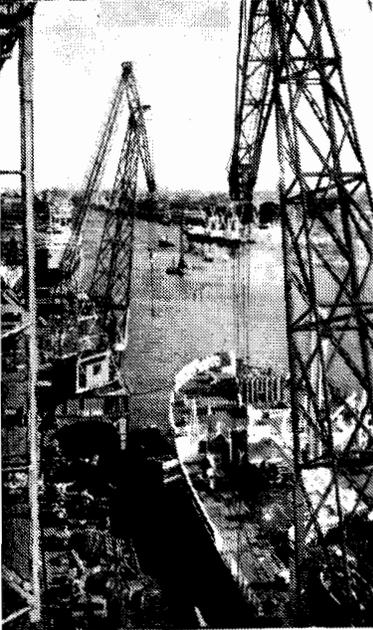




## **Europe Prepares To Break With Dollar Britain, West Germany Meet To Decide Dollar's Fate**

*In This Week's International Markets Newsletter:*

- *U.S. In Trouble At IMF Meet*
- *Britain Takes Aim At Eurodollar Market*
- *U.S. Reacts To Crisis*



## **Italy's Oil, Chemicals Consortiums Lead Way For IDB**

## **Kissinger Readies Final Assault On Palestinians**

*Soviets Demand Immediate Geneva Conference*

*Special Report:*

## **Ralph Nader, Unsafe Under Any Cover**

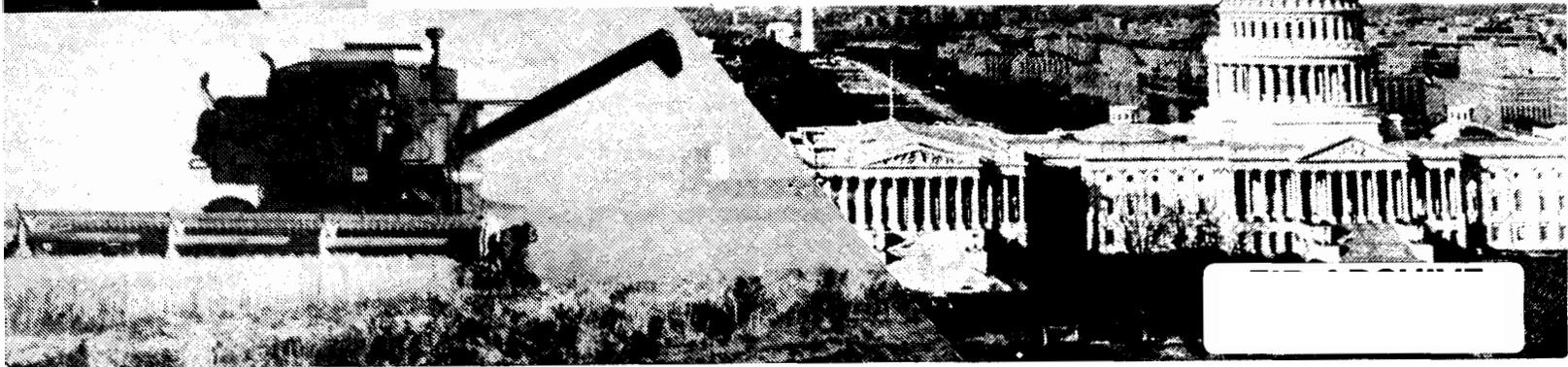
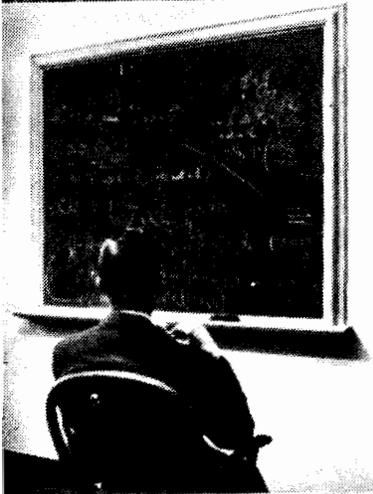


table of contents  
vol. II, No. 41

**INTERNATIONAL MARKETS NEWSLETTER**

- 1 Europe Third World Ponder Dumping Dollar
- 4 Comecon Endorses Debt Moratorium, New World Economic Order
- 5 British Ready To Collapse Euromarket "Within Days Or Hours"
- 7 Chicago Consolidates Around "No Bailouts" — Hesitates On IDB
- 9 Economic Crisis Behind Industrialist Threat To Break With Dollar
- 10 Japanese Industrialists Rip Fukuda Line

**UNITED NATIONS REPORT**

- 11 Third World Hesitates On Debt
- 12 Soviet Statement "On Reconstruction Of International Economic Relations"

**STEPS TOWARD THE IDB**

- 15 Italian-Initiated Consortium First Step Toward IDB

**SPECIAL REPORTS**

- 17 "Italy Must Have The Courage To Declare Debt Moratorium..."
- 19 Six Million French Workers Strike Against Giscard Austerity Program
- 20 Perspectives For A Pro-Development Faction In Canada

**U.S. POLITICAL NEWSLETTER**

- 21 "Great Debate" Hoax Disgusts Electorate

**SOVIETS REITERATE THEIR POSITION**

- 23 Soviet Offensive Against Threat Of World War

**THIRD WORLD REPORTS**

- 25 Syrians, Falange, Israelis Ready Final Assault On Palestinians
- 26 Soviet Proposal To UN For Geneva Conference
- 29 CIA Coup In Thailand
- 31 Britain To Negotiate Majority Rule For Southern Africa

**USLP CAMPAIGN REPORT**

- 33 LaRouche On Ballot In Florida — 25th State

**USLP LEGAL FIGHT**

- 34 FBI In Contempt Of Court For Slander Of LaRouche

**SPECIAL REPORT**

- 35 Ralph Nader — Unsafe Under Any Cover

**LABOR NEWSLETTER**

- 39 NY Police Anti-Austerity Action May Cut Both Ways

New Solidarity International Press Service Weekly Report is published by Campaigner Publications, Inc., 231 West 29th Street, New York, N.Y., 10001.  
Single issue price: \$5.00 (U.S.)  
Subscriptions by mail are \$225 for 1 year (52 issues).  
Address all correspondence to: Campaigner Publications, Inc., P.O. Box 1972, GPO, New York, N.Y. 10001.  
Editor-in-Chief: Nancy Spannaus  
Managing Editors: Linda Frommer and L. Wolfe  
Production Editor: D. Phillips



## Europe, Third World Ponder Dumping Dollar



Oct. 9 (NSIPS) — Financial press headlines last week were dominated by the antics of Simon, Witteveen and Co. at the Manila annual meeting of the International Monetary Fund (IMF)—World Bank. Taking advantage of a temporary lull in the Third World offensive towards a debt moratorium and a new international economic order, and indecision on the part of the Europeans to actually enact a fixed exchange, gold backed monetary system, the U.S. Treasury and the IMF proceeded to terrorize their usually docile audience of central bankers and treasury officials.

The performances at Manila, however, did not obscure the facts on the mind of every delegate: that the IMF is hopelessly bankrupt and that Western Europe, led by Britain and Italy is in full scale revolt against the dollar. What came through in only veiled form in the IMF meeting was that the decisions over the future and disposition of that dollar empire institution are being made not at the conference but in rebellious Europe.

Supplementing the IMF annual report and I;F Director Johannes Witteveen's speech, U.S. Treasury Secretary William Simon painted a bleak picture of what lies ahead and proposed a "solution" along the following lines: "A debt grows to finance the continuing deficits, an increasing number of nations which have already delayed adjustment (of their economies) will approach limits beyond which they cannot afford to borrow and beyond which prudent lenders won't lend to them...A country with unsustainable deficits should resort to internal stabilization, accompanied by exchange rate change in response to market forces; a country with a tendency toward surplus shouldn't simply accumulate reserves but should allow its exchange rate to move in order to accommodate these fundamental adjustments to others."

Considering the battles waged by the Third World, the government of Italy and the political battles within the rest of Europe and the U.S. for a new international economic order, Simon's speech is actually an open admission that the solution to the monetary collapse lies outside the powers of the IMF and the U.S. Treasury. This was underscored by the absence of a

number of key financial ministers from Manila, including the French, British, German and Japanese. What Simon said and the IMF demanded in Manila is that the third World pay up, and that the West Germans and the Japanese revalue their currencies to reduce the deficit of the weaker industrial countries — including the U.S. — who will have to be put through severe deflationary austerity. This set of proposals are not only suicidal but, **in their totality**, politically unfeasible. The negative response to the Simon-Witteveen "solution" took different forms as central bankers and finance ministers tried to safeguard national interests within the context of the present dollar-based monetary system.

**Negative Responses** The West Germans complained bitterly that even though they were a prime example of the self-discipline advocated by the I;F and West Germany had the lowest rate of inflation among the industrialized countries (4 per cent), they were asked to revalue and in that sense give up some of their hard-earned surplus. The Japanese agreed completely with the austerity demands of the IMF as far as the deficit-ridden countries were concerned, but when it came to revaluing the yen, the governor of the Bank of Japan, Morinaga, maintained that "each government must protect its citizens from the destabilizing effects of world economic developments or international monetary disturbances." The governor of the central bank of France, Bernard Clappier, accused the floating exchange rate regime (now officially sanctioned by the I;F) of being the cause of inflation at home, and so did the Italian Minister of the Treasury, Gaetano Stamatini, after noting that the Third World debt overhang is about to bring the whole monetary system down.

The Canadians sided with the French and the Italians in attacking the I;F gold sales which have been instrumental in bringing down the price of gold. Since the demonetization of gold is the cornerstone of the U.S. policy to keep the dollar afloat (in the sense that if an agreement were reached on gold as a recognized medium on which to fix exchange rates, there would be no reason not to dump the dollar), Undersecretary Yeo

hastened to suggest in Manila that the IMF auction take place on a weekly basis to avoid wide fluctuations due to speculation. This hardly adequate response merely indicates the quickness with which the U.S. will act to forestall any moves — however timid — towards the formation of the basis of a dollar-independent monetary system. In the words of a State Department official, the U.S. doesn't have a thing to worry about "as long as these people don't have a shadow monetary system that they can turn to."

The most eloquent description of the European perception was given in the pages of the London Times by its financial editor Peter Jay. After noting that the dangers from the Third World loans, production and trade collapse loom greater than ever, he exposes the present system of floating exchange rates as being useful only in propping up temporarily the monetary system (the U.S. dollar). Since this system provides not incentives to growth, underneath the superficial stability the economy is continuing collapsing. Jay ends by wondering whether the world now has the political will to do to itself what the U.S. did to Europe after the Second World War.

The decision of the Group of 24 (developing countries within I;F-World Bank) not to demand a generalized debt moratorium was played up in the major U.S. press as a victory for the present monetary system. However, it is generally known that it has never been the strategy of the pro-development Third World nations to push for a debt moratorium within the "reliable" Group of 24. The speech of the Indian Finance Minister Subramanian, which brought the subject up, was reported only in the Mexican and Indian press.

The most severe test to the I;F exhortation to nations to fight inflation and to resist turning on "international monetary printing presses" came as the British pound collapsed and British Finance Minister Healey announced that he was planning to ask another \$3.9 billion loan from the IMF before their current \$5.3 billion loan from OECD comes due in December. Since the IMF has no funds to satisfy all the loan demands currently being made (Italy, Mexico, Argentina, and England, as well as countless other nations) and a permission needs to be secured from surplus nations to contribute to the General Agreement to Borrow Fund (GAB), rumors were widely circulated that neither the West Germans nor the Arab surplus holders would give their consent. In turn, London and international financial circles including THE U.S. Treasury were pondering the probability that England would either freeze sterling balances or impose currency controls or a mixture of both. Towards the end of the week however, the British Prime Minister, in an apparent reversal of his policy for a rejuvenation of British industry, announced draconian austerity measures. The raising of the minimum lending rate to 15 per cent and the increase by 2 per cent of banking reserves to the Bank of England, hardly an impetus to the rejuvenation of industry, were immediately hailed by Witteveen from Manila as "a step in the right direction." Witteveen then hinted that the loan application would now be viewed favorably.

In a sudden change of plans, West German Chancellor Schmidt will start his two-week vacation by visiting Callaghan tomorrow. Caught in a vise between the pressure by the Americans to revalue and the danger of losing his thin but crucial support from industrialists at home should he succumb to the dollar monetary pressures, Schmidt has no choice but to opt for a European "golden" solution. If he goes along with an inflationary bailout of England he is finished. If he doesn't, the weak European currencies will drop through the bottom of the snake and the Deutschmark will be revalued taking whatever prop there is to German industry.

Should the West German refuse to participate in the new British bailout and the U.S. is forced to go it alone, the renewed

inflationary pressure will finish the U.S. dollar as noted by Henry Wallich of the Federal Reserve. The hard reality of the U.S. situation was tersely underscored by J. Roger Wallace of Gilbert M. Haas and Co. in their newsletter of Oct. 5: "Total public and private debt, aggregating \$3.0 trillion at the end of last year, is continuing to rise at a rapid rate. In all probability, much of the private debt — which aggregated \$2.26 trillion at the end of last year and is considerably larger now — never will be repaid but will be liquidated the hard way."

## Japan Banker Bucks Revaluation But Accepts Need For Austerity

*Oct. 8 (NSIPS) — The following are excerpts from the remarks of Bank of Japan Governor Morinaga at the Manila IMF conference, as reported in the Wall St. Journal Oct. 5.*

"A member country obviously must not seek to enhance its interest at the expense of others, ... but each member country must protect its citizens from the destabilizing effect of world economic developments and international monetary disturbances. In particular, exchange rate stability is of obvious and central importance for the maintenance of stability in a nation's economic activities and external transactions.... Timely and disciplined management of domestic economic policies is, in my view, of utmost importance."

## France At IMF

*Oct. 8 (NSIPS) — The following are excerpts of the speech given by Bernard Clappier, head of the Banque de France at the IMF conference in Manila, as reported in Le Figaro Oct. 5.*

"The erratic fluctuations (of the monetary markets) are distorting the conditions of exchange and weighing even more on the poor countries.... From now on the credit facilities which the IMF grants to countries which have payment difficulties should be accompanied by conditions which are necessary for a return to the equilibrium of balances of payments which are in excess.... The IMF must exert a mission of surveillance over the international monetary system...."

Clappier called for "reinforcing solidarity" with the developing nations including setting up an organization of the raw materials markets and examination of the problem of indebtedness. "The case by case approach does not exclude the application of general principles in whose definition France is ready to participate."

## Il Tempo Castigates IMF Loan Plan For Rocky

*The Oct. 7 Italian daily Il Tempo was sharply critical of the plan for the IMF to grant a new loan to Italy which was announced by Italian Finance Minister Gaetano Stammati when he returned from the IMF meeting in Manila. The amount of the loan is still under consideration, and is expected to be between \$500 million and \$1 billion. Il Tempo's comments follow.*

An apparently consistent figure, but, given the attack on the lira, this amount would be burned up within a few weeks. This

amount would not solve the fundamental problems of the Italian economy, but rather it would aggravate the problem by increasing our foreign indebtedness....

While the United States is attempting a demonetization, the Europeans and the Canadians would like to maintain the price of gold; otherwise their own gold reserves would be devalued.

## **India's Finance Minister To IMF: 'No Alternative' To Debt Moratorium**

*Oct. 8 (NSIPS) —The following are excerpts from Indian Finance Minister C. Subramaniam's speech at the International Monetary Fund meeting in Manila, as reported in the Mexican daily El Sol on Oct. 6.*

"The strong growth in the balance of payments deficits of the developing countries that don't have oil, and the reduction of the flow of concessional aid, has left no alternative to the developing countries but to seek commercial loans abroad in unusual quantities.... The urgency of renegotiating the external debt of the developing countries, the thing we have been discussing, is the essential element in a policy of global economic cooperation. But for (U.S. Treasury Secretary) Mr. Simon, 'numerous negotiations or pardons of debt' are an 'unreal possibility.' ... In reality there is no other alternative.... A common attitude of this type ... can only cause important damage to practically all international borrowers."

Responding to Secretary Simon's characterization of the international monetary system as "structurally solid" Mr. Subramaniam said that the Jamaica IMF accord was "basically a receipt prepared and put into effect by a group of rich countries.... The 110 developing countries united here again, with a population of 2 billion people, must have more power or they will continue to be relegated to the position of a minority with no importance. The process of adjustment of which we have spoken will weigh more, I fear, on the developing than the developed countries."

## **U.S. War On Gold 'A Fiasco'**

*Oct. 6 (NSIPS)— The following is an excerpt from an article which appeared in the newspaper of the Polish United Workers Party, Trybuna Ludu, on Oct. 4, 1976, under the title, "The Demonetization of Gold — Condemned to be a Fiasco," by Stanislaw Albinowski.*

The United States has fought for the conception of demonetizing gold for several years, especially from the time that the United States' own gold reserves had so shrunk that they no longer represented a foundation for dollar hegemony in the capitalist world. Demonetization of gold means robbing it of its function as a global reserve currency. Washington's intentions were thus simple and Machiavellian: If the USA no longer possesses sufficient gold to maintain the dollar in the position of the leading reserve currency, then it becomes necessary for Washington to insure that gold ceases to be an international means of exchange. The dollar for Washington is not only an instrument of domestic, but also of foreign policy.

The course of monetary events from 1968-71 proved to Washington, however, that a policy of splitting the official gold parity into a private and official rate was, unavoidably, a fiasco. Washington introduced a shift in its economic policy in 1971, and completely cut off dollar convertibility into gold.

Gradually, Washington succeeded in pushing the International Monetary Fund's "paper gold," the Special Drawing Rights, as a replacement for gold reserves in calculating the value of national reserves. European opposition to Washington's gold policy awoke in November 1973, when the European Economic Community succeeded in getting Washington to remove the two-tier gold parity internationally. Washington by no means ceased its battle to lower the price of gold: in June 1974, the International Monetary Fund established a schedule of 16 gold auctions, each of which has been used to drive the price of gold downwards.

Who is Washington targetting in its fight to undermine the value of gold? It is targetting its ancient opponents on currency policy matters in France; the Italians, who guaranteed a \$2 billion loan from West Germany with their gold reserves; those nations whose reserves are largely covered by gold, such as Portugal, and the gold producers, like the Republic of South Africa. It is also no wonder that we have become witnesses to the formation of a kind of front of many nations against the American policy of gold demonetization. Switzerland is also one of these nations.

If gold is in fact supposed to be demonetized, then why are the central banks of West Germany, Switzerland and France attending the gold auctions? Certainly not for anniversary celebrations.

The currency committee of the European Economic Community, in its communique of Sept. 10, complains about the insecurities and shifts in the price of gold. Similarly, rumors are circulating that a few central banks are planning to intervene on the gold market, if the price should sink below 100 dollars. If gold is no longer to be a decisive element in currency reserves, but only a commodity like any other, then why don't the central banks intervene when, for example, the price of coffee sinks?

# Comecon Endorses Debt Moratorium, New World Economic Order

*The following are extracts from an article entitled "The Fourth UNCTAD Conference Amidst Anti-Imperialist Conflicts" by Helmut Faulwetter and Gerhard Scharschmidt, appearing in Deutsche Aussenpolitik, monthly journal of the German Democratic Republic Institute for International Relations.*

... The major imperialist countries rejected the developing countries' integrated raw materials program because it would strengthen the developing countries' national sovereignty over their natural wealth, limit the monopolies' profits and would provide for certain interventions into the spontaneous development of the raw materials markets in the interests of the developing countries. The imperialist countries, on the other hand, are still interested only in regulations which would help them secure high profits and raw materials from the developing countries by means of capital exports. This is the reason for the United States' proposal to found an International Resources Bank. When U.S. Secretary of State Kissinger stated before the plenum of UNCTAD IV that the USA would not accept all the elements of the integrated raw materials program, he was proposing a complex approach to this problem from the USA's standpoint. This would include securing guarantees for foreign capital to earn monopoly profits, and also to bring in an international bank for this purpose.

The Nairobi conference also dealt with a problem which is very critical for most developing countries, the debt problem; with measures to raise so-called "economic aid" and to lighten the conditions under which it is given to the developing countries; and with questions of the reform of the capitalist monetary system. The high level of exploitation of the developing countries by the imperialist monopolies and by the developed capitalist countries led — and still leads — to significant draining away of their wealth and thus to reductions in their export incomes. By 1973 this had already caused the non-oil exporting developing countries to have a trade deficit of \$13 billion.... These countries have been forced to look for a way out through a large degree of indebtedness. For 86 developing countries alone the total debt in 1973 amounted to \$119 billion. Following 1973, the capitalist economic crisis, which limited the developing countries' export possibilities, led very rapidly to further growth in their negative trade balance. Since then the debts of those countries have risen an average of more than 15 per cent annually, so that today the developing countries' total debt amounts to over \$170 billion. Repayment and debt service are demanding either a constantly growing portion of export incomes or else new capital intake, which simultaneously strengthens the tendency for the rate of net returns to fall. Already for a number of developing countries it has become no longer possible to procure the necessary funds for payments due. The countries of Zaïre, Argentina, and Egypt, for example, declared in the first half of 1976 their inability to meet their payment schedules. As a result the developing countries are demanding debt relief from the major imperialist creditor countries, through extensions or write-offs, and a moratorium for commercial debts. As the same time they are demanding that the developed capitalist countries raise their net contributions of "economic aid" and provide more favorable conditions for these capital supplies, as well as easier access to these coun-

tries' capital markets and a correspondingly more favorable attitude to them on the part of the imperialist international financing institutions. The intensity of these developments makes it clear that solutions to these problems had a very high priority for the developing countries during the Nairobi conference.

The socialist countries support these just demands of the developing countries, who have been driven into this situation by colonialism and neo-colonialism. An appropriate response from the imperialist countries of the monopoly could ease the situation of the developing countries....

The socialist countries are nonetheless ready to cooperate with interested developing countries on a mutual basis and with a view to the concrete situation. In continuation of their previous practice they are offering technical-economic support and the credit tied to this for the realization of concrete and planned objectives. They will continue to concentrate their support in the public sector, which will contribute to the consolidation of sovereignty and to a greater orderliness in all economic development.... At the same time the socialist countries support measures which will lead to a transformation of the developing countries' relations to the developed capitalist countries, thereby relieving the developing countries' payments and accounting problems....

## **Imperialist Countries Blocking Solution to the Debt Problem**

The imperialist countries are blocking the way to any positive discussion of the most important of these questions. Work in the responsible negotiating group actually had to be broken off after a few days. Three draft proposals on this could not even be discussed fully, and were referred to the UNCTAD Council. A successful discussion of a resolution on questions of the capitalist monetary and financing system likewise failed because of the imperialist countries' uncompromising resistance. According to Kissinger, an "improved world economy will automatically solve the problem for many countries," whereby the improvement of the global economy is supposed to result from the "improved" and expanded effects of the economic laws of capitalism. The net effect of this statement is that the imperialist side demands that everything must be done to support the growth and flourishing of capitalism in the world....

The experiences confirm nevertheless that the demands of the socialist and developing nations are leading towards a new type of economic relations, which are characterized in the fact that equal, mutually beneficial and planned relations develop from them. These relations differ from the essence of capitalist trade relations, ... whereby it would not be useful for the deepening of these relations to only promote exports on the part of the developing countries. The comprehensive discussions on all raised questions led to a resolution which was unanimously endorsed by all participants. The resolution contains recommendations directed to the socialist states, the developing countries, as well as the capitalist industrialized nations, to undertake in joint efforts the deepening of these relations, but also respectively for the socialist states, the developing countries and the UNCTAD secretariat, to undertake specific actions for the promotion of trade and economic cooperation.

