun Day terrorist build-up from the law the Institute for Policy Studies and its friends have established a "Campaign to Stop Government Spying." The deindustrializers are using this vehicle to block all law enforcement investigations of terrorist and terrorist support groups with "civil rights" lawsuits to protect the "liberties" of terrorists from harassment. The Campaign to Stop Government Spying project is headed overall by Morton Halperin, a former aide to Henry Kissinger and a member of London's International Institute for Strategic Studies.

Zeroing in on "harassment" of the antinuclear movement is a front group named the Nuclear Surveillance Project, based in Washington, D.C. and directed by Donna Warnock. Warnock has spent the past year or more collecting data on police, utility companies, and private security firms which allegedly "spy" on anti-nuclear anarchist groups. Warnock's objective is to prepare lawsuits and obtain injunctions against any kind of surveillance while terrorist operations are being planned.

Steps Required to Prevent Terrorism

Three steps must be taken immediately to prevent the activation of this terrorist apparatus:

1) Law Enforcement officials, corporate officers, and political forces must move to ensure that there is a full investigation of these networks, their links to terrorism, and their allegiance to foreign governments. These investigations must be initiated on the state and local level, as well as by the U.S. Congress.

2) A full congressional inquiry must begin into the allocation of federal funds to the Sun Day apparatus by Energy Secretary James Schlesinger and Schlesinger's deployment of Department of Energy officials to supplement the Sun Day networks.

3) A parallel inquiry must be opened into the flagrant conflict of interest by ACTION director Sam Brown and his associate directors Tabankin, King, et al. for the financing of Institute for Policy Studies proterrorist networks.

—S. Pettingell

Portugal Faces Coup Threat

In a strongly worded statement April 21, the Portuguese Council of the Revolution threw its unanimous support behind President Ramalho Eanes and condemned both the "verbal and political terrorism" aimed at overthrowing the regime by "means of a constitutional coup." The Council, a military body which oversees the implementation of that country's Constitution, instated in 1976, concluded by calling a public alert to the "dangerous escalation of forces involved in the destruction of democracy."

PORTUGAL

The Council's extraordinary statement, the first in two years, was issued on the heels of escalated terrorism in the Portuguese Azores Islands and recent attacks on President Eanes by the Council on Foreign Relations' henchman in Portugal, neofascist Francisco Sa Carneiro, leader of the Social Democratic Party (PPD).

The government mobilization has hit the Sa Carneiro forces like a cold shower. Provoking a military crisis earlier this month, Sa Carneiro and his allies attempted to weaken Eanes — the main stabilizing factor within the military — and create the conditions for a full coup d'état. Publicly denounced and discredited by the Portuguese Communist Party (PCP) and a broad layer of democratic forces, Sa Carneiro and his cronies have been forced to tone the "verbal violence" down, but have instead stepped up terrorism in the Azores while simultaneously organizing a national civil war. In the wings sits the International Monetary Fund, which has so far failed to blunt the organizing drive of the anti-IMF Portuguese Communist Party, but is depending on Sa Carneiro to rip the country apart.

The Azorian Separatist Front (FLA), a terrorist movement with known ties to Sa Carneiro, has bombed several buildings, injured a government official, and fomented clashes with the riot police over the last two weeks. The Azores' local administration is run by Sa Carneiro party members who support the "liberation" movement.

At the same time, the Azorian flash point is being heated up, the Latin-American and Portuguese press report that two former Portuguese army officials are touring Great Britain, France, Italy, and West Germany to recruit mercenaries for a "foreseen civil war in the country."

Portuguese Solidarity

These moves by Sa Carneiro on behalf of his British masters are desperate attempts to counter the growing

influence of the Portuguese Communist Party and the strong determination by President Eanes and the military to defend the Constitution and the democratic institutions. Delivering a speech two weeks ago, Eanes established a parallel between the current situation and the May 28, 1926 putsch which imposed the Salazar dictatorship, concluding that "the Armed Forces will know how to give an adequate response to those who dream of a new May 28—the Revolution of April 25, 1974 had as its aim the restoration of a democratic regime — and I am committed to ensure that their ambitions fail."

The unprecedented statement by the Council of the Revolution was delivered just four days before the celebration of the 4th Anniversary of the Revolution. The PCP held mass rallies today throughout the country, and thousands of people began gathering in front of the party's offices in Lisbon since early morning to listen to the Communist leaders' speeches, attend the military parades, and cheer President Eanes's address to the nation.