# British Ready To Collapse Euromarket “Within Days Or Hours”

Oct. 8 (NSIPS) — Collapse of the Eurodollar market is now a matter of days or hours, in the estimation of sources close to the British Cabinet — which is preparing to impose a partial debt moratorium and deliver the final blow to the Eurodollar-based monetary system itself.

The collapse of the British pound sterling this week leaves the British with no choice but to “freeze” foreign holdings of sterling over \$10 billion which will trigger an immediate collapse of the Eurodollar pool. Traders in the London commodities market — sterling’s tie to the Eurodollar bubble — report that the government is preparing to immediately shut down sterling’s speculative use in commodities trading, while ensuring that vital trade with Third World producers is maintained. Reviving its World War II policy towards the Commonwealth, the government is reportedly negotiating with the Third World countries to guarantee both sale of resources and financing for development projects in those countries.

The British government will force the issue. After sterling dropped to \$1.64 — the fall would have been sharper if not for the dollar’s parallel drop against other currencies — the British Cabinet is estimating that unless it deals with the \$10 billion-plus foreign sterling deposits, the pound will quickly drop to \$1.00, half its January 1976 level. A freeze on sterling is “under discussion” in the government now, the London Daily Telegraph reported earlier in the week.

The last straw for sterling was the collapse of negotiations for a new International Monetary Fund credit of \$4 billion, which British Chancellor of the Exchequer Denis Healey requested last week. U.S. Treasury officials today confirmed reports already in wide circulation at the Manila IMF meeting and in the financial press that no loan will come through before December, when the British must repay more than \$1.5 billion to other central banks.

But the shambles of the IMF’s finances are a small problem compared with the refusal of the British government — on Chancellor Healey’s word to last week’s conference of the British Labour Party — to accept any austerity conditions in return for an IMF loan. Healey and Prime Minister James Callaghan have no choice left but to slap a freeze on Sterling and set off a chain-reaction collapse of the Eurodollar market.

Virtually the entire industrial world is encouraging Britain to pull the plug, with various behind-the-scenes negotiations taking place in Manila and Europe over the shape of a replacement for the IMF. By last week, what Chicago banking sources called “high-level discussions” between U.S. and European industrial leaders had produced an informal working agreement on what a new monetary system would look like. This agreement centers on the destruction of the Eurodollar market, gold backing for currencies, and a development program for the Third World.

On Oct. 4, the basic features of this discussion broke into the public press, in a commentary by London Times economic editor Peter Jay, an advisor to Prime Minister Callaghan. Citing the “degeneration” of the monetary system as a result of “the collapse of American authority,” Jay called for “an exercise of heroic statesmanship (to) persuade the world community to reject the new mercantilism of regional blocs and to do for itself what the United States imposed upon it during 1945 and 1971” (under the now-defunct Bretton Woods system - ed.).

## Support for Callaghan

Callaghan has been moving over the past week to educate key industrial and banking layers, as well as members of foreign governments, on the crisis Britain is now facing because of its

allegiance to the bankrupt dollar empire. Speaking before top U.S. executives at the American Chamber of Commerce in London last Wednesday, Callaghan reaffirmed that any new loans the government received would go immediately toward industrial expansion. “Our long-term industrial strategy is set and we must not be diverted from it by short-term considerations whether in the money markets or elsewhere,” he said. Repeating his message to last week’s conference of the British Labour Party, Callaghan said the government is “committed to a massive regeneration of British industry to put a stop to the relative decline in our industrial base, which has so bedevilled our economic policies over the last 30 years.”

In Europe, as West German Chancellor Helmut Schmidt commended Callaghan’s economic strategy, British Agricultural Minister Silkin blocked a move to devalue the “green pound” — Britain’s agricultural unit of account with the European Community — which would have seriously jeopardized Callaghan’s strategy. Silkin stressed to EEC ministers that his position reflected the government’s over-riding concern to get inflation under control which was “as necessary for the Community as for ourselves.”

Concurrently, former Conservative Prime Minister Edward Heath staged a so-called reconciliation with the present Tory leadership at the party’s annual conference in Blackpool last Thursday — a move which Heath allies in the Conservative party are calling a bid to reassert his influence over the party. In his speech to the conference, Heath stressed the need to control the collapse of the pound, calling it “catastrophic, particularly so for us as a great trading nation, depending as we do almost entirely on imports for our supply of raw materials and as we import 50 per cent of our food supplies.”

Earlier in the week, Lord Thorneycroft, chairman of the Conservative Party, congratulated Callaghan on his “courageous” speech, telling the House of Lords that he is convinced the government has prepared a policy to stop the collapse of the pound.

## British Press On IMF, Debt And Collapse

*Oct. 8 (NSIPS) — A brief selection of excerpts from the British press this week on the International Monetary Fund and debt moratoria appears below:*

### Rodney Lord in The Daily Telegraph, Sept. 27

“When the IMF was set up at Bretton Woods after the war, the ‘Pax Americana’ ruled and the Fund was its international Policeman so far as exchange rates were concerned. The ‘Pax Americana’ no longer rules. The United States’ mood has turned against the extension of ‘government’ both internally and externally and even if it had not, new economic powers have developed in Japan, Germany and the oil producers to challenge United States dominance....”

“In an exchange rate world where the laws have nearly disappeared, the role of the policeman becomes almost redundant. The power of the IMF has often been exaggerated in this country, doubtless because of Britain’s recurring need to supplicate the Fund for foreign currency loans. But in any case, the Fund can only exercise its discretion effectively within a framework of clear and firm rules. If that framework dissolves, as it has largely done...the Fund’s effective power diminishes.”

**Malcolm Rutherford in The Financial Times, Sept. 27**

"What is the use of a group of countries continuing to be saddled with a debt that everybody knows has no chance of being repaid except by the wholly transparent device of giving them the money to do so."

**The London Times, Sept. 30**

"...The IMF is an international organization of governments...with Executive Directors who represent member governments, particularly the leading ones in the Group of Ten major industrial nations...The governments of the U.S., West Germany, France, and Japan and the like are not private bankers. They have no interest whatever in the collapse of a major currency, the departure of a major trading nation from effective membership in the world economy, or the breakdown of democratic government in one of the Western nations. They have more over, some experience of the problems in a free society of reconciling reasonable employment and inflation targets. And they have some respect for the right of governments who have been victorious at the polls to govern according to the basis on which they secured popular support."

**The Daily Telegraph, Oct. 4**

"...Mr. Witteveen (managing director of the IMF - ed.) and the members of the interim committee...are clearly concerned at the danger of Britain and Italy collapsing and bringing down the whole of the post-war economic system."

"(Witteveen is) a practising mystic...."

**Melvyn Westlake in the Financial Times, Oct. 4**

(On the question of debt moratoria)

"Time is running out."

**British Conservative Party Chairman Praises "Brave" Callaghan Speech**

Oct. 6 (NSIPS) — Lord Thorneycroft, chairman of the British Conservative Party commended British Prime Minister James Callaghan's "brave speech" at the Labour Party Conference during a debate on the government's policy in the House of Lords yesterday. Stressing the need to stabilize the pound sterling which has dropped steadily on the international markets, Thorneycroft said he was confident that the Cabinet had developed policies to achieve this. "They must have a package now. They know it. I know it, and I suspect the International Monetary Fund knows it." Urging Callaghan to make a decisive push on his outlined strategy, Thorneycroft warned: "It is not that there is a danger of dictatorship if we abandon present policies. There is a real danger of something like it if we keep them."

**Heath:**

**The Crunch Is Now Upon Us**

Oct. 8 (NSIPS) — *Following are excerpts from former British Prime Minister Edward Heath's speech to the Conservative Party conference at Blackpool this week. The Times of London described Heath's remarks as intending to portray him as "virtually the only statesman left in Britain, a major political figure who is available for call in almost any coalition government."* Noteworthy in Heath's speech was the total absence of traditional party conference attacks on the Labour government and its policies.

"Britain has now come to the end of the present road...The crunch so long awaited, so often discussed, is now upon us. When

the Chancellor announced in a desperate attempt to save the slide of the pound, that he was going to call in our last remaining funds from the IMF, he was announcing that our friends who had been prepared to help us in July were no prepared to do so any longer....

"This means that the time available to us now is very short, very short indeed. It means that action which has to be taken to deal with this situation is urgent...."

"The external value of the pound has lost one third of its value since...Feb. 1974. It has lost one fifth of its value in the last six months. Towards the end of these months the slide became precipitate and we are in daily danger of a recurrence of this situation."

"What we are seeing today is the repeated slide of our currency. Ultimately, unless this is dealt with, the result is just as catastrophic, particularly so for us as a great trading nation, depending as we do almost entirely on imports for our supply of raw materials and as we import 50 per cent of our food supplies."

"When your currency slides repeatedly and there is a catastrophe, we ask ourselves: where are our raw materials and our food coming from. This is now a matter of a very short time."

"The prime consideration in all of our actions and policy in this country must be **the maintenance of the external value of the pound**. The threatened collapse is something which is too horrible to contemplate. Even while it slides it automatically increases inflation in the country. It is at the moment a major cause of the increase in wholesale prices..."

"The present living standards of the British people are only sustained by borrowing overseas, and when that borrowing is no longer available the present living standards of the British people cannot be sustained..."

"This is much more for the British than an economic crisis. It is much more than economics, much more than financial incentives or levels of taxation...This crisis is for the British a political, a social and a moral crisis."

"It is a political crisis as to how we can find ourselves working together again in the national interest on the shop floor, in the farm, in the shops, in all our daily activities. The British used at one time to be immensely proud that they did always work together. We have lost some of that and it is that which has to be restored by leadership in this country."

"It is a moral problem. The question is when we, the British are going to establish those standards in every aspect of our daily activity and our political life of which we were once intensely proud...."

"That is what we as a country want to do. And so that is the crisis that faces us: when are we as a country going to get up and go? That is what the rest of the world is asking...."

# Chicago Consolidates Around “No Bailouts” —Hesitates On IDB

Oct. 9 (NSIPS) — Varied layers of the Chicago industrial and financial directorate signaled last week that they consider the present international monetary arrangements untenable and that immediate measures to reform international monetary arrangements are a must. In the words of an informed banker, “Chicago forces are now coordinating their moves with British and European forces to bring down the present monetary order in favor of one based on fixed exchange rates and backed by gold. Agreement has been reached on a negative policy of “no bail-outs, no Simon policy for Britain, and the dumping of the debt.”

Although Chicago forces have consolidated around this defensive policy, the banker also reported that no agreement has been reached on a “positive policy” of development. Refusal to seize political initiative and lack of agreement by Chicago forces to move behind the LaRouche-Evans campaign’s International Development Bank proposal have reportedly been fed by a perceived pull back on the part of critical Third World nations from the declaration of debt moratoria.

Chicago’s near-unanimous opposition to any bailout to private U.S. banks in the wake of defaults on Third World debt, and its support for a new gold-based monetary system, were reported from several sources. A leading economist from a large Chicago bank commented: “Certainly these nations’ debts are out of hand.... Refinancing is no solution and should not be practiced... But if some banks like for example Citibank of New York have gone in and run up huge loans in the Third World, I think the Government should stay out of it.” He added, “The government can assist the overall recovery process by sitting down and negotiating with other countries the new monetary system and new credits from this new institution (the IDB) you’ve been talking about.... I see that it would work.... Gold could serve as, really, an additional security factor in the negotiations.”

Inside sources at First National Bank of Chicago went so far as to report that “we wouldn’t object to a gold-based monetary system — we want a new monetary system where the dollar would play a lesser role... It would be a currency or a group of currencies tied to gold. Either we use the old bootstrap method or something like your International Development Bank proposal.”

While Chicago forces have consolidated around this “negative policy,” admitted fuzziness on the IDB has blocked any open action by the faction. Speaking in Tokyo, Continental Illinois Chairman Roger Anderson called for a program for Third World industrialization. Anderson, the first Chicago figure to elaborate anything resembling a development program, characterized it as a private sector initiative aimed at industrializing the Third World which would in turn increase Third World exports and income. The further increase in Third World demand for advanced sector capital goods exports would then increase more Third World industrialization. The theme of Anderson’s perspective was echoed by Secretary of Commerce Elliot Richardson speaking in San Francisco last week. Richardson called for a massive increase in the export of U.S. technology to the Comecon bloc. His argument for increased East-West trade concluded that U.S. technology transfer to the Soviet Union in no way interferes with U.S. national security.

## Chicago Banker:

“There’ll Be A Lot Of People  
Screaming On The East Coast”

Oct. 8 (NSIPS) — Following are excerpts from an interview with a leading Chicago banker.

The word we have picked up from our good sources, who should know, is that Britain is preparing to suspend convertibility of the pound.... It could come at any time, especially if Simon keeps this up.... If they pull the pound out as a reserve currency for even just a few days there’ll be a lot of people heard screaming their bloody heads off, especially on the East Coast.... Well they can scream all they want to, but the British aren’t bluffing....

With all that’s going on I can certainly see why the New York Times would be running these articles now trying to debunk the Third World’s call for debt moratoria.... They didn’t cover the debt moratoria demands when they were made at the U.N. and Colombo.... Now they cover these stories that there are **not** any debt moratoria demands at Manila! Well, I can see why they would try this....

Yes, we are watching the European moves, especially the British very carefully.... I can say, in answer to your question, that we know many of the European and British bankers and other key figures personally.... We like the whole idea of personal banking, so we like to handle these contacts personally.... I would say that there is a very high level of coordination between certain people in Chicago and the Europeans and British....

## “No Problem” With Defaults On Citibank

Oct. 8 (NSIPS) — Following are excerpts from an interview with the economist for a major midwestern bank.

We think that the standby process is alright for nations like Britain on an emergency basis.... But the IMF should really stay out of refinancing, whether it be government debt, balance of payments deficits, or commercial bank debt....

Kissinger’s IRB and safety net proposals are not workable.... Indexation would destroy all faith in currencies and on the other hand the liquidity is just not there....

Certainly these nations’ debts are out of hand.... Refinancing is no solution and should not be practiced.... But if some banks, like for example Citibank of New York, have gone in and run up huge loans in the Third World, well I think government should stay out of it... If these nations can’t pay it’s the fault of the bank for making a bad loan... That’s part of the business... Bad loans happen all the time... We make some bad loans ourselves... Bad, but the government cannot and should not come in to bail out the investors... That’s their problem... Neither do I think that our government should step in and declare that it’s O.K. to repudiate debts... As a banker I don’t think that’s a good policy at all... Then again, I have no problem whatsoever if some nations default on Citibank... Leave it a private matter... Let the debt be defaulted on... The government should say or do nothing about the debt... Once the debt is on default, then the

government can assist the overall recovery process by sitting down and negotiating with the other countries the new monetary system and new credits from this new institution you're talking about.... I see that it would work.... Gold could serve as really an additional security factor in the monetary agreements.... My only questions now are two: 1) how would you capitalize the new development bank, and 2) how can you get the Congress to pass the necessary enabling legislation without them botching the whole job?

## Continental Banks Chairman Calls For Capital-Intensive Development

*Oct. 8 (NSIPS) — Following are excerpts from a statement by Roger Anderson, Chairman of the Continental Illinois Bank and Trust Co. of Chicago, released in Tokyo this week as Anderson was enroute to the IMF meeting in Manila. Anderson plans a tour of the Far East following the IMF meeting.*

The disparity of wealth between rich and poor nations and the lack of a strong production base for development in the Third World are problems which must be overcome if we are to achieve a healthier world economy. Balance-of-payments deficit financing from both international agencies and commercial banks like Continental can only provide breathing space for these nations. What is needed is far more capital to build industries, which are compatible with their environment, resources, and cultures, so that these nations can generate enough revenue from exports to pay for the capital goods they must import to improve that industrial base. Only then will they be able to break out of the sickening cycle of poverty that they now experience.

## Regional Banks Say NO To Bailout

*Oct. 8 (NSIPS) — The following are excerpts from interviews with top officials at Federal Reserve Banks in the Midwest and South conducted on Oct. 4.*

**Interview with international banking vice-president at the Federal Reserve Bank of Dallas (Monday, Oct. 4).**

**Dallas:** Then what you are saying is that in order to implement the International Resources Bank, these folks would have to have national planning in this country. I see. Well, you know we will not be favorable to any ICNEP-type approaches in this country ... just as we indicated to you the other day that a bailout of some of New York's banks isn't that good of an idea. Thank you for keeping us posted.

**Interview with international banking vice-president at the Federal Reserve Bank of Kansas City (Mon. Oct. 4).**

**Kansas City:** I'm glad you think we helped mobilize opinion against a bailout of the New York banks. Now on the IRB, I don't know enough to evaluate the thing. But let us do some thinking on the subject here before we make a judgment one way or the other on it.

**Wallich:**

## "The Dollar Is Like An Ocean"

*Oct. 8 (NSIPS) — The following are excerpts from an article by Henry Wallich, a member of the Board of Governors of the Federal Reserve in the Journal of Commerce Oct. 4. The excerpts are in the context of a discussion of proposed new IMF articles.*

"The United States ... could not, by intervening in the exchange markets, do very much to counteract fundamental market forces working on the dollar now that expectations of stability have evaporated. The dollar is like an ocean. To dip into this mass of perhaps five trillion dollars worth of dollar denominated assets in order to add to or remove from the total supply a few millions or even billions would not affect the dollar very much in the long run.

"For temporary and limited purposes, to be sure, such as to support a currency until newly taken domestic monetary and fiscal restraint policies begin to bite, exchange market intervention may continue to be appropriate.

"The reserve role of the dollar implies one further obligation: the United States ... must at least keep its rate of inflation low.... Only then will the dollar remain an internationally acceptable asset.

A high inflation rate ... would cause widespread efforts, on the part of private and later also of official holders, to shift out of dollars."

**State Dept.:**

## Europe Will Bitch And Moan, But...

*Oct. 9 (NSIPS) — The following are excerpts from an interview with a State Department staff member responsible for developments concerning Secretary Kissinger's International Resources Bank proposal. The interviews were conducted on two consecutive days, Oct. 6 and 7.*

**NSIPS:** What are the chances of adoption of the IRB in Manila?

**State:** Not very good, you know. The U.S. isn't even going to formally propose it in Manila. All we want is a sounding out of the proposal in the corridors. That kind of thing.

**NSIPS:** What is your reading of the responses of both the developing countries and the developed nations to it so far?

**State:** Although the Nairobi vote (at the UNCTAD IV Conference in May, 1976) was taken under unusual circumstances, I think most Third World, the so-called Third World nations, are not very enthusiastic and the Europeans, I think, don't like it too much either.

THE NEXT DAY

**NSIPS:** The question is: based on all that the Italians are saying and Callaghan is saying, don't you think the Europeans are about to make a move toward a new gold-based monetary system?

**State:** Are you joking? As long as these people don't have a 'shadow' monetary system that they can turn to or don't know that there is an alternative monetary system possible, they'll bitch and moan all they want but do exactly as we propose in the end.

# Economic Crisis Behind Industrialist Threat To Break With Dollar

Oct. 8 (NSIPS) |— Behind the rush to denounce the Eurodollar market and the International Monetary Fund by European and Japanese policy makers this week is the cold wind of economic reality. Beginning in August, official figures show international trade, and with it, real industrial production, taking a sharp downturn in every national sector.

Dieter Spethmann, chief executive of August-Thyssen-Huette A.G., Germany and Europe's biggest steel maker, summed up the hideous results this week: 44 per cent of the workers in the Ruhr and Saar steel belt face short-time work hours this fall, the equivalent of laying off 25 per cent of Germany's 214,000-man steel workforce.

Industrialists and governments know the latest downslide is the direct result of the built-in rules of the dollar system. Since January, a series of currency devaluations and austerity programs, designed to hold the current dollar-dominated "system" of floating rates and wild speculative flows together, have slashed funds for current production and capital investment. Since the creation of international credit is almost totally dominated by the handful of huge international banks in the \$600 billion Euromarket-Cayman Island complex, the lion's share of new credit created during the past year has gone instead to the refinancing of the outstanding and unpayable obligations of the Third World, Italy, Britain. The result has been a production slide of historic magnitude and a concomitant rise in inflation.

Looking at the rotten fruits of this policy, European and Japanese leaders will break with the dollar before going through another round. Despite U.S. Treasury Secretary Simon's call for sacrifice from Britain, Italy, Japan, et. al., "there isn't going to be any austerity," a Citibank economist complained yesterday. European industry is in no shape for another credit squeeze, he said, and besides, "It's a political hot potato."

The recent rise in lending rates (Denmark, 9 to 11 per cent; Italy, 12 to 15 per cent; Belgium, 9 to 12.5 per cent; Britain, 11.5 to 15 percent; France 9.5 to 10.5 per cent; Sweden 6 to 8 per cent) and other highly visible austerity moves made in Europe the past two weeks were "just to stop speculative currency flows," a Bankers Trust exchange expert said this week. These countries still intend to supply credit to industry by "talking big but making no change in their rate of increase of money supply," the Citibank man stated. The director of the Swedish Riksbank (central bank) said Oct. 4 after the hiking of the lending rate: "Those industries that need credit will get it."

## Germany: Crisis Within A Crisis

In West Germany, the austerity import cuts already perpetrated in the rest of Europe, which takes 50 per cent of German exports, has sealed the economy's fate. The vaunted trade surplus fell by more than half between July and August, from DM 2.6 billion to DM 1.2 billion, because, although imports fell, exports fell even further |— a full 9.4 per cent. Worse, the Economic Ministry reported yesterday that new foreign orders, the exports of the immediate future, fell an incredible 28.1 per cent during August. June and July export orders, which were slightly up, had been the entire basis for the government's claims of "recovery." "Those were one-shot-deal Mideast contracts," said Citibank, "and the trend is down from here."

Exports, rebuilding of inventories, and last fall's government spending bonanzas were the only demand holding up European production to this point, a top EEC economist told today's

Journal of Commerce. All three, he said, "have now run their course and-or expired. The situation is beginning to worry me."

Beginning with the August trade figures, the entire West German domestic economy is looking over the cliff. In steel, one of the worst industries hit by the export fall, Thyssen's Septhmann sees a "crisis within a crisis." With the mills now at 70 per cent of capacity, as low as 50 per cent in certain products like steel plate, the 1976 production goal of 44 million tons, only 80 per cent of 1974's production, won't even be reached, he told the JOC. Already, the number of workers on short time in steel this week is double the August levels.

The Christian Democratic Union (CDU) issued a campaign statement Oct. 1 scorning the Schmidt government's reported drop in unemployment during September as mere seasonal statistical fraud. "We view with alarm the drop in job vacancies, the depressing 50 per cent increase in temporary layoffs, and the still rising youth unemployment," a campaign release stated. "All major German economic research institutes are certain," added the JOC Oct. 4, "that the ranks of unemployed will swell again during the last quarter ... to the 1 million mark."

## Britain: In the Vise

"Britain is being squeezed in the vise," says the lead article in the Journal of Commerce today. Yesterday's announcement of the "tightest ever credit squeeze in modern day Britain" hiked the minimum lending rate (MLR) from 13 to 15 per cent, and froze another \$700 million of the banks' cash reserves, bringing the total frozen to 2.1 billion. If continued for any length of time, this will bring industrial lending to a halt. In reaction, the London stock market plunged 14.6 points on Oct. 7 and 10 points more yesterday, down to 286.0, the first slide under the 300 mark since August 1975. Expectation of "slowing down of investment, a fall in consumer spending due to dearer interest rates, and higher unemployment," says the JOC, drove down stocks "across the whole spectrum."

Furthermore, the Bank of England announced that while the target rate of growth of the money supply is 12 per cent annually under the austerity programs being stipulated by U.S. Secretary of the Treasury William Simon and the IMF, M 1 in Britain continued to grow in September at the August rate of 20 per cent. If the IMF demands are actually to be met, even the current round of squeeze will therefore be dwarfed.