Sa Carneiro, reportedly, made an emergency trip to London to try to figure out what has gone wrong.

Council of the Revolution Warns Against Coup

The following are excerpts from the Portuguese Council of the Revolution Statement of April 21, entitled "The Construction of Democracy and the Current Political Situation." The statement was published in the Portuguese daily O Diario on April 22.

Recent developments in the Portuguese internal situation, characterized in general by increasing signs of the worsening of a crisis which threatens democracy, forces the Council of the Revolution to make a public statement about certain aspects of the current political situation, as is its authority as the sovereign body with the constitutional task of "guaranteeing the regular functioning of the democratic institutions, the implementation of the Constitution and fidelity to the spirit of April 25, 1974."

... The disturbing effects, politically and socially, of the economic measures already imposed and to be announced must not be ignored. The austerity policy hits hard at very broad layers of the working class, reduces the standard of living of many social sectors, and raises the specter of unemployment . . . The conditions are thus created which facilitate the orchestrated campaigns and attacks against the constitutional order itself. This is what we have been seeing over the last days and weeks — the seriousness of which cannot be hidden any longer.

Under the pretext of the "disillusionment," "resentment," and "difficulties" genuinely felt by the social

sectors, certain political chieftains and certain political and social forces have unleashed campaigns against the sovereign organs and political and military personalities with the stated aim of overthrowing the "constitutional order." For them it is necessary to overthrow or force the resignation of the President of the Republic. Statements of extraordinary verbal violence have been characteristic of the campaigns . . .

What we want to condemn here are two things: first, the systematic use of verbal terrorism . . . against the President of the Republic, freely elected by direct and universal suffrage; second, the frontal attacks against the constitution and the demands that it be revised before the established term . . .

Political terrorism, be it selective or generalized, which has grown significantly in our country with bombings and the work and intentions of counter-revolutionary organizations, forces (us) (to launch) an appeal for democratic vigilance in the defense of a State that will be under increasing attack by those who dream of returning to authoritarian forms of political power.

The attacks against the constitution and the calls for a "referendum" to revise it, is just one example of maneuvers carried out to discredit the constitution. The threat of a 'constitutional coup' . . . is evident.

. . . The attempts to provoke instability within the Armed Forces, aimed at shifting them way from their constitutional task, are also known . . . The Council of the Revolution, conscious of its historical responsibility must strongly denounce the situation and issue a public warning to the Portuguese people against the escalation

of those forces committed to destroy the Democratic State and its institutions.

Portuguese Coup Threat

The Council of the Revolution's statement was partly in response to coup threats made by Francisco Sa Carneiro, leader of the Portuguese Social Democratic Party. The following excerpts from an April 3 speech by Carneiro, as reported in O Diario and other sources, are typical of his recent public statements:

We must begin immediately to examine the problems of revising the constitution and choosing a new candidate for the presidency of the republic. Eanes has allowed for the restoration of a regime of demogogy, corruption, nepotism and inefficiency. The president no longer enjoys the confidence of the Portuguese people. The 1976 constitution has provoked a deterioration in the country's situation, due to its ambiguities and defects. I propose the realization of a constitutional referendum and the convocation of early presidential elections. I will conduct a strong opposition to the regime, perhaps including mass mobilizations to save Portugal. . . . President Eanes's performance is a disappointment — there is no full democracy as long as the military have a say in the situation. We must come out of this impasse despite the President of the Republic, and if necessary, against the President of the Republic.

Egypt, PLO Crack Down On Terrorists

A double-pronged terrorist cleanup is currently underway inside Egypt and the Palestine Liberation Organization. It could presage not only a clampdown on international terrorism, but also strong efforts to stabilize the southern Lebanon situation, one of the major stumbling blocks to further Mideast peace negotiations.

Egyptian efforts to weed out terrorists have reached international proportions. Last week, the Egyptian Prosecutor General announced that "a band of alleged terrorists was uncovered which may have links to the Red Brigades (the kidnapers of former Italian Premier Aldo Moro — ed.) and an extremist Iraq-based Palestinian group suspected of killing two Palestinian moderates."

According to the April 25 *Washington Post*, the "Palestinian members of the gang belong to an extremist splinter group headed by a man known as Abu Nidal." Egyptian authorities claim that this group was responsible for the January murder of Said Hammami, the London-based representative of the PLO and the killing of Youssef Sebai, the prominent Egyptian journalist in Cyprus last February.