Even the measures already in place before yesterday's announcements have so damaged investment in basic industry and production generally that the new measures **must** be only stop-gap. Unless they are superceded within weeks by a general revamping of the sterling currency and international monetary system, British industry will be a thing of the past.

As early as Monday, Oct. 5, the Confederation of British Industry (CBI), the London Chamber of Commerce, and the government Department of Industry, released surveys documenting complete chaos in every sector of the economy.

Although the surveys were done even before last week's dramatic new sterling plunge from \$1.71 to a low of \$1.63, the CBI found distress at "a general falling off of production and new incoming orders." The LCC found "widespread disillusionment with the economy ... growth stagnant."

The ugly result is that not only is investment in plant and equipment down, but it will remain **below 1971 levels**, reports CBI. The reason: "profits are severely down," and, the LCC adds, "crisis-level interest rates are hardly likely to encourage

investment." Therefore, the backbone of the economy, the capital goods sectors—engineering, machinery, machine tools, and construction—are the most depressed. The LCC predicts as a result "renewed inflation and rising unemployment." Unemployment in Britain in fact rose by 9,200 in September to 1.266 million.

Reached after the pound's fall, CBI surveyers found industrialists even more frantic. Rising oil costs and interest rates, and general import price increases, will mean immediately rocketing unemployment, they said.

### France: Overkill

Jacques Ferry, leading French steel industrialist, summed up the state of the entire European steel industry yesterday in a statement to the press. In Europe as a whole, he revealed, incoming orders have fallen a full 40-50 per cent during the first half of 1976 over 1975's already depressed first half levels, and continue to fall. Costs of production have risen 30 per cent over the same period while prices are at their lowest level in nearly three years. Ferry predicted mass unemployment, especially in the French steel sector, where the major corporations Usiner, Saciler, and others, are already paying out annually more in

debt service than the magnitude of their absolute profit losses.

In response to the New York banks' speculative attack on the French franc a month ago, the Giscard government tamely issued the overkill austerity program the banks demanded. Not satisfied, the banks this week renewed heavy speculation against the franc, bringing it from close to \$0.21 to \$0.2020.

The industrialists' outcry inside and outside of France, however, indicates that even the original austerity program may be defeated. Business Week in its Oct. 11 issue lays out "New Trading Worries for France's Partners": "(The) program calls for tax changes that would sop up \$3.6 billion of private and corporate money. It would also clamp down on the rate of expansion of the money supply to 12 per cent from 18 per cent.... The program is expected to bite heavily into auto sales. Gasoline prices will rise 15 per cent, and auto registration will cost from 43 per cent to 125 per cent more."

One-fourth of France's cars come from her EEC trading partners, especially West Germany, which sold \$10 billion total exports to France last year. Business Week quotes industrialists from the Germany Machinery Association, the Italian Confindustria, Belgium, and Holland, as being particularly worried about the 10-15 per cent of their exports that go to France.

## Japanese Industrialists Rip Fukuda Line

Oct. 8 (NSIPS) — The fight of business leaders for a pro-development solution to the collapsing economy against the pro-Rockefeller faction headed by Deputy Premier Takeo Fukuda, smoldering behind the scenes for months, was forced into the open this week. The pro-development industrialist faction was spurred to action by economic figures just released that showed that overall production declined by 0.8 per cent in August. The Ministry of International Trade and Industry predicted further declines of 1.3 per cent and 0.6 per cent in September and October.

The primary cause of the downturn was month-to-month drops in custom-cleared exports of 10 per cent and 6 per cent in July and August, which resulted in a 2.4 per cent fall in production of autos and consumer durables. These two items have been the mainstay of the "mini-recovery" in Japan since January; their fall heralds economic disaster.

Additional bad news for September included the second highest monthly total for bankruptcies this year — 1,357, and the defaulting on \$140 million in bills to small suppliers by the virtually bankrupt state-owned Japan National Railway, which has accumulated \$21 billion debt. Last week, the leading business federation Keidanren issued a report saying that "Seven out of Japan's 22 principal industries are in serious difficulties that could affect the nation's economic security," including chemical fertilizers, machine tools, shipping and textiles, while others have serious problems.

Immediately after the release of the statistics, Fukuda called a press conference to say that the problems were only temporary and that Japan would continue its current policy: reliance on the "upswing" in the U.S. which has already become a strong downswing. According to the Mainichi Daily News Oct. 2, Fukuda stated his policy would be to continue concentrating on fighting inflation — the same thrust just announced by the International Monetary Fund.

Backing up Fukuda's anti-inflation policy with a fast attack on Japan's working class, Employers Association head Takeshi Sakurada called for limiting wage increases for 1977 to a paltry 5 per cent, despite consumer inflation twice that figure, and rising. Consumer inflation rose a whopping 2.8 per cent in September. Real wages in July were 2.2 per cent below July 1975, the second consecutive year of real wage declines. In

addition to pushing this severe austerity policy on wages, Sakurada has supported Fukuda's six-months' attempt to unseat pro-development Prime Minister Takeo Miki.

Leading the attack on Fukuda's disastrous policy line, MITI head Komoto — one of Miki's foremost supporters — called a press conference to announce that the economic recovery was not proceeding adequately and that his ministry would announce new measures to promote economic recovery after a review to be completed by mid-October. Two days earlier, Mitsuo Kono, a columnist for the pro-development Yomiuri newspaper whose columns often reflect the thinking of MITI officials, sharply attacked Sakurada: "Sakurada is saying that the way to save the Japanese economy from vicious inflation is to lower the living standard of the workers.... It is doubtful he can achieve (it)... If a wage rise is actually held down, there is a possibility of the economy again precipitating into a 'consumption recession.'" Kono had blamed the renewed recession in Japan on the collapse of the U.S. recovery a week earlier.

Keidanren head Toshio Doko, who will be leaving for a tour of Europe Oct. 15, announced that the trip will discuss East-West trade and that he will propose that European trade deficits with Japan be remedied by having Japan subcontract out to the European parts of capital-intensive development projects that Japan may contract with third countries — the Third World and Comecon nations.

Fuming at a hoax perpetrated on Japan by Kissinger at June's economic summit in Puerto Rico, industrial leaders have also indicated that they will push the Japanese government to abrogate the policy laid down by the U.S. at that meeting of charging the Soviet Union a special high interest rate on development loans. By following the guidelines — generally ignored in Europe — Japan lost out on at least \$220 million worth of trade deals with the Soviet Union.

Contacts with anti-austerity, anti-Rockefeller business forces in the U.S. may also be solidified in the wake of a visit to Tokyo by Continental Illinois Bank chairman Roger Anderson. Anderson held a press conference in Japan to present ideas paralleling those of his Japanese counterparts, saying that the way to solve Third World payments deficits is through "far more capital to build industries ... so that these nations can generate enough revenue from exports to pay for the capital goods they must import to improve their industrial base."



## Third World Nations Hesitate On Debt Moratorium

Oct. 10 (NSIPS) — During the second week of the 31st session of the United Nations General Assembly here, foreign ministers and ambassadors from the Third World declined to take the lead given them by the speeches last week for immediate debt moratorium and a new world economic order by Guyana's foreign minister Frederick Wills and Italy's foreign minister Arnaldo Forlani. The developing nations, on the whole committed to the resolutions put forward at the Colombo Conference of Non-Aligned nations in August, are still seeking to win their demands through continued negotiations with the murderous U.S. Secretary of State Henry Kissinger.

In the week's time permitted him by their hesitation, Henry Kissinger has perpetrated the bloody coup in Thailand, (see special report below on South East Asia), and launched a global terror campaign which resulted in the death of 78 passengers of a Cubanplane on its way from Guyana to Havana.

In an official statement released Oct. 2 and widely circulated at the United Nations, U.S. Labor Party presidential candidate Lyndon LaRouche declared that the responsibility to bring down the Eurodollar market and with it smash the power of the Rockefeller political and terror machine now lies with the opposition forces of the advanced sector industrialized nations.

After his boastful blackmailing speech before the United Nations General Assembly last week, Kissinger himself has stayed on at the United Nations for a full week of backroom armtwisting and extortion. Acting as the soft cop of the affair, Rep. Charles Diggs, a black Democrat, has arrived on the scene to cajole black nations representatives. Diggs is telling Third World delegations that Jimmy Carter is a shoo-in for the November presidential elections and that Carter will take a more conciliatory position toward Third World demands. Diggs also urged African delegations to concern themselves primarily with the Rhodesian situation and not preoccupy themselves with the fight for a new world economic order.

The delegate of the People's Republic of China gave its presentation to the General Assembly this week, which surpassed Kissinger in its diatribes against the Soviet Union. (see excerpts below) The Maoist spokesman demonstrated that since the death of the senile Mao Tse Tung, the leadership of China has not yet laid to rest his insane policies.

### LaRouche to UN

LaRouche's Oct. 2 press release pointed out that the current threats and acts of terrorism by the U.S. Secretary of State are "Kissinger's Last Stand." "Kissinger et al. have fundamentally misjudged the global strategic political and economic situation.

"The cowardly, vacillating figures who foolishly and impotently attempt to block debt moratoria are obviously blinding themselves to their own cowardice by refusing to recognize

what is at stake. Fortunately, others are not so weak or foolish. Others among us, representing various specific political persuasions and perception of immediate self-interest, know that we can not pursue those self-interests in a world which does not exist. Fortunately, what we temporarily lost, largely through cowardice and vacillation, on one front this past week, were regained on a much larger scale on other fronts."

"The most powerful objective source of opposition to Kissinger at this moment is not the Third world, but pro-industrial development forces of the industrialized capitalist nations. Any continuation of the policies of the Rockefeller-led faction would accomplish a general collapse of industrial production and world trade. The industrial forces of the capitalist sector, a more powerful political force at this moment than the entire Third World, has been placed in the situation that they must cut down Rockefeller in their own desperate interest. The situation of the United Kingdom is the paradigm of the problem confronted by the industrialized capitalist nations as a whole.

"The statements of Guyanan Foreign Minister Fred Wills, Italy's Foreign Minister Arnaldo Forlani, and several others at the United Nations this past week accurately pointed to these circumstances. Those statements should be directly compared with this week's major public addresses by Prime Minister Callaghan, Italy's Prime Minister Andreotti, a major public statement by former French Foreign Minister Andreotti, a major public statement by former French Foreign Minister Jobert, and the statements by such leading West German officials as Hans Apel, Otto Wolff von Amerongen, Karl Klasen and others. The establishment of an International Development-type new international monetary system is urgently in the interest of the Third World. In the strategic correlation of forces at the moment, it is the anti-Rockefeller forces of the industrialized capitalist nations which represent far greater fighting capacity and strategic clout than the agent and vacillator-ridden Group of 77.

"As we have stipulated repeatedly during the past year and a half of our campaign, it has been our strategic estimate that the developing nations need only muster themselves to the point of credibly weakening the political hegemony of the Rockefeller-led forces, thus bringing into play the pro-industrialist forces of the industrialized capitalist nations. Once key forces within the industrialized capitalist countries mobilized themselves for seeking agreement with the Comecon on a pro-development, new international monetary system, under conditions of collapse of Rockefeller-linked financial structures, the strategic combination needed to prevent depression-collapse and general thermonuclear war would come into play.

# Soviet Statement 'On The Reconstruction Of International Economic Relations

UNITED NATIONS, N.Y. — Following are excerpts from the Soviet government's statement "On the Reconstruction of International Economic Relations," which was distributed at the United Nations Oct. 4.

... The Soviet government considers it necessary to put forward its point of view on questions of reconstructing international relations.

1. The essence of the problem is that the present nature of international economic relations contradicts the vital interests of the great majority of countries and the development of the international situation in general.

Most of the developing countries of Asia, Africa and Latin America have only in the last decades achieved national independence, and they face difficult and important tasks: to break once and for all with the way of colonialism and neocolonialism, and to overcome in a brief historical period their economic backwardness, poverty, destitution, hunger, and disease. Economic assistance from outside is of no little significance for the developing countries, as it fulfills their own efforts. But a broad mobilization of internal reserves is impeded by the maintenance of the system of colonial and neocolonial exploitation, which condemns the majority of Asia, African and Latin American countries to the status of raw materials appendages of the industrialized countries of the West. And the 'aid' extended to them by the capitalist states only leads to their further enfeeblement. The results is that the economic problems of the developing countries remain unsolved, and their backwardness increases rather than lessens. The economic declaration of the Non-Aligned countries (Colombo, August 1976) rightly noted the primary significance for the economic development of these countries of liquidating foreign aggression, occupation, racial discrimination, apartheid, imperialism, colonialism and neocolonialism, and all forms of dependence and subjection, interference in internal affairs, and exploitation.

The present state of international relations cannot correspond either to the interests of the peoples of developed capitalist states, who bear the burden of the economic, financial and energy crises, of unemployment, inflation and periodic collapses of production....

3. At the present time, the young independent countries have become actively involved in the struggle for reconstruction of international economic relations. The program for establishment of a 'new world economic order,' advanced by them, reflects their lawful aspirations: to extend into the economic sphere the process of liquidating neocolonialism, to put an end to exploitation by the industrial powers of the West, to create conditions for the developing countries to overcome their economic backwardness.

The Soviet Union views with understanding (their) broad program of measures which reflects the vital long-term interests of the developing countries, and the Soviet Union supports its principles.

4. The Soviet Union is prepared to continue to:

- develop cooperation with these countries on a democratic and just basis and to consolidate economic and scientific-

technological ties with them on a long-term stable and mutually beneficial basis;

- expand the practice of concluding long-term trade agreements and develop industrial cooperation with them;
- help interested developing countries develop their natural resources in accord with their sovereignty and rights;
- expand the volume of technical aid to developing countries, including for infrastructure development.

... The just demands of the developing sector on expanding transfer to them of resources for overcoming backwardness ought to be implemented above all at the expense of capitalist monopolies' profits and unproductive expenditures on the arms race which imperialism is pushing ahead.

According to U.N. data, military expenditures at the present time take up approximately 300 million dollars annually. It is easy to see what kind of perspectives for solving the most urgent problems of the present day would be opened by a substantial reduction of military spending — on the order of 10 per cent to begin with — as the Soviet Union has proposed to the United Nations.

## India's Chavan

### Development Inimical To Debt Payment

The following are excerpts from the statement by Y.B. Chavan, Minister of External Affairs of India to the United Nations General Assembly Oct. 4, 1976.

The indebtedness of developing countries has exceeded \$150 billion U.S. with repayments increasing every year. Developing countries now face the dilemma of either not repaying their debts, or suspending altogether the process and tempo of their national development. This problem can be resolved only if the international community as a whole draws up mutually agreed norms for affording realistic and immediate relief to debtor countries. Even a 5 per cent reduction in the military budgets of developed countries could facilitate the transfer of much needed resources and open for two-thirds of mankind vast opportunities for development.

The survival of mankind in all its many splendoured diversity depends on planned expansion of areas of equitable interdependence. My Prime Minister Shrimati Indira Gandhi observed recently at the Colombo Summit Conference of Non-aligned countries: "The community of nations should jointly and peacefully achieve that elusive equation between global production and consumption that yields the right share for each nation. Patchwork remedies are no substitute for genuine reform. We need a global perspective plan that would relate resources to human needs and provide a system of early warning of imbalances and disasters. Improved terms of trade and credit, easier access to markets and better value for raw materials and industrial goods are all essential to secure greater equity in the distribution of benefits."...

Recognition of this mutuality of interests and of the need to rearrange the present economic system on a more equitable

basis should influence the attitudes of the affluent countries in such a manner that their people respond readily and positively to the modest national objectives of developing countries. Unfortunately, the response of the developed countries so far indicates a certain wavering of political will to meet the full dimension of the challenges and opportunities inherent in the present situation, as evidenced by the slow progress made by the Paris Conference. Perhaps fear of the unknown future, or reluctance to reduce wasteful consumption, is at the root of their inadequate response.

Surely, they must realize that there can be no freezing of the status quo of dependence between the developed and developing countries. The present situation must inevitably evolve into a new order of equitable interdependence and mutual benefit. Self-serving short-term remedies will not meet the long term requirements of the present situation. So far as the developing countries are concerned, they should be prepared to safeguard their own interests through a higher level of individual and collective self-reliance as well as mutual co-operation.

### **Indonesia's Malik Colombo Basis Of Further Negotiations**

*The following are excerpts from the statement by Adam Malik, Minister for Foreign Affairs of the Republic of Indonesia, to the 31st Session of the United Nations General Assembly on Oct. 6.*

Men and nations have always needed each other. No man is an island and neither is any nation. The advent of the economic crisis in 1973, precipitated by the October War of the same year in the Middle East, was a catalyzing factor in the process of the reawakening of the developing world, which propelled the world towards making a new reappraisal of interdependence among nations. The world has now reached a stage in which nations, both developed and developing, not only need each other, but at the same time possess the capability to harm one another; a stage where interdependence contains seeds of confrontation that may result in the extinction of mankind....

Mr. President, The establishment of a new international order is undoubtedly in the objective interest of the entire world community. The Summit Conference of Non-Aligned Countries in Colombo advanced this ideal by adopting a number of positions of great importance to the members of the United Nations. The decisions taken by the Summit Conference will certainly help to encourage the establishment of a new order in international relations, one based up co-operation and the equality of all States.... Mr. President, It was notably at UNCTAD IV in Nairobi this year, that an important stage was reached towards the restructuring process as called for in the decision of the Seventh Special Session. Although clearly falling short of the aspirations of the developing countries as contained in the Manila Declaration, a number of decisions reached at Nairobi can be regarded as essential steps forward in the continuing progress towards the goals as envisaged in the Declaration and Programme of Action on the Establishment of a New International Economic Order....

My Delegation has however noted with dismay that no progress was made at UNCTAD IV with regard to money and finance. No measures could be agreed upon for the increase of financial flow to the developing countries. No satisfactory solution could be found to the critical debt problems of the developing countries. My Delegation is aware of the urgency to find a comprehensive solution to these problems, and of the serious political and economic implications of prolonged failure to do so.

The performance of the International Development Strategy (of the United Nations) in the first half of the Second Decade is indeed disappointing in many important areas, including the area of money and finance. The net flow of official development assistance not only remained below the target set for the decade but its distribution was hardly related to the development needs. There has, however, been an encouraging increase of the share of the developing countries in world financing flows, in particular from OPEC countries, which has injected a dynamic element into the picture.

The pressing need for development finance on a continuing and expanding basis has time and again been emphasized on successive occasions at various forums. We therefore earnestly hope that positive response be given to the appeal made by the Mexico Conference of the Group of 77, which urged the donor countries to demonstrate their goodwill regarding the Fifth replenishment of the International Development Association and at the same time also urged the member countries of the International Bank for Reconstruction and Development (World Bank) to agree to significantly increase the Bank's capital....

Mr. President, The Non-Aligned Summit in Colombo (in August 1976) undertook a comprehensive assessment and review of the results of the Kingston, UNCTAD IV, the Paris Conference (all recent conferences on economic development), and arrived at a number of important conclusions and decisions which will have an important bearing on our future negotiations. Failure to achieve significant results could then seriously jeopardize the spirit of dialogue which was hailed as the most important achievement of the Seventh Special Session of the General Assembly....  
Assembly....

### **China After Mao — Same Anti-Soviet Line**

Mr. President, we, the Delegation of the People's Republic of China, have come to attend the present session of the United Nations General Assembly today at a time of immense grief for the people of all nationalities in China. Chairman Mao Tsetung, the most esteemed and beloved great leader and teacher of the Chinese people, passed away on September 9...

Back in the early sixties, Chairman Mao Tsetung vividly portrayed the contemporary world situation in these verses:

"The Four Seas are rising, clouds and waters raging,  
The Five Continents are rocking, wind and thunder roaring."

The world situation has been in a state of great turmoil.... On the one hand, there is the rise of the third world; on the other hand, there is the rivalry for hegemony between the two superpowers — the Soviet Union and the United States.... Looking around the globe, one cannot find a single place of tranquillity.... This great disorder is a good thing and not a bad thing for the people....

...At present, the Soviet Union and the United States, the two superpowers constituting the first world, are the biggest international oppressors and exploiters of our time and they are the source of a new world war. While the developed countries of the second world oppress and exploit third world countries, they themselves are at the same time subjected to superpower oppression, exploitation, control or threat. The numerous third world countries are most heavily oppressed and exploited by colonialism and imperialism; they are the main force in the fight against imperialism, and particularly against superpower hegemonism....

...The Fifth Summit Conference of the Non-aligned Countries withstood outside pressure and maintained the position of opposing imperialism, and particularly superpower

hegemonism....The great African people are now launching an offensive on barbarous racism, and the handful of colonialists have been cornered in southern Africa. The situation there is complicated owing to the meddling of the two superpowers. But the long-tempered African people are clear-headed. They do not believe the nice words of imperialism and social-imperialism, nor are they intimidated by their bluster. They will surely win their liberation by relying on their own armed struggle, strengthening their unity and persisting in this course....

Strategically, Europe is the focus of contention between the Soviet Union and the United States for world hegemony. The so-called "European Security Conference" (Helsinki conference, 1975) was in fact a "European Insecurity Conference." There are always some people in the West who want to urge social-imperialism eastward and divert this peril towards China, thinking it best if all is quiet in the West. The "European Security Conference" reflected such a Munich line of thinking....

The rivalry between the two superpowers, the Soviet Union and the United States, extends to all parts of the globe. The United States has vested interests to protect around the world, and the Soviet Union seeks expansion. This state of affairs is unalterable. In this world-wide rivalry, the expansionist activities of the Soviet Union are all-pervasive....Every day it talks "peace, but practices expansion; every day it talks "disarmament" but practises arms expansion. Soviet social-imperialism is the biggest peace swindler and the most dangerous source of war today. The continued fierce rivalry between the two superpowers is bound to lead to war some day. This is in-

dependent of man's will....

are terrified at the mention of the Soviet Union, thinking that it cannot be touched. This is superstition. Soviet social-imperialism is nothing to be afraid of. It is outwardly strong but inwardly weak. Alienated from the people, it is essentially feeble. It faces economic difficulties and ever-sharpening class contradictions and contradictions among its nationalities....

...We approve of dialogue, but first of all one must be strong. The developing countries can wrest back step by step positions on the economic front occupied by the superpowers only if they maintain independence and self-reliance, fully exercise their state sovereignty, take firm hold of their national resources, develop and expand their national economies, consolidate and expand the associations of raw material-producing countries and strengthen their mutual help and cooperation....

Mr. President, the Chinese Government and people are determined to carry on the cause left behind by Chairman Mao, adhere to the basic line of our Party and keep to Chairman Mao's revolutionary line and policies in foreign affairs....

Chairman Mao Tsetung taught us that "In our international relations, we Chinese people should get rid of great-power chauvinism resolutely, thoroughly, wholly and completely"....

China is a vast and richly-endowed country with a population of 800 million. Chairman Mao Tsetung taught us: "China ought to make a greater contribution to humanity."

...Surveying the whole world, we see that there is great disorder under heaven and that the situation is excellent.



"The dollar system is on the verge of collapse. The dollar and everything that depends on it is bankrupt —when the collapse will occur is entirely a political question. There is only one solution: the declaration of an international debt moratorium on major categories of debt, especially those related to the dollar. The IMF and the World Bank are bankrupt. Then new credit must be created to maintain production and employment. We must immediately form an International Development Bank to replace the IMF and related institutions."

—U.S. Labor Party Presidential Candidate,  
Lyndon H. LaRouche, Jr.  
Bonn Press Conference,  
April 24, 1975

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## Italian-Initiated Consortium First Step Toward IDB

Oct. 8 (NSIPS) — Totally new multilateral economic entities came into world view this week as Italy announced that it has consolidated an international chemical consortium oriented toward greatly expanded relations with the Comecon countries, and Britain began to turn the Commonwealth into a raw-materials-for-technology alliance worthy of its name. These initiatives, coinciding with intensified bilateral agreements for industrial expansion among Western Europe, Japan, and the Third World, are the foundations of the formal implementation of the U.S. Labor Party's International Development Bank proposal once the world overhang of illiquid Eurodollar-centered debt is frozen and a new credit and currency framework is in place.

Yesterday Giuseppe Ratti, international relations spokesman for the Italian semi-public chemical giant Montedison, announced in an interview in the Milan newspaper *Corriere della Sera* that his company has pulled together an alliance of chemical producers whose activity will be exemplified by Montedison's construction of a \$3 billion petrochemical complex in Siberia, an enterprise for which Ratti is "finding new partners." The consortium, he said, already includes two major American chemical companies, Monsanto and Hercules, as well as Petrofina of Belgium, some unspecified Japanese firms, and the British ICI, the world's largest chemical corporation. Underlining the role of new loans for production rather than debt rollover, Ratti further stated that Italy must increase the absolute amount of credits to the Soviet Union to foster exports.

On the same day, the editor of the Italian daily *Il Messagero* called for expanded food production through increased output of Italian tractors, for optimal use on large cooperative farm enterprises. *Il Messagero*, which is controlled by the chief of Montedison Eugenio Cefis, also reiterated the need to implement the proposed consortium of Western European state-sector oil companies to break the Rockefellers' veto powers over European industry through petroleum control. "If so many serious reasons did not already suffice," it writes, "the energy problem would be enough to push the Common Market toward a unified policy. To accept the taxative presence of the Seven Sisters who hold the Mideast oil means to accept the Confindustria position, which was already outmoded in 1950." *Il Messagero* is referring to the Atlanticist-controlled Italian industrial association's stand against the establishment of the state oil concern, ENI, in the early 1950s.

### The Development Vanguard

The emergence of the energy and chemical sectors of Western Europe as spearheads of steps toward the International Development Bank expresses the resolve of the industrialists who control the state oil companies never to submit again to the kind of extortion inflicted in 1973-74 by the multinationals' "Arab boycott" fourfold fuel price increases, which drained resources out of production and export markets into the New York banks. As for the high-energy-using chemical sector, it can only survive by constant large-scale technological innovations in industry and agriculture as a whole. As Ratti said, "International chemicals is a manifold of links among several groups which, even if they compete, are united by a very thick network of collaborators" — precipitated by the capital-intensive and integrative requirements of progress.

In endorsing the proposed formation of an anti-Rockefeller consortium of Western European state oil producers, British Petroleum — one of the multinational majors — cited, first, the need for its West German subsidiary to defend West Germany's national interests, and second, the desirability of transforming refinery structures to increase the use of petroleum in advanced chemical processes. This week, BP's chairman made a speech recalling that Britain used to export the Industrial Revolution to the rest of the world; now, he said, it should provide its advanced oil extraction technology to Latin America, Africa, and the Soviet Union. The new British government-industry consensus on promoting real growth yesterday prompted Britain, together with Malaysia and Jamaica, to begin ensuring a flow of raw materials from the Commonwealth by pledging technological assistance in return.

This adoption by both Britain and Italy of a conscious policy of reciprocally reinforcing joint development with the Third World received an historic stroke of support by the Comecon this month. The October issue of the German Democratic Republic foreign policy organ *Aussenpolitik* explicitly and forcefully counterposed Henry Kissinger's murderous International Resources Bank proposal to the need for debt moratoria and development credits for the non-aligned countries. This is the first time a Comecon spokesman has given direct support to a proposal modeled on the International Development Bank proposal — which specifies the creation of billions of credits for three-way trade and specifically targeted mammoth development projects among the Third World, Comecon, and the advanced sector, once the claims of old debt are cleared away by orderly moratoria.

Italy is acting as the international catalyst of this process, not only in its organizing of chemical and energy producers, but in its entire foreign policy. Following the Andreotti government's call for debt moratorium at the Manila conference of the International Monetary Fund this week, treasury official Palumbo went on a mission to bolster Japan's pro-development factions; and last week, while Angolan Premier Augustino Neto was in Soviet Union, his foreign minister, Lopo do Nascimento, visited the Italian government, providing a kind of symbol of trilateral efforts toward the new world economic order.

### The Mideast Battleground

Italy has also pioneered in the push to draw Mideast fuel and population resources into the proto-IDB international alliance. This effort is proceeding along consistent lines announced late last month at an IRI-sponsored conference on "Industry and Culture" attended by representatives of Egypt, Somalia, and other Third World leaders. IRI's Dr. Arena attacked the "technological monopoly" of the industrialized countries and declared that the new world economic order involves the costly but invaluable education of technical and managerial cadre who can contribute to the "self-developing process" of collaboration between the Third World and the advanced sector. Through ENI, Italy is also pressing Egypt and Algeria to expand development of oil resources, and beginning to aid Angolan oil exploration.

Other Western European countries are contributing to the development of the oil producers on a more ad hoc basis; while the governments of West Germany and France cut back their

purchases of Iraqi oil, France also bribes Iran with oil-for-arms deals to defect from supporting the Third World. French industrialists are trying to resume the positive relations with Algeria disrupted by French President Giscard d'Estaing's policies, and the West German state steel complex, Salzgitter, will build a desalinization center in Libya — a project also involving a major West German machinery and tractor producer, KHD. Similarly, while David Rockefeller attempts to siphon international trade toward puppets Iran and Saudi Arabia by drawing them into the OECD, the Tennaco conglomerate of Houston has arranged to buy over \$15 billion worth of liquified natural gas for the U.S. and Canada from pro-development Algeria, providing 10 billion cubic meters a year.

— A more structured series of bilateral initiatives has been made by the Brazilian state oil firm Petrobras, after Petrobras survived attempts by pro-U.S. Brazilians to dismantle it. A risk contract with Iraq for joint oil exploration paid off last week with the discovery of a petroleum deposit that will provide Brazil with 20 per cent of the 300,000-barrel-a-day output — as much as Petrobras' current total output. Petrobras has a similar arrangement with Libya, which has invested oil revenue in Brazilian agricultural development. Pro-development elements in Brazil have also managed to secure the first official Cuban visit two weeks ago, buy 10,000 tractors from Yugoslavia, and negotiate the use of their trade surplus with the Comecon to buy capital goods from the socialist sector. The former gorillas' paradise has refused a military alliance with the government of South Africa, which would preclude further moves along these lines, while boosting trade with Mozambique and Angola.

#### **East Asian Openings**

Japanese industrialists, backed by a government faction, have expanded their relations with the Third World in recent days, a prerequisite for the latter's maximum growth on the one hand and Japan's own raw materials needs on the other. Following Japanese discussions last month with Vietnamese leaders about possibilities for petrochemical and agricultural development projects led by the Mitsui conglomerate, Mitsubishi has signed a half-billion dollar contract to build a power plant in Iraq, and Japanese companies arranged \$12 billions' worth of hydropower, steel, aluminum, and grain development projects with Brazil. Sabotage efforts failed on the part of the World Bank and Citibank, who had insisted that Brazilian revenues go into debt service. The Japanese government has also announced that, since Eurodollar financing of projected long-term natural gas imports from Iran will be impossible, it would finance Iran's \$1 billion contribution to the \$2.5 billion project.

Japanese technology was demanded by the president of the Philippines, Ferdinand Marcos, on behalf of the ASEAN countries, which include Indonesia, Thailand, Malaysia, Singapore, and his own nation. Prompted by the pro-development government of Indonesia, Marcos spoke out at a conference sponsored by the London Financial Times, advising Japan that the industrial development of ASEAN was a healthier alternative than the Japanese rearmament offered by the Rockefellers. Henry Kissinger has stepped up region-wide moves against the pro-growth groupings in Japan and ASEAN, not only watergating Japanese industrialists but forcing this week's Thai coup and attempting to forestall the nationalization of foreign oil companies in Malaysia by firing the progressive head of the Malaysian state oil enterprise. Exxon was reported to be "jubilant."

India, the other linchpin of prospective Asian development,

has accompanied its United Nations advocacy of debt moratorium with a mission to Poland for industrial cooperation, and an economic delegation backing up Prime Minister Gandhi's peace diplomacy in Africa.

#### **Steps by Comecon and U.S.**

In tandem with diplomatic moves on behalf of a new world economic order — including this week's Soviet call at the United Nations for "a reform of the world monetary and credit system" — the Comecon countries have continued to seek bilateral trade and development deals while to some degree stepping up regional initiatives. The USSR has revived a proposal to provide Scandinavia with 2 billion cubic meters a year of its natural gas, and Czechoslovakia recently held a seminar in Prague with Latin American delegates to discuss the potential for Comecon industrial input in that area. The USSR has contracted with the Agnelli-owned Comau firm in Italy to build the world's biggest factory for earth-moving equipment; its 5,000-unit yearly output will double world production of this machinery, which is essential for IDB projects. Most significantly, the Comecon has signaled its acute awareness of the present limits to trade and cooperation in its Aussenpolitik call for debt moratoria as the prerequisite for world development.

In the United States, industrialists are pressing for expanded trade but for the most part remaining unwilling to publicly advocate any form of the IDB, hanging fire while Europe prepares to burn dollars. One industrial spokesman, U.S. Deputy Defense Secretary Clements, sounded the alarm two weeks ago for immediate trade promotion, calling on the Export-Import Bank, target of intense Rockefeller pressures against East-West trade, to approve a long-delayed loan to Poland to build a General Motors truck plant there. Citing the depressed state of the U.S. machine tool sector as a threat to national security, Clements was backed by the influential Cleveland Plain Dealer's editorial demand for increased machine-tool output and exports. Speaking in Japan, a spokesman for the Continental Illinois Bank of Chicago invoked a picture of the expanded purchases that would come from Third World nations provided with the initial capital to industrialize; he did not dwell on the world financial crisis, but reports have been confirmed that Chicago bankers are collaborating with British policymakers to end the IMF's sabotage of industrial recovery.

The Ford Administration, while making anything but a pro-development political campaign, has appointed a special committee on East-West Trade, and Commerce Secretary Richardson is responding attentively to his industrial constituency. After rushing to Chicago to pledge that the administration will not allow the State Department to restrict exports of technology, Richardson spoke in Los Angeles this week in favor of expanding such exports.

In is clear from Montedison's announcement of the international chemical alliance that certain major U.S. corporations acknowledge the need for an overall policy of concerted multilateral development, and the partnership capacity of a "liberated" Europe — including not only Italy and Britain but the new pro-growth government of Sweden and a post-Eurodollar France and West Germany. Well aware of the American industrial mobilization during World War II, it is still an open question whether U.S. industrialists and regional bankers as a whole will show some strategic sense before the dollar expires, or will have to be brought to their political wits amidst the debris of the collapse.



## “Italy Must Have The Courage To Declare Debt Moratorium...”

Oct. 8 (NSIPS) — The first demand for debt moratorium in the advanced capitalist sector from a public forum was delivered in Italy last week by the Hon. Tocco, a Socialist parliamentarian and spokesman for the country's state sector industry. For over two years, the debt moratorium demand has been singularly associated with the European Labor Party, in Italy and elsewhere on the continent.

Tocco told the Italian Parliament's Industry Committee on Oct. 1 that the government of Premier Giulio Andreotti must “have the courage... to declare a total moratorium” on Italy's foreign debt. Tocco issued this call in the context of testimony favorably reviewing the resolutions on debt and development issued at the mid-August Non-Aligned Movement Conference in Colombo, Sri Lanka.

Yesterday, editor Italo Pietra of *Il Messaggero*, a newspaper owned by state-industry leader Eugenio Cefis, went into print with a call for conversion of idled Fiat auto facilities to production of tractors as part of a capital-intensive and energy-intensive approach to expanding and collectivizing Italian agriculture. This, too, is the Labor Party program — the tractor is the party's well-known electoral symbol internationally. Pietra linked his proposal to a complete break with the Rockefeller family's oil multinationals. Eugenio Cefis' Montedison took a major step toward that goal this week by forming a new petrochemical cartel with European and American concerns.

Tocco's debt moratorium demand and Pietra's tractor conversion proposal signify that industrial interests and political parties allied with the Andreotti government intend Italy to continue and broaden its leadership role in the struggle for a new world economic order.

Their success is crucial. With the Third World's failure to unilaterally declare debt moratorium when the opportunity presented itself last week at the United Nations — and with Italy's own failure to explicitly issue such a declaration on its own account in the General Assembly setting — the Andreotti government now stands confronted with unpayable debt burdens necessitating at least temporary austerity measures.

On the very day that Tocco was calling for debt moratorium, Andreotti went on national television to outline a series of short-term austerity measures which the government expects to have adopted by the week-end. The measures entail higher prices for gasoline, home heating oil and other consumer items, as well as curtailment of cost-of-living wage increases for workers earning more than 6 million lira annually.

“The measures are not a cure but a drug,” warned an editorial in the major financial daily, *Il Fiorino*, immediately following the Premier's speech. “The government is off the track....” said the paper, which has been factionally allied with Andreotti himself. The Premier's other anti-austerity allies — *Il Messaggero's* Pietra, for example — reacted with similar warnings, and the press of the Italian Communist Party has spoken out in favor of the approach championed by parliamentarian Tocco last week. In each case, the critics made clear, their purpose is not to attack but strengthen Andreotti's government for the role it must continue to play as an advocate of international economic development.

### Andreotti's Address To The Nation

*Following are excerpts from Italian Premier Giulio Andreotti's Oct. 1 address to the Nation, translated from the Oct. 2 Il Giorno. Il Giorno carried the speech under the banner headline, “Andreotti Asks Sacrifices From All To Save Italy From Collapse.”*

Over the last few days, the lira has returned to its restless position... following the first few months of this year. It is now necessary to adopt measures which are in our realms of possibilities in order to avoid aggravating the situation.

This evening, after being informed of the situation and after consultation with the President of the Republic, the parties and the trade unions, the Council of Ministers has adopted the provisions which were presented in a decree by the Minister of the Treasury yesterday ... and by the Minister of Foreign Trade.

These three provisions reflect substantially the need to create some maneuvering room... It is true that this (crisis) is an international phenomenon but it is not the case of “trouble shared is trouble halved.” We have lost... as the pound has lost... against the strongest currency of the European Economic Community, the deutschemark. In fact, the deutschemark has gained more than three per cent. This has created and continues to create a kind of tension which we hope to be able alleviate during the coming week...

The provisions we have adopted concern:

1. tax discount rate raised three points;
2. export deferred payments must be financed 50 per cent in lira, as opposed to the present 30 per cent;
3. ten per cent tax on the conversion rate —lira to foreign currencies.

The third provision must discourage speculation... while the other two have a more technical nature. Therefore, I emphasize that it would be unjustified for the banks to increase the cost of money generally...

I am not engaged now in a technical discourse... I believe however that it is the duty of the government to precisely inform the population... I do not wish to provoke states of euphoria nor states of pessimism, pessimism many times unjustified...

Yesterday we presented the report for the coming year, according to the terms set by law, and this report... is a government program of sacrifices for the last time, a program which maintains those characteristic guidelines of reissuing to our productive apparatus that vigor, that strength, to give it that renewal — even a technological renewal — which is necessary to maintain the markets, to maintain a strong policy for the south, to give youth a new possibility for jobs,...

We have two grand illnesses: we have indebtedness which continues and therefore grows more aggravated year-by-year, both in state finances and in the public agencies, and we have a disequilibrium in our balance of payments... We do not make enough (through exports and tourism) to pay for our pur-

chases... We have a deficit of 6,500 billion lira for the purchase of petroleum alone, 3,000 billion lira for food purchases... (We can expand to export more) but since this is not yet the case, we must reduce our imports and improve our overall capacity to export and to produce.

There are also other measures. The Agriculture Minister has asked the European Economic Community to give us privileged treatment for food: he who laughs last, laughs best (speaking of speculators — ed.) in confrontation with speculators on food stuffs. One cannot say it is intolerable to have speculation because the system has tolerated speculation, but they cannot remain unpunished in matters concerning food.

Then in terms of money itself — our foreign debts today are 14,000 billion lira. This means every year we have to set up a new schedule of repayment, in order to pay the rather stiff interest rates, and it means seeing decreased credit potential. In order to get credit, they (IMF, EEC, USA — ed.) demand solvency. And solvency point to the necessity of reassessing our system, that is to say to spend less in the state budget and to put a little bit of necessary order in the agencies' budgets. When someone laments, and I can understand why, the increase of taxes — either those already increased or those still under discussion — they should remember that the military this year is even losing 906 billion lira of allocations. ENEL (the state electrical company — ed.) is losing 900 billion lira. But do you want the foreigners to give us help if we ourselves do not increase our taxes to a parity level with other countries? We know and we have already experimented in this area — that we need to have social moderations, to grant privileges to the worker and student by allowing them reduction of electricity rates, and telephone rates. This is a just action, which have to maintain at every cost. But I would like to see this made available on the overall level (to all households): it is just that everyone should benefit. In the coming week, we will go to the Parliament and discuss first with the trade unions on the necessary increases (of taxes, etc.). And I pray that people do not use the word "stangata" — a word implying a hit on the head by austerity — ed.)... because it is a bit hypocritical. Because, from the newspaper editors' point of view, they themselves justly ask for an increase in the cost of newspapers, and so I do not understand why they call (the government program which is also justifiable) a "stangata."... I would like to say this, among the other things which we will have to do is to freeze, for a while, the cost of living adjustments for all those who have an income of over 6 million lira a year, with a gradation which obviously emphasizes the higher salaries (over a period of two years)....

The positive thing is this: I can assure you that things are improving. Income tax four years ago was collected from 28 cent of the population, today 43 per cent was collected. But there is more: from direct taxation we have received 1665 billion lira more than foreseen. Good, because of this 1665 only 413 came from individual taxes, 493 from companies, and 768 from banking deposits. But I wish to assure you that this is one of the points of honor for the public morality in Italy. The struggle against tax evasion is not only a word it is a fundamental point of the government. And now we have the new provisions passed by the Council of ministers last night (to back this up)...

## PSI Parliamentarian Tocco's Call for Debt Moratorium

*Oct. 8 (NSIPS) — The following is the text of a speech delivered by Italian Socialist Party parliamentarian Tocco before the Industrial Commission of the Italian Parliament. The speech was published in the Oct. 1 edition of the Parliament Bulletin.*

Hon. Tocco, after expressing his perplexity at how (Foreign Trade) Minister Ossola defined monetary measures as determining foreign trade policy, stressed that, regarding general problems of economic policy, the government is today immersed in a fundamental contradiction: On the one hand, the government says it is willing to proceed to industrial restructuring, which substantially will mean the indiscriminate allocation of many billions (of Lira); while, on the other hand, credit restrictions remain strong and most popular income and consumption are being hit. This does not seem to be the policy which best suits the country's needs; one cannot think of laying out the basis for renewed foreign trade by drawing on an industrial re-structuring bill (its full text being still unknown) which stresses the financing of companies without foreseeing a structural reorganization. Given these conditions, it is difficult to agree with Minister Ossola regarding the difficulties of the balance of payments. In view of the foreseen increment of the national income, I do not understand the calls to the masses' spirit of sacrifice; sacrifices which would allow the old system to get into shape, when, instead, it should be deeply modified.

It is also necessary to recognize that the flow of foreign trade must be revised and straightened out, especially regarding the raw material-producing countries. The "Eurodollar" area is no longer the area toward which to direct the effort of our economy. Granted, all this is linked to the country's foreign policy, but it is a fact that one cannot think of restructuring the country's economy without broadening one's horizons. The foreign trade policy must be reviewed from the standpoint of the strong warning issued at the Colombo (Non-Aligned) Conference, where it seemed that the world is heading toward a crisis of unusual dimensions which requires the search for a new equilibrium, including a monetary one, without which it will not be possible to overcome the difficult moment. It is necessary, therefore, to make radical decisions and to find new ways of affirming Italy's presence at the world markets: It will be necessary to have the courage of demanding a debt moratorium on the present international debt, while at the same time looking in other areas — like the Mediterranean — more agreeable to the traditions and the interests of our country.

## Il Messagero on Converting Auto to Tractor Production

*Following are excerpts from an article titled "The New Oil Crisis" which appeared in the Italian Daily Il Messagero Oct. 7. The article was signed by Il Messagero's editor, Italo Pietra.*

... The oil crisis poses the need for a review of the agricultural policy... Even if there were not so many other reasons, the energy issue alone would be sufficient enough to push the European Economic Community (EEC) towards a united energy policy. To accept the taxing presence of the Seven Sisters in order to obtain Mideast oil is tantamount to setting Confindustria (national employers' association — ed.) policy back to the 1950s. In Italy, the fundamental problem does not come from the cost of oil, but rather, it comes from the policy of auto and tractor production. There is a need to establish the guidelines for increasing food production. This would be done through the increased productions of tractors (through re-conversion from autos to tractors) and by a rationalization of the present small farm ownership system — that is to go forward with the organization of large cooperative farms.

# Six Million French Workers Strike Against Giscard Austerity Program

Oct. 7 (NSIPS) — Representing the largest nation-wide job action since the mass strike in May 1968, 6 million French workers went on strike on Oct. 7, in what Communist union leader Georges Seguy characterized as “a massive, unequivocal and categorical no” to the cut-backs in living standards demanded in the government’s economic austerity program now being debated in the National Assembly. Two million workers took part in demonstrations staged throughout the country, with 500,000 marching in Paris alone, according to Prensa Latina.

This mass show of muscle gives added leverage to the Gaullist attempts to buck the genocidal austerity demanded by Wall Street’s debt collectors and an impetus to now widespread recognition among Gaullist-influenced banking and industrial forces that the only alternative to a New World Economic Order and debt moratoria is economic collapse.

Seguy himself, who heads the largest French trade union CGT, emphasized in a speech to Paris demonstrators that “under present circumstances, trade-union action must take on a political character.” In addition to the large number of participants from traditional communist strongholds such as metal, dock and mine workers, large contingents of the white collar union (CGC) and the anti-communist Force Ouvriere (FO) joined the demonstration despite the contrary wishes of their national leadership. Farmers, shopkeepers and policemen also participated.

Two days before workers took to the streets, Prime Minister Raymond Barre, the unfortunate whose name has been pinned on the government’s austerity program (the so-called “Barre plan”) opened up the fall session of the National Assembly with a speech emphasizing essential Gaullist principles and his willingness to accept substantial “ameliorations” in the program. Barre, not a member of any political party, has demonstrated his compliance with the Gaullist “barons” who control the cabinet. On the other hand, the economic program, though given his name, is largely a 1976 version of President Giscard d’Estaing’s 1963 “stabilization plan” which led to the May working class upsurge five years later.

Barre stressed the themes of economic development and social progress, calling for a revision of the notion of “profit,” distinguishing between productive surplus profit which can be reinvested and speculative gains.

This last point was taken up in subsequent speeches and interventions by Gaullist baron Chaban-Delmas, two centrist deputies (considered generally as making up Giscard’s most reliable base of quasi-unconditional support) and the General Secretary of the French Communist Party, Georges Marchais, among others. The content of Barre’s speech (see excerpts below) leaves little doubt that he will gladly accept the introduction of the tax on speculative profits which all these voices called for as one among the substantial changes that are

expected to be made in the program. The French press noted recently that Barre had originally wanted to include this measure in the plan, but was prevented by Giscard.

## Barre Offers Compromises On Key Economic Issues

Oct. 8 (NSIPS) — The following are excerpts from a general policy speech delivered Oct. 5 by French Prime Minister Raymond Barre at the opening of the fall session of the National Assembly. In addition to speaking on economic policy, Barre offered French participation in genuine disarmament and non-proliferation talks. He further emphasized France’s independence on matters relating to nuclear defense as the reason for the country’s refusal to rejoin NATO’s joint Command. The speech was carried in *Le Journal Officiel*, the French “Congressional Record.”