PLO leader Yasser Arafat is simultaneously involved in some housecleaning of his own, aimed at exerting his firm leadership in Al Fatah, the principal resistance faction within the PLO. Arafat has forced a showdown within the Fatah Executive Council in order to legitimize his moderate position, and simultaneously offer the Israeli forces in southern Lebanon no pretext to continue their internationally criticized occupation.

Recently, Arafat ordered the extradition of 130 commandos, purportedly linked to Abu Nidal's group, to their base of operations in Iraq. This move coincided with his decision to cooperate with the United Nations peacekeeping forces in southern Lebanon. Removal of these extremist commandos, who were supposedly planning to murder UN troops and engage in guerrilla warfare with the Israelis, represents an important step in the Mideast peace process. In addition to removing the Iraqi-linked commandos from Lebanese soil, Arafat has put Abu Daoud, the well-known Palestinian hardliner, under house arrest for allegedly having set up an independent training and operations center outside of Fatah control.

While Arafat's troops conducted their cleanup in the south, the PLO reached an agreement with the Lebanese authorities to cooperate with the central government in curtailing further armed Palestinian activity on Lebanese soil. Similar to his terrorist roundup, Arafat has skillfully neutralized the potentially dangerous Christian Falangist faction of Camille Chamoun, who has been working openly with the Israeli government under the pretext of protecting the Lebanese government from the "lawless" Palestinian population.

Israeli Links to Terrorism

This Egyptian-PLO terrorist cleanup is designed to

dismantle what is a partially Israeli-controlled terrorist apparatus. According to Egyptian authorities, one of the alleged terrorists, Sergio Montovani, a Swiss national, "may have been in Cairo posing as a journalist, during the January Cairo peace conference when scores of Israeli officials and journalists were here." And in France, the Communist Party daily *L'Humanité* blew the whistle on Israeli links to terrorist networks when it published the story that Israeli Parliament member Flatto-Sharon, who is currently under indictment by the French government for extortion and diamond smuggling, had direct connections to the Red Brigades. Samuel Flatto-Sharon gained notoriety recently by offering the Red Brigades \$5 million for the release of Aldo Moro and the right to "direct negotiations," which is a code word for "recognizing" the terrorist outfit, thus endangering the fragile Italian government which has up until now refused to negotiate with the terrorists.

Who Are The Terrorists In The PLO?

The centrist faction of the Palestine Liberation Organization, which is equivalent to the center faction of the main commando group Fatah, is now mounting a cleanup operation against agent "radical" nests within the PLO. The centrists, basically identical to the four men who founded Fatah in the 1950s — Yasser Arafat, Farouk Kaddoumi, Khalil Whazir (Abu Jihad), and Salah Khalaf (Abu Iyad) — are allying with Saudi-oriented moderate and conservative groups to isolate the terrorists and thereby prepare the way for the PLO to seriously enter regional negotiations for a Middle East peace settlement.

The Arafat group in Fatah is targeting three inter-linked groups, inside and outside the PLO:

The "Abu Daoud" faction.

This faction of self-professed "militants" exists *within* Fatah, and consistently advocates adventurist tactical moves by the Palestinians rather than responsible political strategy. Abu Daoud himself has many suspicious historical connections: in 1972, he masterminded, in cooperation with British networks in Israeli and Jordanian intelligence, the bloody Munich Olympic massacre of Israeli athletes which had the effect of disrupting Arab-European relations; in 1973, while in jail in Jordan, he implicated Fatah members for the Munich operation; in January 1977, he was at the center of a major crisis that destabilized French Middle East operations when he was arrested by Israeli-connected French security circles in Paris; and in recent weeks he has commanded terrorist networks in Lebanon coming from Iraq who have tried to undermine the Arafat group's policy of collaboration with the Lebanese and French governments and the United Nations to maintain

stability in Lebanon. Abu Daoud is reputed to have family links with British networks in Egyptian intelligence.

The "Abu Nidal" breakaway group.

Abu Nidal has been expelled from the PLO, and has set up a counter-gang, breakaway PLO group in Iraq that has carried out assassinations against Palestinian moderates. Nidal's outfit, which controls the Baghdad *Voice of Palestine* and terrorist cells within Iraq, is blamed by Fatah for many of the destabilizations of the Palestinian movement in recent months.

The "Wadi Haddad" group.