The Government is ready to accept the ameliorations which will be proposed to its project, but does not intend to let it be disfigured.... The durable moderation of the evolution of prices is, in effect, the express condition for the return to a balanced and regular growth, full employment and social progress. It is indispensable for maintaining the position of our country in the world. In the face of a growing deficit of foreign exchanges which the pursuit of rapid inflation would ineluctably provoke, there would be only two possibilities: either refuse international competition by returning to protectionism, which in our country would provoke a regression of economic activity and living standards; or submit to a growing foreign indebtedness which would affect the independence to which each of us is profoundly attached.... The fight against inflation is not an end in itself, it is the condition for our country to become each day more of a society of liberty and progress.... France possesses an important development potential and our productive apparatus is capable of a dynamism and an efficiency which situates it advantageously on the world economic scene.... One could seek to resolve (the problems of unemployment) by adopting a Malthusian attitude which consists of distributing the work load between a greater number of taking parties. This attitude would in the long run lead to a limitation of revenues and a slowing down of growth. As for ourselves, we have a more dynamic attitude, according to which only economic progress ensures employment.... We must revise, and I say this in all objectivity, a conception of profit which prevails too frequently in our country. It (profits) cannot be the product of rent from an already established situation, privileges or State subsidies, but the fruit of productivity and innovation efforts. Usefully reused, it is the condition for firms to develop their contribution to economic and social progress....

# Perspectives For A Pro-Development Faction In Canada

Oct. 7 (NSIPS) — In the nation of Canada, the correlation of political forces needed to defeat Prime Minister Pierre Elliot Trudeau's "tripartite" fascism and swing the country in behind a new world economic order is emerging so rapidly that the North American Labor Party, a principal influence on these forces, issued a press release yesterday calling for an immediate factional consolidation across party-lines to push a development policy through. "The forces now exist in Canada," declared the NALP press statement, "to forge an effective coalition behind the new world economic order."

The Canadian forces for progress, including the Progressive Conservative opposition party under Joe Clark, a significant layer of businessmen and Toronto industrialists, and broad sections of the labor movement below the intelligence agency-controlled national leadership level, have taken their cue from Great Britain where Prime Minister Callaghan has sharply rebuked Wall Street's International Monetary Fund and readied a program for renewed industrial growth.

In an Oct. 2 lead editorial, the Toronto Globe and Mail told Canadians that "counterfeit money" — "confetti money" as Callaghan called it — "the proper name for money a government prints in excess of what its country produces.... The Canadian money supply is still rising faster than Canadian production of goods and services. Canada is still on the dark road from which Mr. Callaghan is trying to turn Britain."

Though another election is not scheduled until 1978, Progressive Conservative party leader Joe Clark is now stumping the country as if it were a pre-election period, echoing the Globe and Mail with his slogan: "Profit is Necessary for Growth." In an attack on Trudeau's austerity policies before a British-Canadian Chamber of Commerce meeting this week, Clark declared that "the industrial revolution has so far brought its ... material and spiritual benefits to only quarter of mankind. Our task is therefore only one quarter accomplished."

For its part, the Canadian Chamber of Commerce, comprising 700 local branches and a membership of 125,000 businessmen,

voted this week to withdraw support from Trudeau's "Anti-Inflation Board," the tripartite (business, labor and government) body which the Prime Minister has used to impose wage-cuts on the labor movement from coast-to-coast. The Chamber of Commerce defection leaves the Canadian Labour Congress under Joe Morris, a self-proclaimed corporatist trained by the CIA-infested International Labour Organization, as Trudeau's only significant ally in the effort to institute corporatism and reduce industrial production in Canada.

Morris himself has been losing rank-and-file support steadily. His effort to defuse anti-austerity general strike sentiment by calling an Oct. 14 "Day of Protest" has produced anger on the shop floor and significant number of union refusals to participate. This week the Manitoba Teachers Society announced that like the Ontario Teachers Federation and others, their 12,000 members will not leave their jobs on Oct. 14.

The electorate at large has given Trudeau's government a popularity rating of only 29 per cent in the most recent polls, and those feelings were underlined in the Maritime provinces where a visit by the Prime Minister was met with placards: "We Need Trudeau Like We Need VD." Observers are already conceding a new seat in parliament from the Ottawa-Carleton riding to the Progressive Conservatives — a seat which Trudeau's Liberal Party has held since 1882!

The potentially decisive action against Trudeau's capitulation to Wall Street policies has come from Canada's pro-growth industrialists. Mel Hurtig, a member of the "economic nationalist" Committee for an Independent Canada, publicly denounced U.S. Ambassador Thomas Enders as a "downright liar" after Enders threatened Canada with a loss of U.S. investment unless austerity policies were implemented. Closely linked to Ontario heavy industry, the Committee will not permit Secretary of State Henry Kissinger and his associates to intimidate them from pursuing an anti-dollar domestic and foreign policy.



## 'Great Debate' Hoax Disgusts Electorate

Oct. 8 (NSIPS) — The failure of either Jimmy Carter or Gerald Ford during their Oct. 6 "Great Debate" on foreign policy to address the single most important foreign policy issue facing the U.S. — the fact that the International Monetary Fund hovers a hairsbreadth from total collapse — has horrified much of the U.S. electorate, demoralized pro-growth industrial supporters of President Ford, and intensified interest in the campaign of U.S. Labor Party candidate Lyndon LaRouche Jr. The obvious bankruptcy of both the Democratic and Republican candidates has forced the national press to increase its coverage of the USLP International Development Bank proposal drafted by LaRouche. Broader sections of the population report that the USLP "is the only one talking about the issues." In the aftermath of the debate, even bastions of the Lower Manhattan propaganda line like the New York Times have conceded that the U.S. population either boycotted the debate charade or was revulsed by its banality.

In a statement issued Oct. 7, LaRouche observed of the stage-managed hoax: "None of the actual issues of global strategy and national security was stated.... Viewing the performance last night, I realized that had I been on the podium debating those two, I could have won the Nov. 2 election in a single night."

### The Set Up

The debate itself was rigged by political forces associated with Vice President Nelson Rockefeller as the staging ground for destroying the Ford campaign.

On the eve of the debate, the federal General Accounting Office released a report charging that Ford may have been responsible for the unnecessary deaths of 41 GIs killed in the May 1975 Mayaguez affair, thus handing Carter a prepackaged "Quemoy-Matsu" issue. Mayaguez, engineered by Kissinger and Rockefeller from beginning to end, is now transformed into a life-saving device for the gasping Carter campaign as an issue capable of swindling the vast pro-peace sentiment of the U.S. population behind his bandwagon while Ford is left holding the Kissinger albatross.

In a moment of hysteria Oct. 6, New York Times columnist James Reston admits that the real debate — which Ford and Carter won't touch — is at the International Monetary Fund meeting in Manila, The Philippines. There finance ministers, he says, call for industrial nations to pay attention to "the class war between the rich nations and the poor nations, already underway."

Reston's confession is not news to most of the U.S. working class and U.S. industrialists. Over the past week, major national press including the Gannett chain and the Baltimore Sun have given extensive coverage to the Labor Party's program and the party's role in spurring Third World proposals for debt moratoria and the new world economic order. Breaking precedent, the Baltimore Sun Oct. 5 published an op-ed article from Balti-

more USLP congressional candidate William Salisbury on the imminent collapse of the Eurodollar market, the destruction of the Rockefeller banks, and the speech of Guyanese Foreign Minister Frederick Wills before the United Nations General Assembly which called for debt moratorium and the IDB. The Gannett chain's Rochester Democrat followed with a 1400-word op-ed by Lyndon LaRouche, the USLP presidential candidate, hitting the same points. Immediately after the debate, WQXR radio in New York, "The Station of the New York Times," aired a half-hour pre-taped interview with LaRouche.

Reports from steel plants in Baltimore and Philadelphia and auto plants in the Midwest indicate a smouldering rage at the bottom-level Ford-Carter campaign and an immediate recognition of the urgency of the IMF-Eurodollar collapse and the IDB. One Baltimore steelworker put it, "I know more about issues from you than either Ford or Carter."

At the same time, regional industrial interests, led by the Chicago faction, have moved tentatively in the same direction. Speaking in San Francisco Oct. 4, Commerce Secretary Eliot Richardson called for a large-scale increase in U.S. trade with the Comecon countries, particularly in the capital goods sector. The report on which Richardson's call was based was prepared by the president's Export Council, which includes a cross section of non-Rockefeller-controlled heavy industry.

### The Stupid Captive

With the working class, significant national press, and Ford's own industrial base lined up against Rockefeller, a stupid Ford has remained under the heel of Secretary of State Kissinger and Vice President Rockefeller. Rockefeller is moving rapidly with everything he has to destroy the Ford campaign and the pro-development sections of the GOP machine. Twenty-four hours before the start of the debate, the General Accounting Office, an outfit run by Rockefeller's National Security Council, released a report on the 18-month old Mayaguez incident which charges that Ford failed to exploit all diplomatic possibilities before sending U.S. troops into action. Detailed information that Mayaguez was set up via the CIA's private corporation Sea Land has been in the public domain since New Solidarity first published it in May 1975. Suddenly, as Mayaguez broke, the New York Times discovered that Henry Kissinger was extremely unpopular with the American population and announced that Jimmy Carter would concentrate on attacking Kissinger, thus forcing Ford to defend the bastard. The widespread coverage of the GAO's Mayaguez report, which completely covers up the responsibility of Kissinger and then-Secretary of Defense Schlesinger for the "show of force" is expected to provoke a tidal wave of revulsion against Ford.

The GAO is directed by Elmer Staats, formerly a Brookings Institution social fascist in the 1930s and a National Security

Council member in the 1950s. The GAO report left no doubt about the overriding motivations of the wrecking operation against Ford. Simultaneously, the GAO released another report attacking officials of the Export-Import Bank for "conflict of interest" infractions. The GAO assault was preceded by the Rockefeller-Carter Watergate operation that forced Agriculture Secretary Earl Butz from office and a rash of Institute for Policy Studies operations against the Arizona Republican Party, Senator Hugh Scott (R-Pa), former Republican campaign staffer Bo Calloway, and Midwest grain operators.

Within 48 hours after the debate an Internal Revenue Service audit of Ford's 1972 tax returns was made public by a Carter supporter who alleged that Ford had used campaign funds for personal expenditures, and Special Prosecutor Charles Ruff continues to "investigate" Ford's campaign practices as a Michigan Congressman.

**Press Admits Debate a Fraud**

As Watergating accelerated against Ford following the Presidential "debate," Wall Street media reported that Carter had "won," breaking the "momentum" of the Ford campaign and revitalizing the Carter camp by capitalizing on the President's East European gaffe and decision to abandon the peace and progress theme sounded in Kansas City in favor of narrow appeals to ethnic voters. Such post-debate euphoria quickly evaporated, and by today, the Wall Street Journal, Baltimore Sun, Washington Post, and New York Times were all

admitting that the majority of the electorate is fed up with both Ford and Carter, who had demonstrated no substantive foreign policy differences in their debate and had scraped bottom in their appeals to the ignorant. The Sun today upbraided both candidates, commenting: "Perhaps many politicians think it is fair game to play for votes in this manner. But we believe both candidates toyed in a reprehensible manner with principles and causes many Americans hold dear. Theirs was not Presidential conduct at its best." Reston meanwhile nervously observed that a majority of voters polled in the LeHigh Valley did not watch the debates and may not vote, leaving the outcome of the election up to "accidents and secondary issues."

**Ford Supporters Demoralized by Stupidity**

Dismayed and disgusted by the President's refusal to purge Kissinger, Attorney General Levi, and other Rockefeller saboteurs in the Administration and sound a clear call for peace and development based on real industrial growth, Midwest and Southwest Republicans and Congressmen dejectedly commented, "If we don't do something, then Carter will win and it will be all over — war." A number of Chicago-based bankers and Congressional Ford supporters complained that Ford was trapped by his pathetic realpolitiking, with the result that demands of GOP regional leadership that Rockefeller and Kissinger be removed from office were being ignored, and Ford was getting stuck with responsibility for their traitorous policies.

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## Soviet Union Offensive Against Threat Of World War

Oct. 8 (NSIPS) — The government of the Soviet Union has warned, in an extensive memorandum on disarmament submitted to the United Nations General Assembly, that without speedy action “the shadow of military catastrophe will loom larger over all peoples.” The new document augments the Soviets’ strenuous effort to avert a world war at this juncture, an effort which Soviet party leader Leonid Brezhnev took to the Western European public Oct. 5 in a highly unusual interview given to French television, and broadcast across the continent. “It is necessary to curb the arms race,” said Brezhnev, “otherwise, one fine day we can lose much of what we have gained by our great efforts.”

A second proposal circulated by the USSR at the UN this week links the reduction of arms budgets to potential economic development — which disarmament could make possible.

Brezhnev’s appeal to the peoples and governments of Western Europe was seconded by Soviet Foreign Minister Andrei Gromyko who, upon leaving the United Nations, began a Western European tour. In visits to Belgium and Denmark, Gromyko pushed for immediate progress at the Central Europe Mutual Balanced Force Reduction talks in Vienna (MBFR) and organized support for the Soviets’ Middle East Geneva peace conference initiative.

Western European receptivity to the Soviets’ push, in the midst of the broad anti-Atlanticist revolt there, was indicated Oct. 5 in a syndicated editorial by the French daily *Le Monde*’s André Fontaine. Fontaine, questioning whether the U.S. and NATO are of any use at all to Western European defense, recommended that the best defense for Europe is none at all — a stand which implies a readiness for general disarmament agreements of the type the Soviets are putting forward.

### Gromyko:

#### “The Soviet Union Will Struggle For Consolidation of Peace”

Oct. 8 (NSIPS) — Following are excerpts of a speech delivered by Soviet Foreign Minister Andrei Gromyko in Brussels, Belgium, Oct. 5. The speech was printed in the Soviet Communist Party daily *Pravda*, from a Tass release, Oct. 6.

...Disorders, especially those of a military nature, are not new to Europe. History has shown more than once that the political climate in the whole world depends, to a large degree, on the situation in Europe....The Final Act signed at Helsinki, the principles and other positions contained in it, have great significance for strengthening of security, for development of multi-lateral mutually beneficial cooperation, respect and friendship between peoples, for overcoming relapses into the “Cold War.” It is our conviction that the furthering of all-European cooperation in the areas of environmental preservation, transport and energy would have great political significance.

The tasks of lessening military confrontation in Europe dictate the necessity for moving forward with the Vienna negotiations (on Mutual Balanced Force Reduction-ed.), solving the questions of reducing armed forces and armaments in Central Europe on the sole realistic basis, that is, without harm to the security of any side whatsoever.

It would be a serious omission not to mention the fact that, at the present time, there exists two independent sovereign German states — the German Democratic Republic and the Federal Republic of Germany. All states of Europe, and not only of Europe, must construct their policies taking this factor into account. Anyone who would try to construct policies without doing so would risk cutting himself off from the real situation in Europe.

The goal of the foreign policy activity of the Soviet Union has been and remains the struggle for consolidation of peace, for eliminating the danger of a new world war. The interests of peace demand the activation of efforts for liquidating the remaining military hot-spots. This means especially the need for achieving a just and lasting settlement in the Mideast. The reconvening of the work of the Geneva Conference is what must serve this task.

I would like especially to draw attention to the need for solving the key problems of the Mideast at this conference....

### Soviet Union . Denmark Sign Protocol for Peaceful Relations

Oct. 8 (NSIPS) — Radio Moscow yesterday reported the signing of a protocol between the Soviet Union and Denmark at the conclusion of a visit by Soviet Foreign Minister Andrei Gromyko to Denmark. The following is the text of that report.

Both sides called for the deepening of détente, saying that a political relaxation goes with a military one. They supported the development of relations between the Council for Mutual Economic Assistance (Comecon-ed.) and the European Economic Community (EEC-ed.), as well as between the Baltic states. They expressed concern over the Mideast situation, and called for the reconvening of the Geneva Conference.

### Brezhnev:

#### “The Struggle Against Build-up Of Arms Has Become Urgent”

The following is excerpted from an interview given by Soviet party General Secretary Leonid Brezhnev to Yves Mourousi of the French television company TF-1. The Oct. 5 interview was broadcast in Western Europe on the Eurovision network.

Uppermost in the minds of Soviet people is the concern for lasting peace.... We do not conceal that the plans for the internal development of the Soviet Union count on the expectation that peaceful international conditions can be safeguarded, and that we therefore benefit from relaxation of tensions. But does peace threaten other peoples with anything bad? Is there any people who can hope to win anything from the unleashing of a world war using modern means of mass annihilation?... It is necessary to curb the arms race, to set a limit to it and then to scale it down. Otherwise, one fine day we may lose much of what we have gained through great efforts....

We are surprised at the stand of Western governments on this question. It appears that nobody fails to pay lip service to the importance of reducing armaments, while in fact, so to speak, a wrench is being put in the works. Certain circles in the West persistently spread allegations about a Soviet menace and then play on this fear which they themselves assiduously arouse.

The Soviet Union has impressive armed forces, indeed. But we state clearly that the Soviet Union has never threatened and is not threatening anyone and is ready at any time to reduce armed forces on a reciprocal basis.

We are forced to perfect our defenses — forced to, I repeat — because of the arms race which confronts us.

If people are really worried about the level of the Soviet armed forces, then it would seem that the other side must have increasingly more reason to sit down in earnest to reduce armaments.... We are ready to work out binding international agreements and we have made specific proposals to this effect at the United Nations — I shall not repeat them. I shall only say that the struggle against the build-up of armaments has become urgent. Therefore, it merits special attention from top leaders of states.

## “Strange Games of The NATO Generals”

*Following are excerpts from an article by senior Soviet commentator Yuri Zhukov in Pravda, Oct. 3, under the title, “Strange Games of the NATO Generals.”*

People of older generation remember how a quarter of a century ago, at the height of the “cold war,” the editors of the American journal “Colliers” created a scandal — they put out a special “political fantasy” issue on ... the Third World War, deftly describing the march of U.S. armed forces on Moscow. This affair ended badly for those who invented it: all over the world, including in the United States, it evoked indignation; readers stopped buying the journal, and the matter silently and ingloriously came to an end.

Now is another time, and the same anti-Soviet western publications do not risk resorting to such “political fantasy.” But — what do you know! — it turns out that fans of this genre

still exist in the Brussels NATO Headquarters.

According to Reuters news agency, a document stamped “NATO: Secret,” in the spirit and style of the old “Colliers” story, was circulated among the senior officers who participated in the “gigantic military maneuvers” which were held by NATO recently in the North Atlantic, the North Sea and Norway.

The military maneuvers looked quite ordinary: anonymous “blue” troops were fighting anonymous “orange” ones. But, Reuters points out, “to give the maneuvers realism”(!) the authors of the secret document set forth a “hypothetical situation” which, you see, is based on what NATO considers “possible and even likely.”

And so the commanders of the military maneuvers, code-named “Teamwork-76,” in which 80,000 soldiers and officers, 275 ships and 900 planes took part, were presented with an unlikely cocktail of fantastic reports concerning whom to direct their strikes against and why.

It is all done “in fun,” like a fascinating game, but the jokes are bad. The “orange” troops, it turns out, are not orange at all. All the participants in the “blue” armada that stormed the Norwegian coast had to imagine was that before them were Soviet troops.

And so the authors of this secret document threw all prudence to the winds, so to speak. Their introductory instructions draw pictures each one more frightening than the last: “The political situation on which these maneuvers are premised,” reports Reuters, begins with the Soviet Union supposedly “calling on Norway and Denmark to leave NATO and ally themselves (?) with the Baltic states of Eastern Europe” and threatening to “take measures” if they do not agree. And there's more. The Soviet Union “warns the United States and Canada that they must keep out of the deepening dispute between East and West.”...

“Tension is rising ... Crowds are attacking the embassies of NATO member countries in the Warsaw Pact countries, and the police, it is supposed, are taking no measures to disperse the demonstrators ... Pro-Soviet (?) trade unions in western countries are beginning a work slow-down, especially in the ports and vitally important military factories ... Fires and explosions, secretly breaking out on military installations and in industrial centers, are thought to be the work of saboteurs, and are weakening the defense potential of the West.”...

The God-fearing leaders of NATO tolerate all of this — they just demand the convening of a Security Council session. But then, they go on to say, Soviet ships attack a “caravan of NATO ships heading north from the Shetland Islands,” and there was no choice, they had to start a war....

Delirium! — exclaims the reader, and he is right. However it must be realized that these delirious falsifications are contained in the text of a perfectly official NATO document....

It might be asked whether it is worth it to take seriously the games of generals who want to color in the grayness of possible actions with graphic details. Unfortunately, it is necessary! Because these writings, first of all, throw light on the whole direction of NATO activity, and secondly, they convincingly indicate the state of mind of the leaders of that bloc....



# Syrians, Falange, Israelis Ready Final Assault On Palestinians

## *Soviets Demand Immediate Geneva Conference*

Oct. 9 (NSIPS) — The Lebanon crisis has entered its most dangerous phase since the civil war erupted 18 months ago; as the last weeks of October approach the possibilities of a general Middle East war and U.S.-Soviet confrontation are increasing dramatically. Extremely delicate talks are now ongoing between Syrian and Palestinian negotiators in the eastern Lebanese town of Chtaura, which both western and Socialist sector observers regard as the last-stand effort to avert a general crisis.

The backdrop to the talks are the following key developments: an official Oct. 7 Soviet warning to United Nations General Secretary Kurt Waldheim (see below for excerpts) that if a Geneva Middle East peace conference is not convened within weeks, "a new military outburst" can break out "at any moment"; the entrance of 1200 Iraqi Army soldiers into Lebanon, bringing to at least 4000 the number of Iraqi troops now fighting on the side of the besieged left-Palestinian forces; open and ominous threats by the Syrian leadership and the Lebanese fascist militias to launch an all-out assault against the remaining left-Palestinian strongholds in the mountains east of Beirut and in Lebanon's three major cities; and the increasing Israeli involvement in southern Lebanon, including the virtual annexation of growing sections in the southern region in open collaboration with the fascist Falange Party.

The Israeli encroachment in Lebanon intersects a major fight which has broken out within Israel between warhawk Defense Minister Shimon Peres and traditionalist Prime Minister Yitzhak Rabin. Rabin has called for Peres' resignation.

### **French Warmaking Role**

The escalation of the Mideast crisis is the result of the mid-week sabotage by Atlanticist French President Valery Giscard d'Estaing of an urgent appeal by the Egyptian government and by Lebanese left leader Kamal Jumblatt for the French to intervene diplomatically to pressure the Syrian invaders to withdraw and to help convene a Paris "round-table" conference of all the parties to the Lebanon conflict. Jumblatt travelled to Paris to "re-interest Europe in the problems of Lebanon, especially at a moment when Syrian troops were advancing," reported London's Daily Telegraph, and warned French officials that failure to act could trigger a dangerous international conflict. Giscard answered that France would only adopt a "low profile" and made "contacts," not "initiatives." Diplomatic observers report that French Foreign Minister Louis de Guiringaud "threw cold water" on Jumblatt's request. The Italian Socialist Party paper Avanti Oct. 7 bitterly charged that "Paris does not accept the proposition of making pressure on Syria for the withdrawal of troops," and that, as a result, the Syrian government had "decided on a total offensive ... to definitively truncate the Palestinian resistance.... The West," Avanti

dramatically concluded, "could actually witness the massacre of the Palestinian forces" if it refused to act.

In a major strategic assessment released Oct. 4, the Palestine News Agency, Wafa, detailed the inevitable next phase of the Lebanon war — a "Stalingrad battle for the cities" — if Henry Kissinger and his Syrian army, Lebanese fascist, and Israeli warhawk henchmen were not absolutely stopped (see Wafa excerpts below).