Wadi Haddad, until his death in East Germany last month, was at the command-and-control center of a

major terrorist-hijacking operation located in Iraq and based in breakaway elements within the Popular Front for the Liberation of Palestine (PFLP). The PFLP itself is not in the PLO, having left the PLO over disagreement with the latter's support of a negotiated settlement in the Mideast. The PFLP leadership around George Habash does not support reckless terrorist acts, and Haddad's death has led to speculation that the PFLP connection to terrorism will be broken, in part as a result of Soviet and Cuban diplomatic intervention to that end.

Press reports from Beirut indicate that a faction inside the centrist group itself, led by Abu Iyad, wants a hardline, no-compromise policy for the PLO. This, however, appears to be a "safety valve" to channel sentiment in the PLO's constituency base, rather than an alliance with the agent networks.

British Push CENTO Remilitarization

Speaking at the 25th ministerial meeting of the Central Treaty Organization (CENTO) in London, British Foreign Secretary David Owen called for the remilitarization of alliance members Turkey, Iran, and Pakistan. Owen dismissed suggestions that the long dysfunctional CENTO pact had outlived its usefulness, stressing that it has "immense value" to Britain. Without it, Owen explained, London would have long since lost its influence in the area: Pakistan and Turkey would have "split further apart from the West," he pointed out, and Britain would never have become a major arms supplier to Iran.

By his own admission, Owen steered the conference clear of any discussion of the fate of former Pakistani President Zulfikar Ali Bhutto. According to several well-informed sources, British intelligence and Henry Kissinger played the prime role in the removal of Bhutto from power, and are now pressuring for his execution. These same sources also report that Bhutto was on the verge of pulling Pakistan out of CENTO at the point that he was overthrown and replaced by Gen. Zia ul-Haq.

In remilitarizing CENTO, Owen hopes to use British influence to revive Cold War tensions in this strategically vital and potentially explosive region, undercutting chances for U.S.-Soviet entente there.

Not surprisingly, his efforts have received the support of the self-styled "New Kissinger," U.S. National Security Advisor Zbigniew Brzezinski. Brzezinski favors building up CENTO as a military bastion rather than as the instrument of economic development that it had become via its spin-off, the Organization for Regional Cooperation and Development.

In contrast, Brzezinski's factional enemy in the Administration, Secretary of State Cyrus Vance, is known to oppose the remilitarization of CENTO. According to the French daily *Le Figaro*, Vance tried to avoid attending the CENTO meeting, and purposely had it shifted from Washington to London so that he would not be obliged to stay long.

Target: Iran

The main target of a remilitarized CENTO is the Shah

of Iran, whose commitment to industrial progress for his oil-rich country has overridden his willingness to forge an Israel-Iran axis against the Soviet Union and Saudi Arabia, which Britain desires. As a result, the British are fomenting bloody internecine warfare between the fanatic Shiite Moslem sect and the Sunnis, hoping to trap the Shah into looking to CENTO and Britain for salvation from internal destabilization.

Over the past several weeks, riots against the Shah have broken out in Iran's major cities. In the tradition of their bestial Al-Ghazali ancestors, Shiite leaders are demanding an end to industrialization and have called for a return to no-growth "fundamentalism." The Shiites are also demanding that the Shah break off his recent deals with the Soviet Union.

The chief organizer of the anti-Shah riots is Ayatallah Khomeini, an old British intelligence operative once described by the Soviet press as the "most reactionary" element in the Middle East. Khomeini is coordinating his activities with Iran's reactionary clergy, known as Ulema.

According to an Iranian Foreign Ministry spokesman, Iran is facing its "worst crisis." The Shah's government is reportedly "teetering" as a result of the riots and he is under pressure to abdicate and form a council with his wife, becoming a mere figurehead without any say in economic and foreign policy.

The Shah has, so far, responded according to profile, reportedly blaming the unrest on the "Communists." At the CENTO meeting, the Iranian representative, playing right into the British gameplan, called for the strengthening of CENTO militarily to stem the growing internal unrest. According to one Mideast analyst, Owen is "itching to send troops into Iran, run CENTO maneuvers there, and so forth. If the Shah clamors for it, it will make things that much easier," the source added.