Wafa's statement was followed by ominous signs from Damascus and Lebanon that an escalation was underway. Damascus newspapers mid-week wildly praised the Syrian army's "noble" role in Lebanon and reported the tour of Syrian Maj. General Naji Jamil of southern Lebanon; Jamil's last tour preceded a Syrian military escalation of the South. The Oct. 7 Jerusalem Post reported that Syrian Chief of Staff Hikmat Shehabi, estimated to be lukewarm about Syria's Lebanon involvement, was relieved of his direct command of the armed forces and replaced by Defense Minister Mustafa Tlas, to be aided by Jamil, in coordinating the Lebanon war. Tlas and Jamil are the diehard superhawks around Syrian dictator Hafez Assad who have for months pushed an extensive Syrian assault against the left-Palestinian alliance.

### **Military Showdown**

Syrian troops and tank reinforcements are now moving in Lebanon's south. At the same time, reports indicate hundreds of fascist Falangists are being sent into Lebanon through Israel, armed to the teeth with Israeli weaponry. Late reports from Lebanon are that a rightist offensive has begun in the southern regions, concentrated on the port city of Sidon, the remaining lifeline for the left.

Left-Palestinian forces were put on military alert and full mobilization in Sidon and Beirut this week in anticipation of the Syrian offensive. Tight security measures have been imposed in both cities to root out "fifth columns" collaborating with Syria; yesterday the leader of the Popular Front for the Liberation of Palestine-General Command was kicked out for being a Syrian agent. Today's Italian press reports that a wider Syrian-Iraqi war in Lebanon can be expected with the entrance of Iraqi troops into Lebanon.

Not much hope, finally, is pinned on the Chtaura talks. Repeatedly in negotiations, the Syrians have demanded that the Palestinian forces' relations with the left be sundered and that the current Palestinian leadership be replaced by pro-Syrian puppets. Kissinger's position at the negotiations was expressed by a New York Times editorial, which warned the Palestinians that if they did not accept surrender conditions, general war would erupt in the Mideast over Lebanon.

### **Israeli Warhawks on Carpet**

A key determinant, however, of the Lebanese crisis is the

internal battle breaking out in Israel. Rabin this week accused Peres of "conniving" with the intelligence creation "Gush Emunim" religious expansionist fanatics in the West Bank to undermine the government's attempts to maintain a concessionary foreign policy in the West Bank for later negotiations with the Arab states. Israeli moderate newspapers have sharply criticized Peres' refusal to carry out Cabinet directives to dismantle the Gush Emunim invasion of the West Bank. This week Peres appeared on the podium simultaneously with Gush leader Moshe Levinger, who earlier this week had called for open insurrection against the government, declaring it should be

treated as "the earlier generation treated the British occupying forces."

Simultaneously, a slew of Watergate-Lockheed scandals have hit Rabin allies, and "utopian" elements within the intelligence establishment have declared open warfare against Rabin and traditionalist allies on the issue of Rabin's alleged soft position on terrorism. This Kissinger-tailored operation is meant to prevent Rabin from seriously considering a Soviet call for a Geneva Conference Oct. 1, which included formulations tailored to win Israeli moderate approval and which, Israeli sources report, is receiving "serious consideration" from the Israeli government.

## Soviet Proposal To UN For Geneva Conference

*The following are extensive excerpts of an Oct. 7 letter from A. Dobrynin, Acting Chairman of the delegation of the Union of Soviet Socialist Republics to the United Nations General Assembly, on a proposal for a Geneva Peace Conference for a Mideast settlement. The letter has been reported in the European press but blacked out in the major press in the U.S.:*

### **Proposal by the Soviet Union concerning a settlement in the Middle East and the Geneva Peace Conference**

Among the complex international problems requiring a solution in the interests of the preservation and strengthening of peace, the problem of a Middle East settlement is particularly acute. The red-hot tension in the Middle East is not abating. The situation in this region is extremely precarious and unstable. At any moment there may be a new military outburst there.

The peoples of the Middle East countries are living in a state of uncertainty, under a permanent threat to their security. They are being prevented from devoting their efforts to peaceful construction and the improvement of living conditions. Attempts are being made to keep the Arab people of Palestine in the position of an exiled people.

The entire course of events in the Middle East in recent years demonstrates one fact: there cannot and will not be peace in this region until the causes which gave rise to the Middle East conflict have been removed: the occupation of the Arab territories by Israel, the denial of their inalienable rights to the Palestine Arab people and the continuing state of war. It is impossible to hope that it will be sufficient to eliminate any one particular individual hotbed of armed conflict in order to restore peace in the Middle East.

The tragic events in Lebanon provide a very clear confirmation of all this. The Lebanese crisis could not have arisen if a comprehensive political settlement had been achieved in the Middle East. There is another undeniable fact: if there had been such a settlement, or if serious efforts had been made to achieve one, it would have been easier to find a solution to the problems rending this small Middle Eastern country.

Only those who are trying for their own narrow ends to preserve the existing situation in the Middle East can oppose a broad political settlement or work against its achievement.

It is the conviction of the Soviet Union that the situation in the Middle East requires urgent measures capable of achieving a change from war to peace there.

The Soviet Union has already proposed a resumption for this purpose of the work of the Geneva Peace Conference on the Middle East. This is precisely the forum which has been recognized as being politically acceptable by all the interested parties.

Concerned about the dangerous course of events in the Middle East, the Soviet Union now again appeals to all the parties directly involved in the Middle East conflict and to all the participants in the Geneva Peace Conference to resume the

work of the Conference. The Soviet Union, for its part, would be prepared to take part in the work of the Conference in October-November 1976...

In an attempt to expedite the achievement of a Middle East settlement and for this purpose to promote the resumption of the work of the Geneva Peace Conference, the Soviet Union submits for the consideration of the participants the following proposal for the agenda of the Conference:

1. Withdrawal of Israeli troops from all the Arab territories occupied in 1967.

2. Realization of the inalienable rights of the Palestine Arab people, including their right to self-determination and the establishment of their own State.

3. Preservation of the right to an independent existence and to security of all the States directly participating in the conflict: the Arab States bordering on Israel, on the one hand, and the State of Israel, on the other, and the granting to them of appropriate international guarantees.

4. Cessation of the state of war between the Arab States concerned and Israel.

In the opinion of the Soviet Union, this proposed agenda covers all the key aspects of a settlement. It takes into account the legitimate rights and interests of all the parties directly involved in the conflict — the Arab States, the Palestine Arab people and the State of Israel.

With regard to the organization of the work of the Geneva Peace Conference, the Soviet Union has already expressed the view that it should be conducted in two phases. The Palestine Liberation Organization should naturally participate in the work of the Conference from the very beginning and with equal status...

The Soviet Union is convinced that a real possibility exists of eliminating the underlying causes of the Middle East conflict and agreeing on a comprehensive settlement. To this end, it is prepared to press on with the work, together with all the other participants in the Geneva Peace Conference.

### **PLO Warns:**

#### **"Battle Of Stalingrad" In Lebanon**

*Oct. 8 (NSIPS) — The following are excerpts of a major strategic assessment released by the Palestine Liberation Organization news agency, Wafa, in Beirut, Oct. 4, 1976. Wafa concedes a likely Syrian victory in Aley and Bhamdoun by the Syrian Army and rightist forces but warns that nothing less than a "Stalingrad" battle for the cities is developing:*

The long-awaited battle for the mountains finally began last week. After almost four months of preparation the Syrian Army launched the campaign which, Damascus hopes, will end the

Lebanese war with a long-overdue "victory."

Even the most naive of observers has by now discerned the objectives of the Syrian regime in the Lebanese conflict, and is unlikely at this late stage, after a perhaps unparalleled series of demonstrations of Syrian duplicity and deceit, to believe that the current lull is anything more than a pause before the Syrian Army continues its assault on the positions of the joint forces, followed at a distance by the Lebanese rightist forces, who trot along at their heels like jackals to pick up the scraps...

Although the Syrian soldier was revolted by the horrors he saw in Salima and in other villages occupied even briefly by the rightists and although he can have no great enthusiasm for the war his masters in Damascus have sent him to fight, he remains a soldier. And some of his comrades in arms, even if only a few, can always be found to willingly and eagerly turn their guns against their former Palestinian and Lebanese allies. Thus, the battle of Aley and Bhamdoun, strong positions which can be held for several days, and the battles in the mountains which follow, will in the long run end with the Syrian Army in possession of the battlefield, although they may have to fight for every inch of it.

But after these battles lie the battles of the cities — battles which no regular army can undertake with relish. Stalingrad showed that even Hitler's highly motivated army, with a completely secure home front, could not simply storm through a heavily-defended city without exorbitant losses. And it is this which the men in Damascus and those in Washington who are egging them on, should remember. For the Palestinian people, and even more than them, the Lebanese, will never consent to allow the Damascus regime to simply roll into Beirut, Tripoli and Sidon and dictate its terms. And the world, which so far has done shamefully little to alleviate the tragedy of Lebanon, will not stand idly by and watch the Syrian Army and the Lebanese fascists besiege and starve the three largest cities into submission. One hopes that it will never come to this. But if it should, the Syrian Army and its backers will realize that they have undertaken a gamble which they can never win, i.e., to fight for an unjust cause, against peoples determined to preserve their freedom.

### **PLO's Kaddumi: Kissinger Step-by-Step Diplomacy Responsible**

*Oct. 8 (NSIPS) — The following is taken from an interview with Faruk Kaddumi, Foreign Minister of the Palestinian Liberation Organization, appearing in the German Democratic Republic weekly *Horizont*, No. 41.*

Q: Would you first briefly describe for our readers what led to the outbreak of the Lebanese crisis?

Kaddumi: There are various causes. To put it briefly, they are the following: the religious-based governmental system in Lebanon; the social-political contradictions in Lebanon, i.e., great wealth on the one hand and great poverty on the other; the constant attempts by the rightist forces and their heavily-armed militia to keep down Lebanon's left forces; the numerous Israeli attacks on Palestinian refugee camps and on villages in southern Lebanon — attacks designed to provoke inner tensions and conflicts; and the fact that Beirut has turned into a sort of center for every conceivable agent organization, such as the CIA. The major cause of the bloodletting, however — I must emphasize this — is the continuation of Israeli aggression and occupation of large Arab regions.

Q: Do you see a connection between the Sinai Agreement and the Lebanese conflict?

Kaddumi: Naturally there is a connection. U.S. Secretary of State Kissinger has tried with his policy of little steps and

partial solutions to "Arabize" the Mideast conflicts, to turn the Israeli-Arab conflict into an intra-Arab one. Kissinger's policy and the conclusion of partial agreements have in fact, as we have seen, led to a worsening of the Mideast situation. In this way the USA wants to strengthen its influence in the Middle East and also to entrench Israeli aggression....

Q: (referring to Kissinger's partial agreement policy): What is the significance of this policy with regards to the PLO?

Kaddumi: The development of the PLO over the past few years, its growing international reputation and the strengthened international solidarity with the PLO are a constant source of irritation to the reactionary forces in Lebanon. Among other things, these forces have provoked military conflicts in order to liquidate the PLO or at least to give it a severe defeat. Unfortunately, I have to say that the use of Syrian troops in this connection has contributed to complicating the entire situation — a state of affairs which serves the interests of the right forces in Lebanon. Israel has also made use of this bitter fact by occupying southern Lebanon.

Q: How would you briefly summarize the PLO's main tasks under the present conditions?

Kaddumi: We see our most important tasks in ensuring the existence of the PLO now and in the future, preserving unity within the PLO, defending the PLO's achievements, strengthening our unity with the progressive forces in the Arab countries, and, last but not least, further cementing close relations with the countries of the socialist community — which is the goal of my present trip to Moscow, Berlin, and Prague.

### **Il Popolo:**

#### **Forlani Intervenes for PLO**

*Oct. 8 (NSIPS) — The following is an excerpt from an article (10-6-76) in *Il Popolo*, the daily newspaper of Italy's ruling Christian Democratic Party, on Italian Minister Forlani's statement regarding the official recognition of the PLO. *Il Popolo* carried the article under the headline, "Italy's Initiative in Favor of the Palestinians."*

"...Forlani insisted on one point: the need to operate in all the centers 'for the effective recognition of the national rights of the Palestinian people, including also the creation of an Arab-Palestinian state in the context of a peace negotiated in the Mideast. From this (we develop) our awareness of the role of the PLO: We look at that organization as a political movement whose contribution would be difficult to make abstract in order to have a solution of the Arab-Israeli conflict'."

### **L'Humanité:**

#### **Geneva Conference Required Now**

*Oct. 8 (NSIPS) — The following is an extract of an article, "A Peace of Cemeteries?" which appeared in the French Communist Party daily, *L'Humanité* on Oct. 6 under the byline of Henri Alleg.*

While the fighting redoubles in violence in Lebanon, while Syrian bombs crush the populated towns and villages of the mountains, while the Falangists pursue their "settling of accounts," multiply summary executions of Lebanese and Palestinian patriots, Mr. Kissinger chose this very moment to declare his satisfaction in the face of the evolution of the situation in the Middle East.

Speaking before the General Assembly of the United Nations last week, he declared himself to be resolutely optimistic: "In this region of the world, we have never been closer to peace at any other moment in a generation."

## Israel's MAPAM Covers LaRouche Mideast Program

In Israel, the hawks parade without restraint. Seeing Palestinians massacred by the hundreds and massacred by the Syrian troops can only make them rejoice. General Rabin, making himself the spokesman for their feelings, admitted it bluntly and publicly.

The Syrian chief of staff, on his side, publishes victory bulletins while here (in France) Mr. Giscard d'Estaing's Minister of Foreign Affairs lets it be known without troubling himself that he had been kept abreast of the Syrian decision to go on the offensive. Anyway, how could it have been otherwise? Hasn't the government sufficiently proven since the unleashing of the fighting its total complicity with the Falangists and their allies? Has it not been the arms supplier of Gemayel?

Between Washington, Paris, Tel Aviv and Damascus, the convergence is not fortuitous. The differences are today moving into the second phase in the face of what is essential for imperialism and Arab reaction: the crushing of the Palestinian resistance, putting out of action the forces of liberation and progress for this entire region.

Thus must the "American peace" be established, that for which Mr. Kissinger strives, a peace of cemeteries, camps and prisons in a Middle East "freed" of the Palestinians and men of progress, in the end firmly chained to imperialism.

Mr. Ford's Secretary of State forgets only that, in our time, there can be no peace more precarious than this. As long as there are living Palestinians in the East, they will fight for their dignity, their freedom and their national rights. As long as people live under the yoke of imperialism and reaction, it will fight to free itself. Even supposing that in the mountains of Lebanon, the Syrians and Falangists will, with the blessing of Washington, succeed in "snuffing out the flame of Resistance," it will be born again as it was after the Jordanian massacres, with limitless force.

There will be no peace in the Middle East — neither in the Arab countries nor for Israel — (and there is danger of an extension of the conflagration to the entire world) as long as the terrible injustice committed with respect to the Palestinian people is not repaired. There will be no peace as long as the leaders in Tel Aviv, supported and financed by Washington, refuse to apply the United Nations resolution, as long as they pursue their expansionist policy, as long as they refuse to evacuate the occupied Arab territory. This is why the reconvening of the work of the Geneva conference could open the path to a general political resolution and the establishment of peace....

Acting as the interpreter of the profound emotion of all French democrats, Georges Marchais, in a telegram to the Secretary General of the United Nations, gave expression with the weight of his authority "to all those governments and their representatives in the Assembly which is presently taking place to obtain with all urgency a stop in the fighting, withdrawal of Syrian troops, respect for the sovereignty and integrity of Lebanon, the safety of the Palestinian population." He likewise expressed his desire in this same text "that all governments attached to the peace and independence of peoples immediately do what is within their power to stop an undertaking which is turning into genocide."

The latest information, according to which the violent fighting attenuated at the end of the week in the Lebanese mountains, preparing the way for another ceasefire, can without doubt give rise to new hopes, but they must not lead to a relaxation of our effort and our vigilance. Actual contacts have been made between Mr. Giscard d'Estaing's Foreign Affairs Minister and representatives of some of the parties in question. We are permitted to underline that the Giscardian government is, under the circumstances, ill-placed to play the role of arbitrator....

*Following is a translation of an article in the May-June issue of Bashaar, the theoretical journal of Israel's leftist Mapam party, which appeared under the title, "A New Approach to Israel by the American Left."*

Although election campaigning on the question of Israel may usually be hackneyed, we present here the latest ideas for peace in the Middle East put forward on this controversial subject in the election campaign.

The reason for this is the mobilization of the United States Labor Party — whose candidate for president is Lyndon LaRouche — to enforce peace in the Middle East as the central point of his campaign.

Last summer the Labor Party issued a Presidential Statement which said:

The fundamental basis for an agreement between Israeli and Arab socialists is absolutely clear on Israel's part on the primary issue, that Israel and the Arab countries collaborate on the issue of development. The ability for peace in Israel is tied to their efforts to solve the Middle East war with joint efforts with the Arabs to form a block for the sake of development."

The basis for joint economic collaboration is the creation of a new financial institution which will create new credit for development. The International Development Bank is thus created, according to LaRouche, by developing nations, developed nations, and the Soviet bloc.

Presidential candidate LaRouche is of the opinion that he will receive between 10 to 20 per cent of the overall vote in the November elections, and Democratic Party sources close to the Democratic mayor of Chicago, Richard Daley, also estimate this. In the Seattle mayoral election last November, the Labor Party got 20 per cent of the vote.

LaRouche is chairman of the Labor Party in America and he is also the founder of the International Caucus of Labor Committees. This organization is based in the U.S., Canada, Latin America and Western Europe.

The Labor Committees maintain friendly relations with many developing countries, the majority of them Arabs.

The general intention is to declare a debt moratorium for the Third World and then found the International Development Bank which will supply the developing countries with long term cheap credit.

If the situation in Lebanon heats up, the Labor Party would begin to apply pressure on the two largest parties, Republican and Democratic, in order to bring about the necessary agreement, according to the Labor Party, to solve the tensions in the Middle East.

Members of the Labor Party claim that they have circulated a million copies of their Presidential Platform program.

If circles in Israel or in Arab countries begin to have public relations and discuss the issues in the LaRouche campaign, it will be very reasonable to expect that there will be strong noises in America, and perhaps, because of pressure from the Labor Party campaign, this will move the U.S. to provide supporting actions in negotiations between Israel and the Arabs.

LaRouche stresses that if there is a lightening of the debt burden, renewed responsibility on the part of Israel, and support from the Arabs for the objective of development, there will be a strong cause to bring about discussions between Arabs and Israelis.

# Kissinger's First Bloody Step To Wreck Southeast Asian Alliance

Oct. 8 (NSIPS) — This week the ultra-right-wing Armed Forces Chief Admiral of Thailand Sangad Chaloryu led a coup in that country which has resulted in the mass arrest of 13,000 students, 35 dead, and hundreds wounded, and a state of war throughout the countryside.

The bloody coup in Thailand, ordered by Henry Kissinger, is not directed at the population of Thailand alone. It is part of a larger Rockefeller scenario whose aim is the violent disruption of the regionwide alliance of Thailand, the socialist nations of Laos, Vietnam, Kampuchea, being organized by Indonesia and Malaysia, around the policy of peace and development put forward by the key advanced sector nation in the region, Japan.

The coup was planned by the Thai military elite, and followed the staged return of former Thai dictator General Thanom Kittikachorn to Bangkok. The Thai military, built by the CIA, has been used as mercenaries by the CIA during the Vietnam war and assists in running the CIA's drug smuggling operations in the region.

General Kittikachorn, chief of the hated government which was overthrown in October 1973 by mass student and worker protest, was met by widespread demonstrations led by the National Student Center of Thailand and the Thai Labor Council. The protests turned into riots when the army's Internal Security Operations Command (ISOC) sent the fascist Navapol or "New Force" movement, led by former Thai mercenaries in Vietnam and the "Red Guards" shocktroops under the command of Sudsai Hasdin, an ISOC colonel, to disrupt the protests. Using the staged provocations as their excuse, elite Thai military units including the border patrol paramilitary police and the metropolitan police moved into Bangkok to impose martial law and a reign of police terror.

### Assault on Japan

The editorial page of the Oct. 7 Washington Post, the day of the Thai coup, announced that the coup in Thailand is only the beginning of an assault by Henry Kissinger on the entire region, focusing especially on Japan. In an article entitled "Japan — With Few Friends in Southeast Asia," CIA scribbler Hobart Rowen cites such "scholars" as Raul S. Manglapus, a Philippine right-wing socialist associate of U.S. CIA General Edward Lansdale from the 1950s now in exile in the U.S. as an employee of the Carnegie Foundation, who warns that Japan and Southeast Asia are on a "collision course." Rowen then proceeds to cite top agent Dr. Shinichi Ichimura, director of the Ford Foundation-created Center for Southeast Asia Studies at Kyoto University, who says that Japanese investment capital has poured into Asia beyond the "peril point." Rowen concludes by alleging that the rising hatred of Asians against the Japanese has created an "unhealthy and potentially explosive situation."

The Post article is a clear signal that the same CIA-linked networks which in 1974 were mobilized against then Japanese Premier Tanaka to prevent him from organizing an economic alliance between Japan and Southeast Asia outside the control of the U.S. multinationals are now being turned against Japan's anti-Atlanticist premier Takeo Miki. In 1974 these CIA networks in student and military circles in Indonesia organized riots in Jakarta to denounce the Japanese as "economic animals" when Tanaka visited there. At that time one of the agents Rowen cites

as being opposed to Japanese export of capital, Ichimura, stirred up anti-Japanese sentiment by telling a public forum of Indonesians and Japanese that the real reason for Indonesia's economic stagnation was Indonesian "laziness."

Isolation of Japan is vital if Kissinger is to succeed in carrying out his regional destabilization against Vietnam, Indonesia, and Malaysia. The Japanese have taken the lead in helping to rebuild Vietnam; A few weeks ago a major Japanese business mission sponsored by Japan's leading business organization, Keidanren, visited Vietnam to work out long range industrial and agricultural development deals with the socialist government. The integration of Vietnam, Indonesia, Malaysia, and Japan into a development alliance is a major project of Japan's anti-Atlanticist business circles. Japanese business leaders like Sohei Nakayama, advisor to the government-funded Industrial Bank of Japan, have been working with Indonesian President Suharto and Foreign Minister Adam Malik to free Indonesia's vast oil reserves from the domination of Rockefeller's huge Caltex oil company. The Japanese have also forged close economic and political ties with Malaysia's Prime Minister Onn.

### Malaysia

In the last two weeks, the Rockefeller oil companies have struck back. In Malaysia the head of the Malaysian State Oil Company Petronas, Tengku Razaleigh, was dumped from his job for being too tough with the Rockefeller oil companies. Razaleigh, who was following the lead of Indonesia's state oil company Pertamina which recently forced all foreign oil companies to increase their revenue payment to the government, was replaced by two more "moderate" civil servants. The Oct. 6 London Financial Times reports that the oil companies are "jubilant" that Razaleigh is gone.

Razaleigh's ouster was permitted by Prime Minister Onn, himself under enormous pressure from CIA-controlled military and special police units trained inside Malaysia. In the past year the special security forces, all initially trained by British intelligence MI5, have, under the cover of an "anti-communist" campaign, arrested over 250 "communists" in the state of Johore, Onn's base of support in the country. These "communists" have included high ranking government bureaucrats and young progressives who support Onn's programs, which are also backed by independent Malay commercial interests with close economic ties to Japan going back to the pre-World War II years.