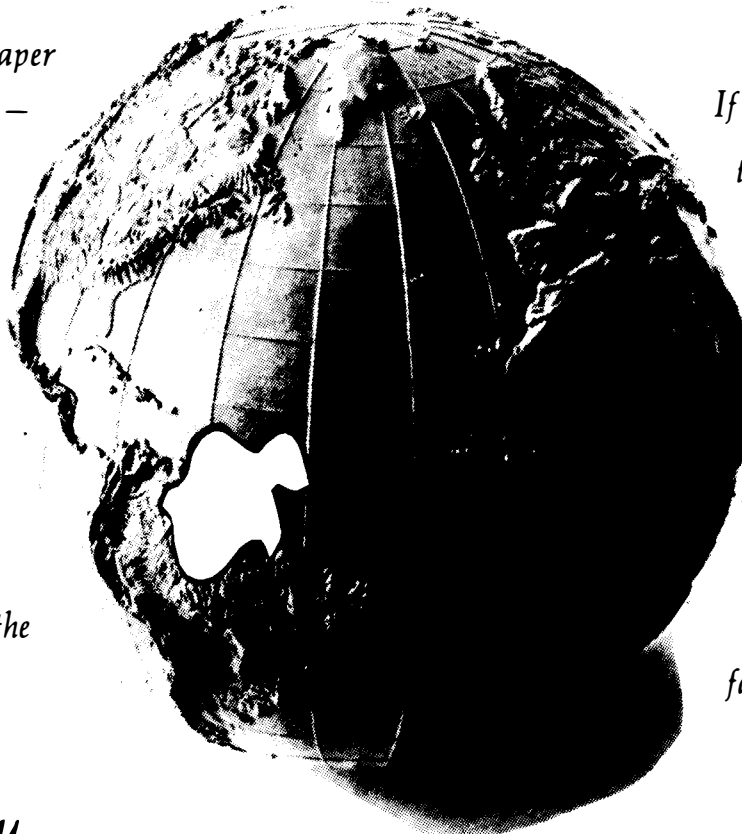
Next month, British Tory leader Margaret Thatcher will visit Iran. In addition, Britain is planning sales of military transports to the Shah as part of Owen's "contingency plans."

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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 DENUNCIATION OF THE CARTER VISIT TO INDIA. IN A SCATHING INCIDENT AND ABOVE ALL HIS COSMETIC CONCESSION THAT HE WOULD AUTHORIZE SUPPLY OF ONE SHIPMENT OF ENRICHED URANIUM TO INDIA, FOR ENDING NUCLEAR COOPERATION. THE JOURNAL CONCLUDES - IT IS DID AFTER THE INDIAN EXPLOSION. WHILE THERE ARE BETTER ARGUMENTS EASY ENOUGH TO BELIEVE THAT MR. CARTER DOESN'T NOTICE MIXES AND IS IN ADDITION SO CONFUSED HE THINKS A LETTER WILL KEEP HIS POLICY INTACT DESPITE THE HEAVY WATER SHIPMENT. BUT ON THE OTHER HAND, PERHAPS THE CANDIDATE CARTER WHO WERE INTENDED TO OVERHEAR THE OPEN MIKE. PERHAPS THE INDIANS 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, THE COMPROMISE AGREEMENT WITHOUT TOTALLY DISCLOSING DETAILS AT THIS TIME. TODAY'S SECRET DAILY TELEGRAPH ADDS THAT CALLAGHAN HOPES TO TAKE DESAI'S SECRET PROMISES AND TO PRESS CONTRACTED FRENCH NUCLEAR RE-PROCESSING PLANT. CALLAGHAN ARRIVED IN PAKISTAN JAN. 11, ONE DAY AFTER THE NEW YORK TIMES ANNOUNCED THAT FRANCE HAS REQUESTED THE PAKISTAN IS CONSIDER ALTERATIONS IN CURRENT CONTRACTS.

MIDWEST COLD FREEZES ONTO COAL STOCKPILES

JAN. 11 - AS THE NATIONAL STRIKE OF U.S. COAL MINER AND COAL-HANDLING MACHINERY, A SPOKESMAN FOR THE ELECTRIC UTILITY TOLD THIS NEWS SERVICE THAT THE CUSTOMERS HAVE BEEN ASKED TO VOLUNTARILY CUT INT THAT THEY REGARD THE SITUATION AS 'CRITICAL' BY FACILITY IN SHIPPINGPORT, PA. HAS BEEN SHUT A DAY. HOWEVER ALL EXPECT TO HAVE T. THE UTILITIES AFFECTED LAST WINTER DURING STRIKE WEEKEND. THE ONGOING COLD FREEZE IS PRE ALTERNATIVE USED TO REPLACE FROZEN COAL. IN FRESH COAL TO REPLACE FROZEN COAL. THE ONTO 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 PRODUCED BY THE ONGOING STRIKE AND UNTIL THEN THE GOVERNMENT CONSERVATIVE BRIT FIRMING OPPOSITION

TOM KING, BRIT GOVERNMENT HIS D OF

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