### Indonesia

The CIA has had less success in their attempts to destabilize the government of Indonesia. A few weeks ago a leading right-wing socialist and Second International agent Mohammed Hatta and several Indonesian "religious leaders" were briefly detained by the government for plotting a coup. The government warning against the elderly Hatta was aimed at the CIA-linked army faction organized by General Surono and the KAMI Indonesian student organization. Both Surono and KAMI are linked to the leading Indonesian CIA agent General Sumitro. KAMI also played a major role in both the anti-Japanese riots in 1974 as well as the massacre of the Indonesian Communist Party (PKI) in 1965.

The danger that the current Indonesian government poses to the U.S. was evident in the speech of Indonesia's Foreign Minister Adam Malik this week to the United Nations (see United Nations report in this issue for speech excerpts).

The CIA has escalated its assault on Japanese business interests allied with the Indonesian government through another phony "Lockheed" scandal in Japan — this time aimed at those business leaders who are working to develop a Japanese multinational oil company in alliance with Pertamina.

According to the Asahi newspaper, on Oct. 1 a leader of the Maoist "New Tide Society" inside the Japanese Socialist Party, Yanosuke Narazaki, "pointed out suspicions about government and private Japanese aid regarding the development of low-sulfur oil in Indonesia and the import of liquified natural gas" to Japan's parliament. Narazaki, whose "New Tide Society" is closely linked to the right-wing agent faction of the Japanese Socialist Party led by Saburo Eda, demanded the creation of a special committee "to inquire into the affair and the summoning of those who carried out the relevant negotiations with Indonesia" and in particular to call Industrial Bank of Japan leader Sohei Nakayama.

### **The Thai Military: Mercenaries and Drug Runners For the CIA**

Oct. 8 (NSIPS) — This week's bloody military coup in Thailand, which left 35 students dead and hundreds wounded following student riots, could only have been the work of the CIA. The hanging of dead bodies, their mutilation and burning by mobs of fascist vocational students and paramilitary police carrying recoilless rifles, machine guns and grenade launchers, bears the authentic stamp of the men who planned the Vietnam war, and the current bloodbath in Lebanon.

The Thai military is an army of drug pushers, mercenaries and pimps. It was and has been under the control of the CIA since the first postwar Thai military coup in 1947, led by pro-Nazi General Phibum Songharn. This and the following coups led by Sarit Thanarat and Thanom Kittikachorn — and this week's events as well — have been supported and armed with funds from the CIA drug trade. The plotters' other main source of funds: fees for Thai soldiers who fought as mercenaries in Vietnam and Laos at the rate of \$50,000 a head per year.

It is primarily those involved in the Vietnam war counter-insurgency operation who are responsible for this week's atrocity — including senior officers from the CIA-trained Internal Security Operations Command (ISOC) and Interpol-linked paramilitary border police, who organized the fascist storm troopers who carried out the butchering of the students. Most important is Navapol and the paramilitary Red Guards organized by Colonel Sudsai Hasdin, who is attached to the Internal Security Operations command and was in charge of organizing Hill tribes in Northern Thailand. Other key organizers are: General Vitoon Yasawat, former commander Thai mercenaries who fought in Laos; General Wallop

Rojanawasit, primarily responsible for Navapol, who was former head of Thai Military Intelligence. He once told the Far Eastern Economic Review that he got the idea of forming the organization when he "was studying psychological warfare in the United States in 1953."

Navapol and the Red Guards were first organized in October 1974 at the height of student and worker ferment, and have since been deployed to crush workers' strikes and demonstrations. These fascist organizations are based on a crude ideology of devotion to Buddhism, love of the monarchy, anti-Vietnamese ethnic hatred, law and order and anti-communism. They are interlinked with Buddhist organizations financed directly by Chase Manhattan Bank and the Asia Foundation. These right-wing gangsters are known to have carried out assassinations of leftist and student leaders, including the assassination of the leader of the Socialist Party of Thailand just before the elections earlier this year. When these shock troops are not assassinating labor or farmer organization leaders or bombing the offices of the National Student Center of Thailand, they are protecting the army's drug routes from the heroin-growing region of the Golden Triangle. They have repeatedly been denounced by the Vietnamese and Laotians for creating border clashes and anti-Vietnamese riots in Thailand's northeast.

### **Nhan Dan Attacks Coup in Thailand**

Oct. 8 (NSIPS) — The following dispatch is reprinted from the Cuban news agency Prensa Latina.

HANOI, Oct. 8 — The Vietnamese daily "Nhan Dan" commented today on the military coup in Thailand, calling it a reactionary development. The newspaper of the Vietnamese Workers Party charged that the authors of the coup are pro-U.S. military men, linked to the U.S. Central Intelligence Agency.

The fascist measures promulgated just after the coup show that their executors have studied in the school of the CIA and have acted under the orders of the State Department, the paper said. Nhan Dan refuted lying arguments by the reactionary Thai forces that the fight of the Thammasat University students who were demanding the expulsion of Thanom formed part of the communist plans to occupy Thailand. The article continued: "These imputations cannot cover up the true situation in that country. The progressive tendencies in Thailand, who favored peace, the total pullout of U.S. troops, and the normalization of friendly relations with Vietnam, Laos and Cambodia, are those that the U.S. and its allies want to abolish. U.S. imperialism was defeated in Indochina and its expeditionary troops were obliged to retire to Thailand. However, north American colonialism still has not resigned itself to removing its dirty feet from Southeast Asia. Moreover, the U.S. is trying to hold more tightly to Thailand to convert it into a base for the realization of its "new Pacific Doctrine" against the peoples of the region. The article concluded with a call to the peoples of the regions to intensify its solidarity, augment its vigilance, and accelerate the fight against all the maneuvers of the U.S. and its allies.

# Britain To Negotiate Majority Rule For Southern Africa

Oct. 9 (NSIPS) — British Foreign and Commonwealth Affairs Secretary Anthony Crosland announced last night that a full-scale constitutional conference to set up an interim government for Rhodesia will assemble in Geneva on Oct. 21 with a view to a formal opening on Oct. 25.

Crosland's move has the support of the five African "front line" presidents of Mozambique, Angola, Zambia, Tanzania, and Botswana; India; Italy, and other West European countries. Crosland's announcement also provoked an immediate and hysterical outcry from Rhodesian Prime Minister Ian Smith. The Prime Minister has now been forcefully told that the cozy deal he made with Secretary of State Kissinger last month in Pretoria is now off, and that he will be negotiating an honest transfer of power to the black majority in Rhodesia.

Referring to the Five Point Rhodesia "peace plan" worked out between Kissinger and Smith, Crosland announced at the United Nations on Oct. 3, "None of these is negotiated in advance. Nobody will have the right to come to the conference and claim that A or B or C were preagreed."

Three days later, after a full day of consultation with the Rhodesian cabinet Ian Smith charged Britain with reneging on the peace settlement plan. "I was informed by Dr. Kissinger that the proposals had been drawn up in consultation with the British government and had been agreed to by the black presidents whom he had consulted. For that reason I would have to accept or reject in its entirety, and I was assured if I accepted it, no new demands would be raised. I wish to make it clear that my colleagues and I will be going to the forthcoming conference with the positive aim of getting the interim government established in terms of the Anglo-American proposals which I accepted. It is in the interest of all the whites, that this should be achieved as soon as possible. I hope that the conference will not waste time on extraneous matters which fall outside of the scope of the agreed proposals....(Mr. Crosland's speech) appears to indicate that the British government is departing from the terms of the Anglo-American proposals which were put to me in Pretoria on Sept. 19 by Dr. Kissinger."

Both Crosland's and Smith's statements were widely covered in the international press.

## India To Mediate

In collaboration with British moves, Indian Prime Minister Indira Gandhi accompanied by Defense Minister Bansi Lal, left yesterday for a trip to southern Africa, including stops in Mauritius, Zambia and Tanzania. Before leaving, Mrs. Gandhi was briefed by Michael Foot, Labour Party Deputy Leader of the British House of Commons, on Britain's initiatives to help bring about a peaceful settlement in the region.

Mrs. Gandhi's trip follows a ten-day trip to the region at the end of September by Indian Deputy Foreign Minister Bipin Pal, who visited Mozambique, Botswana and Lesotho. Both visits were accompanied by announcements of greater economic cooperation in general between India and southern African countries, and in particular a larger Indian contribution to the liberation fund for southern Africa, in response to resolutions taken at the Non-Aligned Nations meeting in Colombo.

## Threaten Sanctions Against Mozambique

British forces have let it be known in South Africa that they will not sit idly by and allow the Vorster government to implement Kissinger-approved threats of economic sanctions against the socialist government of neighboring Mozambique.

Bruce Loudon of the Daily Telegraph reported Oct. 4 that a

South African Cabinet Minister had revealed "...if it comes to the crunch, we will act unhesitatingly and end all assistance to Mozambique," and quoted another source to the effect that Vorster had received the go-ahead from Kissinger to "remind" Mozambique of the extent to which their allegedly fragile economy is dependent on South Africa. Mozambican Vice President Marcellino dos Santos has recently accused Rhodesia and South Africa of "waging a war of economic sabotage and suppression" against his country.

The Telegraph, a right wing paper, strongly castigates this South African attitude, warning that the country will lose its remaining holding in Angola and elsewhere in southern Africa and incur increased hostility of the rest of black Africa if they move against Mozambique.

Mozambique's President Samora Machel issued an Oct. 4 statement on Rhodesia through the Mozambique Press Agency. "I am sure this armed struggle will continue until full independence is achieved," adding: "The socialist countries — above all the USSR, the premier socialist state in the world — are our natural allies, in contrast to the West, which has always been allied to the colonialists and racists."

*Oct. 9 (NSIPS) — What follows are excerpts from an article entitled "Africa — The Last Phase" which appeared in the Sept. 12 edition of Link, a weekly pro-Soviet political news magazine published in India:*

As the Heads of the five African States were meeting in Dar-es-Salaam, US Secretary of State Henry Kissinger was engaged in frenetic consultations with South African Premier John Vorster in Zurich, President Giscard d'Estaing in Switzerland and Prime Minister James Callaghan in London to win support for a new strategy he intends to implement after he has invited himself into the inner circle where it is going to be decided how the Rhodesian, Namibian and South African racist regimes are to be handled. His manoeuvres are both suspect and dangerous to African aspirations because the Secretary of State's record and the performance of the US Administration of which he is a part has been partisan to say the least and weighted heavily in favour of the racist regimes...

## Kissinger's Schemes

Kissinger's eagerness to get into the centre of the new moves for the liquidation of racism and oppression in southern Africa is by itself ominous. The last time Kissinger undertook shuttle diplomacy in the West Asia crisis he left behind the germs for the Lebanese tragedy and disunity among the Arabs. The stakes are higher in southern Africa where the racists are fighting a last ditch battle in an area rich in natural resources. Can anyone believe that Kissinger and Vorster would do anything to upset the status quo, to let the Black majority emerge without arranging for the hindering counterbalance of inimical forces?

In the racist bastions in Rhodesia, Namibia and South Africa the defences are being shored up. Israeli tactics are being studied and the pre-emptive strike is being used to intimidate the Africans. Mozambique and Zambia have both been victims of it. Ian Smith has refused to hand over rule to the majority and is trying instead to drive a wedge among several groups that are fighting for Zimbabwe nationhood....

The heads of the southern African States are aware of this danger and that is why they are attempting, at Dar-es-Salaam, to weld them into a cohesive group with a common purpose so that their ranks may not be split and the situation exploited by those who are inimical to change in the dark continent....



# LaRouche On Ballot In Florida —25th State

Oct. 8 (NSIPS) — Judge William Stafford ruled yesterday in Federal District Court for the Southern District of Florida that the name of U.S. Labor Party Presidential candidate Lyndon H. LaRouche, Jr. be placed on the Florida ballot as an independent for the November election, bringing to a total of 25 states carrying 311 electoral votes the number of states in which LaRouche has qualified. The judge reported he made his decision on the basis of documentary evidence submitted by the USLP demonstrating LaRouche's qualifications as a major third party candidate nationally; he distinguished sharply between LaRouche-Evans and other third party candidacies which he said had not demonstrated national support.

The following affidavit and appendix was submitted by LaRouche as part of the package of evidence presented to Judge Stafford.

LYNDON H. LAROCHE, JR., begin duly sworn, deposes and says that:

1. I am a native-born citizen of the United States, I am 54 years of age, and I meet all of the qualifications for the office of President of the United States, for which office I am presently a candidate....

4. I announced my candidacy for President of the United States in March, 1975....

6. I am running for the office of President of the United States both as the candidate of the U.S. Labor Party and as an independent.

7. My running-mate for the office of Vice-President is Wayne Evans of Beaverton, Michigan....

9. My campaign is a serious effort to win the Presidential election in November. I am certain of being on the ballot in 24 states; these states contain 54 per cent of the votes of the Electoral College. See *Exhibit A*.

10. Legal action is pending or underway in 10 additional states for the purpose of putting my name on the ballot in those states.

11. My presidential campaign centers on proposals I have developed and put forward calling for debt moratorium, the creation of an International Development Bank, and my proposed Emergency Employment Act of 1976.

12. Since July of 1975, direct sales of my basic campaign documents are as follows:

LaRouche-Evans Campaign Platform, "A New Kind of World Leadership for the U.S.A."	95,000 copies
The International Development Bank	55,000
The Emergency Employment Act of 1976	80,000
<b>TOTAL:</b>	<b>230,000 copies</b>

13. Most of these documents have been sold at a price of \$1.00 each. I do not believe that any other candidate or party, including the Democratic or Republican parties, are able to directly

State	Electoral Votes	Signatures Required	Signatures Submitted	Certified?
New York	41	20,000	38,000	pending Oct. 8
Pennsylvania	27	30,000	50,000	yes
Ohio	25	5,000	10,000	yes
Michigan	21	17,500	36,000	yes
Illinois	26	25,000	50,000	yes
New Jersey	17	900	1,900	yes
Mass.	14	37,500	50,000	yes
Indiana	13	9,000	18,000	yes
No. Carolina	13	permanent status		yes
Virginia	12	9,000	18,000	yes
Wisconsin	11	3,000	5,000	yes
Kentucky	10	1,000	2,000	yes
Minnesota	10	2,000	2,800	pending Sept. 30
Connecticut	8	14,000	25,000	yes
Iowa	8	1,000	2,000	yes
Colorado	7	5,000	7,000	yes
Washington	9	party convention held		pending Oct. 15
Idaho	4	1,000	1,900	yes
N. Hampshire	4	1,000	2,000	yes
Delaware	3	2,500	6,800	yes
Tennessee	3	75	200	yes
Vermont	3	1,400	2,000	yes
No. Dakota	3	300	600	yes
D. Columbia	3	2,700	5,000	yes
<b>TOTALS</b>	<b>295</b>	<b>188,400</b>	<b>334,900</b>	<b>3 pending 21 certified</b>

sell a comparable amount of campaign literature.

14. The basic features of my campaign proposals are embodied in the resolutions for a New World Economic Order adopted by the representatives of 85 countries at the recent Conference of Non-Aligned Nations in Colombo, Sri Lanka. These policies, as originally developed by me, are at the moment being advocated and discussed by spokesmen for the developing countries and various advanced-sector countries at the General Assembly of the United Nations which opened on September 27.

15. Widespread support for these proposals exists among significant sections of the American people, especially industrial workers, scientists and technicians, and industrialists and businessmen, who recognize in these proposals the only sound

basis for ending the present world depression.

16. My campaign has been prominently covered by such internationally read press outlets as the New York Times, the Washington Star, the International Herald-Tribune, and the Detroit News. My campaign was also recently featured on the nationally broadcast television program, "People and Politics." ... Coverage of my campaign focuses on my emergence as a major national candidate.

17. The Committee to Elect LaRouche has collected some \$51,376 in contributions, which we intend to cite in our application for matching funds under the Federal Elections Campaign Act. Pledges have now been received bringing the total amount pledged or collected to \$76,900 toward the goal of \$100,000.

18. While I will be listed on the ballot as the candidate of the U.S. Labor Party in most of the states in which I have qualified, I am listed as an independent in the state of Ohio, and in the state of Tennessee three independent electors are pledged to vote for me.

19. In planning out my campaign strategy in the Winter and Spring of 1976, my staff and I became aware that in a number of states there were provisions for both party and independent candidates. In those states where I have no party organization, it has been our policy not to run as a party candidate unless the requirements for a party candidate and an independent were the same.

21. Because I have no party organization in the state of Florida, and because there is no provision through which an independent can qualify in Florida, I did not attempt previously to qualify in the state of Florida.

22. I believe that the people of the state of Florida should have the opportunity to vote for me in November, and I believe that they will be unconstitutionally deprived of this right unless my name is on the ballot.

Lyndon H. LaRouche



## U.S. Labor Party Presidential Campaign Statements

The Jordan Process-Reindustrializing The U.S. To Rebuild The World  
Program For The Midwest Region: *Tractors & Industrial Automation*  
Program For The Mid-Atlantic Region: *High Technology Coal Mining  
For Industry*

by Lyndon H. LaRouche, Jr., USLP Presidential Candidate

\$1 Order from: Campaigner Publications, Inc., 231 W. 29th St., New York, N.Y. 10001

### A New Kind Of World Leadership For The USA

## The U.S. Labor Party Program

How The International Development Bank Will Work  
The Emergency Employment Act Of 1976  
The U.S. Labor Party Presidential Platform

by Lyndon H. LaRouche Jr., U.S. Labor Party Presidential Candidate

\$5 Order from: Campaigner Publications, Inc., P.O. Box 1972 G.P.O., New York, N.Y. 10001





## FBI In Contempt Of Court For Slander Of LaRouche

Oct. 8 (NSIPS) — In Federal District Court for the Southern District of New York on Oct. 5, FBI Director Clarence Kelley was ordered to show cause why he should not be held in contempt of court for libelous statements made against the LaRouche-Evans Presidential campaign, broadcast by ABC on national television Oct. 2.

The show cause order means that the Justice Department must prove at a court hearing that Kelley has not violated a judicial consent order — that is, openly defied a judge and broken the law.

Meanwhile, a new round of Cointelpro operations against the U.S. Labor Party and the National Caucus of Labor Committees over the past two days has been aimed at the current Midwest tour of NCLC National Executive Committee member Carol White. These actions included two automobile sabotage operations on the radiator of the automobile used to drive Mrs. White to the Detroit Airport on Oct. 4, which could have caused serious injury to her.

The USLP will demand that Kelley be jailed for contempt of court at a hearing on the show cause order Oct. 12.

Judge Duffy signed the show cause order after Assistant U.S. Attorney Nathaniel Gerber, representing Kelley and his boss Attorney General Levi in the Labor Party's civil rights case against the two, admitted he had agreed before another judge Sept. 28 that Kelley and Levi would stop illegal Justice Department Cointelpro operations against the U.S. Labor Party and obey the so-called "Levi guidelines" for FBI investigations. Only four days later, Labor Party attorney David Heller told the judge, ABC reported in its show "Battle for the White House" that "FBI Director Clarence Kelley says LaRouche's party is oriented to violence and brainwashing" — as a picture of LaRouche was flashed on the screen. LaRouche was the **only one** of a dozen Presidential candidates mentioned on the program to receive such "special commentary" from Kelley.

Heller pointed out to Judge Duffy that this was exactly the type of Cointelpro "smear tactic" which the USLP went to court originally in **LaRouche v. Kelley and Levi** to stop. In reply Justice Department flunkey Gerber could only mutter that the "Levi guidelines say nothing about speech" — effectively arguing that Rockefeller's Attorney General can authorize slander and lying at will under the protection of his own "reform" of the FBI.

In a further advertisement of the Justice Department's weakness, Gerber argues in court papers submitted after the consent order went into effect last week that the court should throw out the USLP suit against Levi and Kelley altogether because it is "frivolous." Gerber's evidence for this is that two other USLP legal actions, **LaRouche v. CIA** and the Reading gun and drug running case, were previously ruled out of court. Other USLP cases have set a yard-long list of legal precedents — including the **Salera v. Tucker** case decided before the U.S. Supreme Court in the USLP's favor.

Gerber's incompetent performance was merely an extension of his arguments at the Sept. 28 hearing, which resulted in the judicial consent decree against his clients. The defense counsel for Levi essentially admitted illegal Justice Department interference against the U.S. Labor Party's electoral campaigns — and then proceeded to claim that this documented eight-year, multi-million dollar harassment operation should not be legally considered "harassment." In court to argue against a USLP motion for a summary judgement of the facts and a preliminary injunction to stop Levi's interference in the USLP's LaRouche Presidential Campaign, counsel Nathaniel Gerber asserted that "even if what the plaintiffs say in their affidavits (containing evidence of attempted assassination, political firings, illegal arrests and Cointelpro-type "dirty tricks" —ed.) is true, the government's position is that this does not constitute harassment," merely "subjective chill."

Asked by Judge Richard Owen to "please define subjective chill," Gerber entered in the court record his response that FBI pressure on landlords and employers to take punitive action against members of the National Caucus of Labor Committees and the U.S. Labor Party could be considered "objective chill." "Subjective chill," on the other hand, is the use of intimidation to place the victim in such a mental state that he does not take advantage of his First Amendment rights.

Judge Owen found that the USLP had presented enough evidence of "objective chill" to warrant him to ask Gerber to consent, on behalf of the government, to "not use Cointelpro tactics."

The FBI's flagrant contempt of that order is their answer to the months-long **LaRouche v. Levi** suit, a civil rights case which the USLP has filed in order to determine the full of scope of — and then neutralize — Justice Department illegal covert operations against the party. Although Judge Owen deferred for the moment a decision on the USLP's motion for an injunction, his request for an end to "Cointelpro tactics" sets the legal basis for throwing Levi and his co-conspirator FBI Director Clarence Kelley in jail.

David Heller, counsel for the USLP-NCLC, has told the court, "I want to make one thing clear and enter into the court record that the Levi guidelines singling out the Labor Committees for a full and ongoing investigation is by no stretch of American Constitutional law a legal investigation, but the illegal use of federal law to destroy a duly constituted political party, as well as the U.S. Constitution. The infiltration of the Labor Party by FBI provocateurs Vernon Higgins and Anthony Banks themselves go beyond the Levi guidelines of legitimate investigation. The files on the USLP-NCLC, released under Freedom of Information Act provisions, are wholly manufactured and self-congratulatory. And if you take the statements of various Attorneys General and FBI Directors, the FBI's Cointelpro tactics have been terminated in 1969, 70, 71, 72, 73, 74, and 75.



From CIA Agent To "Consumer Champion"

# Ralph Nader, Unsafe Under Any Cover



by Lydia Dittler

If there is one thing that's consistent about Jimmy Carter's presidential campaign, it is his dedication to the ideals of Ralph Nader. It goes further than Carter's enthusiastic use of Nader's populist rhetoric of "smallness" and "corporate crime" and the appearance of the "consumer champion" at strategy sessions and softball games in Plains this summer. Carter has pledged his campaign to the Naderite goal of a zero-growth, corporatist society, a program for holocaust whose model is the hellhole "Brazilian miracle" of forced labor and genocidal austerity.

And it is typical of the methods of the Rockefeller-led faction of Wall Street financiers that stands behind these men and this program that Nader, the independent champion of the public interest, started his career by helping to bring the Brazilian model into being during an early 1960s stint as a street-level CIA agent, before his classification was upped to that of media-superstar consumerist bringing Brazil to the U.S.

### Nader's Program: "A Lot of Little Things"

Thus it is not really surprising that Nader, through his Health Research Group operation, is inviting Brazilian-scale disease epidemics by actively opposing the Ford Administration's swine flu vaccine program. A spokesman for the HRG branded the program "wasteful," and added that if a repeat of the killer epidemic of 1918 should occur, it would "serve people right."

After all, genocide is just the honest term for the anti-technology, anti-progress "consumerism" that Nader has been peddling since as early as 1956-57, when as editor of the Harvard Law School *Record* he wrote that modern medicine doesn't know anything the American Indians didn't. (The date is the same as that of John D. Rockefeller III's first zero-growth tract.)

"What made us happy in the 1800s?" Nader asks. "A lot of little things. House calls made by physicians. Small pharmacies just down the street. Self-entertainment...." Windmills, consumer cooperatives, decentralization like in China — but with no communism. Nader's hideously atavistic program is geared to appeal to feelings of impotence and paranoia — paranoia about big business, big unions, science, industrial development, etc.

The real goal of "Naderism" from the beginning has been the transformation of the U.S. into a 1984 world — top-down control over a "rationalized" economy in the hands of the Rockefeller family's invisible government, replacement of elected legislators and civil servants by "public interest" lawyers and judges, and silencing of all political opposition by a permanent scandal apparatus of PIRGs, CARGs, and an army of "whistle blowers."

This goal is made perfectly explicit in one of Nader's most sweeping operations, CARG — the Corporate Accountability Research Group. In the name of making the corporate structure accountable to the "public interest," Nader and Mark Green, one of Nader's closest associates, have been lobbying since the early 1970s for the federal chartering of corporations. Their allies in this effort include the Institute for Policy Studies and former OSS agent Arthur Goldberg's Center for Law and Social Policy. Nader and Green are direct about the reason for replacing state with federal incorporation: it will put all corporations under tight federal surveillance. Together with beefed up regulatory agencies and anti-trust laws (likewise two battle cries of the Carter campaign) federal chartering is intended to be a bludgeon to be used against any independent capitalist opposition and consolidate Rockefeller control. Similar "reforms" in corporate law paved the way for the establishment of the German and Italian fascist states.

CARG's commitment to fascist reorganization is made clear in its one instance of support for "free enterprise." Nader and Green, who otherwise want to put everything under government regulation, are committed to the deregulation of trucking, rail, and other transport, radio, television, and some other industries — a policy which primarily means sure bankruptcy for the smaller capitalists operating in those areas.

Nader's first go at corporate reorganization was the Project on Corporate Responsibility, better known as Campaign GM. Campaign GM was actually launched by two other Ivy League lawyers, who were inspired and later aided by Nader. (Nader's goal is to produce a nation of Naders, he says.) A small group of stockholders representing itself as "the public" demanded the reform of GM, the largest corporation in the U.S., along corporatist lines: the election of three new directors to represent the "public interest" (Campaign GM proposed Rene Dubos, the infamous Rockefeller University zero-growther as one of its candidates), the creation of a labor-management-citizen board to review the corporation's policies, etc. Campaign GM's recommendations were defeated in the proxy fight that ensued — even though those champions of "the public interest," the Carnegie and Rockefeller Foundations, voted their blocks of votes for the reforms and against management. But the reforms were never really intended as anything more than the cover for the management shakeup which followed, and resulted in, for example, the introduction of brainwashing sessions for workers and corporate executives alike, and other such innovations as the creation of GMAD (General Motors Assembly Division),

where assembly-line workers were isolated from the rest of the workforce and subjected to literally killing speedup.

To run a fascist economy, you need a fascist bureaucracy. In 1967 the first group of "Nader's Raiders" produced a several-hundred-page, fact-filled report, based on extensive interviews and snooping around, which charged the Federal Trade Commission with collaborating with the corporate structure to defraud the public. In particular, the report charged FTC chairman Paul Rand Dixon with political cronyism and prejudice against employing young Ivy League lawyers (!) and led to Dixon's replacement by future HEW hatchetman Casper ("Cap the Knife") Weinberger and an influx of Eastern Establishment anti-trust lawyers. One of the goals of the FTC "reform" was to restore the agency to its original purpose of anti-trust enforcement. Nader and his Raiders proceeded to profile every other significant government agency with the same intent.

#### Nader's 1984

In 1969 James Ridgeway, editor of the "left" fascist rag *Hard Times*, wrote bluntly that his old associate Ralph Nader was really "working towards a new definition of a governmental system, in which lawyers are a commanding elite" — a Kafkaesque "post-industrial" world where lawyers have replaced elected lawmakers.

Nader has endeavored to turn the whole population into "eyes and ears." Starting in 1970 he promoted the creation of Public Interest Research Groups — with the suggestive acronym PIRGs — on campuses and in local communities around the U.S. and in Japan. The aim was to create a terror apparatus of Naders in every community. The PIRGs, directed by a small nucleus of "public interest" lawyers and other "professionals," have used overpricing, industrial pollution, and other issues to push local enterprises into bankruptcy.

Nader has by no means restricted himself to the corporate sector. His most significant operation against labor was his campaign to "clean up" the United Mineworkers Union. In 1969 Nader personally groomed "Jock" Yablonski, a then unknown union radical, to run against incumbent Tony Boyle for union president on a hoked-up "anti-corruption" platform. The murder of Yablonski, his wife, and daughter gave Nader and his partner in crime Joseph Rauh the leverage to pull off a takeover of the union and the installation of their new patsy, Arnold Miller, as president. The outcome of Nader's efforts speaks for itself: once one of the country's most militant unions, the Mineworkers now had a leadership favorable to Project Independence coal gassification boondoggles, the loss of seniority, a proliferation of pot-smoking countergangs, brainwashing sessions for West Virginia miners overseen by Jay Rockefeller, where the miners are taught to focus on specious health and safety issues, etc.

Less well known is Nader's Project Congress, initiated in 1971. Project Congress is usually described as a flop — the whole operation was slowed down because of an open rebellion by Nader's staff whose idealism still didn't give them the physical strength to withstand the miserable slave-labor conditions which Nader imposed on them, and the widespread criticism of the final report for its sloppiness and gross inaccuracies. However, Project Congress was the basis for the operations later run against Representatives Wilbur Mills, Wayne Hayes, and other congressmen who represented potential obstacles to the Fabian reorganization of Congress. Nader prepared the way for a multitude of Elizabeth Rays.

#### Save Energy — Cut Your Own Throat

The other prong of Naderism has been the fostering of the ideology of zero growth in the population at large. In the 1960s, with the dollar-based international monetary system visibly

cracking and real economic growth stalled, the Rockefeller family and its allies needed to put their zero-growth policies over on the whole population in order to preserve their bankrupt financial empire. This is where Ralph Nader came in. Nader, the son of Lebanese immigrants — a father who left the "tyranny" of a factory job for the "independence" of a wretched bakery-diner-health food store in a small Connecticut town, and an omnipresent, smothering mother — was perfectly psychologically suited to lead a movement based on zero-growth "consumerism."

As everyone will recall, the springboard for the consumerist movement was auto safety. In 1964 Nader published *Unsafe At Any Speed*, which shifted the blame for auto deaths from the driver to the "machine." (One of the elements of the Nader myth is the bizarre boast that he has never owned any kind of machine.) Granted, General Motors and the other auto manufacturers were producing unsafe cars; similarly, there was a necessary germ of truth to all the consumerist campaigns Nader was to launch subsequently against the reckless use of X-rays, the unwholesomeness of products like hot dogs and Coke, deceit in advertising, and so on. But Nader's job was not to turn the population against such abuses per se, but against technology and progress and all that that implies — including the productive working class. The real significance of the specific consumer campaigns was the proto-fascist organizing process unleashed around them.

Taking off from auto safety, Nader endeavored to spread his own psychotic involvement with zero growth to the whole American population. He deliberately appealed to people as childlike consumers, divorced from any identity or potential identity as **productive** members of society, to tap the paranoid terror of big and powerful corporations, government, and unions particularly in petit-bourgeois layers.

This is why the actual effects of the consumerist campaigns have usually been the opposite of their stated intentions. Take the auto safety campaign, the original Nader crusade. Nader actually played a key role in impeding the development of safer auto transportation. Since the advent of Naderism, auto engineering has degenerated from some approximation of basic research to the idiocy of devising one gimmick after another — airbags, rubber bumpers, etc. — to conform to the latest safety and pollution requirements. As a result of all the gimmickry, autos are harder to repair, burn more gasoline than ever before, and are generally less efficient. By the same token, Nader is responsible for the disappearance of any semblance of serious research on overall auto design, traffic flows, and other elements of real auto safety.

Nader's campaign against the railroads is a case study in obfuscation.

Perhaps the most telling — and most obvious — proof of the utter phoniness of Nader's auto safety campaign is the fact that Nader has **never** called for the expansion of mass transit. In 1969 he denounced the railroads for their "repulsive corporate practice" of dumping "200 million pounds of excrement" on the tracks every year — of all things to focus the public's attention on, in the face of an entirely obsolete, bankrupt railway system! Nader's railroad campaign did its part to impede the development of modern mass transportation in the U.S.

Where the possibility of developing modernized jet passenger service existed — in the government's program to develop the Supersonic Transport System — Nader did his utmost to sabotage it. He played a pivotal role in organize the hysterical movement to ban the building of the SST and the landing of the Concorde in the U.S., thereby protecting the huge debts of the bankrupt U.S. airline companies to the New York banks.

Characteristically, on the energy question Nader has led the public to believe that there are only two alternatives: nuclear

fission on the one hand and a return to the good old days — barbarism — on the other. Says Nader, "If people knew what the facts were and if they had to choose between nuclear power and candles, they would choose candles."

The ultimate goal of the consumerist movement is, simply, to get people to voluntarily cut their consumption. Nader, who says he is a great believer in the power of the consumer to "beat the profit system" through consumer boycotts, was the guiding light of the hysterical housewives who fought high meat prices in the spring of 1973 — by depriving their families of meat! The high prices were not, of course, the fault of the "greedy" farmers and meat industry targeted by the boycotters, but the wild commodity speculation which had pushed up the price of feed grains to historic highs — squeezing farmers, meat companies, and consumers alike.

#### "Jesus Christ, He's CIA!"

Nader's program on its own is more than enough to identify him as a fascist and leading agent of the Rockefeller-led monetarists. The financing of his campaign by such important "philanthropic" foundations as the Carnegie Foundation, the Stern Family Foundation (chief funders of the Institute for Policy Studies), the Field Foundation, and the Warburg family's New York Foundation merely confirms Nader's credentials. The Rockefeller and Ford Foundations may have discretely refrained from putting their money directly behind Nader's operations, but their record of direct collaboration with him stands. In the late 1960s Ford Foundation president McGeorge Bundy — straight from directing the murderous Operation Phoenix in Vietnam — asked Nader to brief his staff on how the Foundation could use its money to finance public interest groups such as Nader's! The Rockefeller Foundation and the Carnegie Foundation were the only two institutional shareholders to vote against the General Motors management and with Nader's Campaign GM in the 1970 proxy fight.

Prior to the launching of his "public interest" career in the mid-1960s, Nader's history has all the identification marks of high-level agency. Nader was groomed at Princeton's Woodrow Wilson School of Public and International Affairs, a notorious breeding ground for agents, where he conveniently majored in Far Eastern politics and languages — Russian and Chinese. He then went on to Harvard Law. One of Nader's classmates from Harvard commented wryly, "There seemed to be other items on the agenda than being a lawyer" for Nader during his stint at Harvard.

For one thing, Nader was reportedly "obsessed with Latin America" during his law school days. Then, soon after Nader had set up a law practice in Hartford, Connecticut in 1959, he suddenly turned to a career of "freelance journalism," traveling to Europe, the Soviet Union, Africa, and Latin America between 1961 and 1964. After a trip to Scandinavia in the summer of 1961, Nader drafted the first ombudsman bill in the U.S., which was introduced in the Connecticut legislature, and wrote a hundred-page paper on the ombudsman system for the Center for the Study of Democratic Institutions in Santa Barbara, California, an agent operation run by World Federalist head Robert Hutchinson, a Rockefeller flunkey who had formerly headed up the John D. Rockefeller-founded University of Chicago. The ombudsman report was the prototype for the future mammoth "fact-filled" reports Nader, the former fanatical baseball card collector, was to churn out.

In the summer of 1963 Nader was deployed into Latin America with Harvard Law classmate Joseph Page — who later collaborated with Nader on a project on occupational health and safety — supposedly on assignment for the Atlantic Monthly and the Christian Science Monitor.

The most important stop on Nader's tour was the Northeast of Brazil, at that time this area was the center of peasant ferment

whose revolutionary potential — occurring in the wake of the Cuban Revolution, had the CIA et al. terrified. Nader had planned to spend only a couple of days in Recife, wrote Page in *The Revolution That Never Was*, "but he became fascinated with the ferment and remained for more than a month." Nader was part of a much broader deployment — others in town during this period were: Peace Corps Director Sargent Shriver, Food for Peace head George McGovern, Massachusetts' Assistant D.A. Edward Kennedy, and Henry Kissinger.

These deployments helped ensure that the peasant upsurge was crushed, and set up the conditions for the coming to power of the Brazilian dictatorship in 1964. Nader contributed the service of "Naderizing" the bungling U.S. Agency for International Development (AID) mission in Recife, paving the way for a change to personnel who were better trained in the art of counterinsurgency.

When Nader returned from one of his journalistic jaunts, his old prep school friend David Halberstam exclaimed, "Jesus Christ, he's a CIA man!" Halberstam, the Pulitzer prize-winning journalist who traveled to Saigon to report on the Vietnam war, should know.

#### The New Assignment

Nader's "public service" career began shortly thereafter in Washington in 1964, when he got a job as a consultant on auto safety with "food control" and terrorism hack Daniel P. Moynihan, then an assistant secretary of labor under Arthur Goldberg, the labor counterinsurgency expert. The story goes that in 1959 Moynihan, at that time an aide to New York's Governor Averell Harriman, Rockefeller's controller of the Democratic Party, had spotted an article the 24-year-old Nader had written for *The Nation* and was impressed — Moynihan being an auto safety advocate himself. (Averell Harriman heaped great praise on the "young man ... with high ideals" in his book, *America and Russia in a Changing World*.) But Nader's former acquaintances, remembering his exclusive fascination with Latin America, were shocked at the unexpected change in Nader's interests.

While working for Moynihan Nader wrote his *Unsafe At Any Speed*, which was to make auto safety the no. 1 public interest issue in the U.S. He soon became a "secret" advisor to Fabian Senator Abraham Ribicoff's Subcommittee on Executive Reorganization, which was looking into the federal role in auto safety. Following the publication of *Unsafe*, General Motors reportedly put a former FBI agent, Vincent Gillen, on Nader's trail to find out who the nuisance was. Two *New Republic* writers, associates of Nader, broke the Gillen story in March 1966 and touched off Nader's rise to celebrity; they were Institute for Policy Studies fellow James Ridgeway, who had put Nader in touch with Dick Grossman, publisher of *Unsafe* and all his future muckraking reports, and David Sanford, now a "critic" of Nader. Ribicoff promptly called hearings of his subcommittee to hear the testimony of James Roche, president of GM, and Gillen. Thanks to *New Republic*, the media, and Ribicoff (who later distinguished himself as an agent at the 1968 Democratic Party convention by supporting the Weathermen and other crazies from the convention floor), Nader — glorified as the private citizen who came smack up against the largest corporation in the U.S. — became a celebrity overnight and his book a best seller.

From that point on Nader began building up his own machine, spawning the dozens of "public interest" offshoots which were held together by an umbrella organization, the Center for the Study of Responsive Law. The Center was headed up by Ted Jacobs, a former Princeton and Harvard Law classmate of Nader's until his recent departure to work with Bella Abzug's

civil rights subcommittee. Through such "defections" the close interconnections between Nader's machine and allied Institute for Policy Studies networks and Fabian Democratic Party circles have been built and strengthened.

CARG, headed up by Mark Green, illustrates the interface between Nader's operations and other agent circles. Green, for example, participated in a 1973 Institute for Policy Studies seminar on "The State and the Corporate Economy" held to indoctrinate Congressmen and their staffers on "post-industrial economy." Other participants were leading IPSers Marcus Raskin, Richard Barnet, and Ralph Stavins, and "economist" for the Institute's Cambridge branch Gar Alperowitz. CARG also closely collaborates with the Center for the Study of Law and Social Policy, headed up by Arthur Goldberg and the home of anti-trust specialists from the Washington law firm of Arnold and Porter, one of Wall Street's key Fabian operations in the capital.

Thurmond Arnold, the deceased founding partner of Arnold

and Porter and the chief of the Anti-Trust Division of the Justice Department during the Depression years of 1938 to 1943, was, in fact, one of the original corporate watergaters. As head of the Temporary National Economic Commission (TNEC), Arnold opened war on "monopoly" in the U.S. — he strove (unsuccessfully) to break the hold of the Morgan family over U.S. Steel for the Rockefellers. TNEC's proposals included Federal incorporation of business, stiff criminal penalties for the violation of anti-trust laws, and authorization of the FTC to forbid corporate mergers unless they were in the "public interest." Nader's proposals for corporate "reform" are far from original.

Now Nader has thrown in his political lot with fellow media creation Jimmy Carter, helping pull together a gamut of counterinsurgent machines and networks into what Wall Street had first hoped would be a victorious fighting force for fascism. The accelerating "negative growth" of Carter's campaign, however, promises to serve the public interest by putting Nader and Naderism on blocks for good.

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## N.Y. Police Anti-Austerity Action Can Cut Both Ways

New York, Oct. 9 (NSIPS) — More than 2000 angry New York City police took their anti-austerity protests to the doorstep of Jimmy Carter's mid-Manhattan campaign headquarters two days ago. Carrying placards branding Carter as anti-labor, the off-duty police chanted the "Democratic Party works with Felix Rohatyn (the chairman of Big MAC). Why?!"

The two-week-old police protests, which stem from the city's failure to carry out terms of legally binding contracts with the Patrolmen's Benevolent Association granting the police a deferred pay raise and set work schedules, has a double-edged character.

The police job action — the major first resistance to the banks' austerity regime by any major union in more than a year — could catalyze a pitched fight against the bankers' lawless rule over the city. A lead editorial in today's New York Times, demanding that Mayor Beame take a hardline with the "lawless cops" warns that if the police win their demands, the city's "peace" with its other unions will collapse and with it the banks' three year austerity plan. The multi-billion Federal loan program will be terminated "and the city will go bankrupt..."

But if the police can be isolated, if the focus of their actions can be kept to narrow "me-first" trade-union issues, kept from moving for debt moratorium, then they can and will be crushed and crushed brutally to "demonstrate" the futility of resistance.

### A Billion More In Cuts?

Dr. Reynold Levy, the head of the new City Human Resources Planning Agency, said this week that he has plans drawn up to carry out an additional \$1 billion in budget cuts immediately. Levy has been given the responsibility for carrying out the drastic overhaul of the city government under the already enacted charter revision. The plan — a "solution" to the confrontation between the city and segments of the population over cut-backs — calls for the decentralization of city government into 33 Vietnam-like strategic hamlet "pacification zones." Each would be locally controlled and provide what city services remain.

But, as the fascist planner Levy indicated, first the police must be brought into line — by "force of arms" if necessary.

### LEAA Network Activated

LEAA networks in and around the police are being fully mobilized to contain and demoralize the job action. LEAA-run police hit squads have been seeding the police — community confrontations, going through ghetto and black hispanic working class sections of the Bronx and Queens randomly attacking people on the street. Such units incited riots in one section of Queens earlier in the week.

LEAA-linked provocateurs at an otherwise orderly demonstration at City Hall yesterday called for the police to disobey orders by PBA leaders to disband. More than 700 cops stampeded in a mad dash for "Wall Street." While the demonstrators conveniently never reached their objective, the Atlanticist-controlled press had a field day portraying the job action as "mob rule" and clearly "out of the hands of the PBA leadership." To isolate the PBA, the city suddenly came to a tentative

agreement with the Sergeants Benevolent Assn., putting them on the other side of the picket line.

While PBA leaders have told this newspaper that they are not considering a strike and will not be provoked into one, the banks are readying for that contingency. A spokesman for the Rockefeller controlled fascist think tank, the Hudson Institute, said two days ago: "We are prepared for a New York policy strike....It would be a military situation...we would need the U.S. army...but we are prepared." Spokesmen for the Defense Department indicated that they are monitoring the situation: "We are always ready (for an intervention)."

But as political the content of the police's demonstration against the Carter office indicated, the situation has the potential to quickly break out of the banker-directed containment operation.

## UMW Scores Tactical Victory Over IPS But Fails To Go All The Way

CLEVELAND, Oct. 9 (NSIPS) — Republican Governor James Rhodes of Ohio has until Wednesday, Oct. 13 to get off the fence and veto HB 12, the hated Ohio Civil Conservation Corps Bill, which reached his desk this week amidst a flurry of Democratic Party-directed backroom arm-twisting. The Ohio constitution states that a bill placed before the Governor must become law after a seven-day period without executive action.

Faced with a continuous U.S. Labor Party-led mobilization against the bill — the most intense organized opposition to any legislation in Ohio's history, sources are now indicating the Governor may choose to save face by refusing to sign the bill and allowing it to become law by default. While unofficially expressing a "disinclination for the bill," the Governor has continued a public "neutral" posture shaped by "political" pressure emanating from Democratic Party and Carter campaign circles as well as renegades in his own Republican Party. Lt. Governor Celeste and State Rep. Wilkowski, the bill's original sponsor, lead the Democratic traitors, while Rep. Wingard (R-Stove) and State Senate majority leaders Mahoney head the Republican renegades. Republican U.S. Sen. Robert Taft refuses to take a stand on the bill. The Ohio Republicans' paralysis reflects the dilemma faced by similar layers who refuse to support a competent alternative "job bill" along the lines of the U.S. Labor Party's Emergency Employment Act.

As one Democratic Party official indicated, "What choice does Rhodes have? After all, the Governor (the Republicans — ed.) has proposed no acceptable alternative to a Full Employment jobs program."

Democratic Party confidence in their effort to get the CCC bill enacted has been seriously challenged by the scope and intensity of the USLP mobilization against it. State Senator Wilkowski is now reportedly drafting a more diluted version of the bill anticipating a possible Rhodes veto. He will propose two cos-

metic amendments to the bill: "that the word 'Director' will be changed to 'chief' and that the camps' provision of the Bill be put in the charge of the Office of Natural Resources rather than the more military sounding Adjutant General.

The hundreds of USLP-mobilized worker calls and telegrams demanding that Rhodes use his veto is forcing a reversal of "official labor" support for the CCC bill. The Teamsters, who have vacillated from a position of support to opposition to neutrality, have now moved once again into opposition. Ohio Teamster Lobbyist Minnue has reportedly personally intervened with the Governor. Similarly, a prominent Building and Construction Trades head in Ohio has ordered his lobbyist to organize for a veto.

## Teamster Exec. Fired As Carter-Levi Pressure IBT

William Presser, fifth international vice-president and head of the Central Council of Teamsters, was forced to resign his remaining International Executive Board positions in the Brotherhood of Teamsters at an Oct. 7 night session of the board in Los Angeles, the New York Times reported Oct. 9. An outspoken opponent of Jimmy Carter's slave-labor Humphrey-Hawkins legislation and Ohio CCC bill, Presser was stripped of his Central States Pension Fund trusteeship three weeks ago by IBT President Frank Fitzsimmons. The action was part of a series of Wall Street-dictated "clean-up" moves for which the Institute for Policy Studies counter-gang PROD and the New York Times are conducting the public relations pressure while Attorney General Edward Levi serves as the "enforcer."

The IBT Executive Board sought to smooth over the senior Presser's ouster by immediately electing his son, Jackie Presser, to the vice-presidential post. The Board has thus far refrained from also filling the Pension Fund trusteeship, in accord with the blackmail terms set in Levi's June meeting with Fitzsimmons. Sources report that under this agreement Teamster officials will be excluded from controlling positions in the Central States Fund.

Not satisfied with this coup, the Times gleefully charges that Bill Presser stands "a 50-50 chance of being indicted" under Levi's investigations of the Fund — PROD's stated objective of "putting all the Teamsters trustees in jail, including Fitzsimmons."

Continuing the union leadership's capitulation to such pressures a Teamsters legislative official acknowledged that the U.S. Labor Party's Lyndon LaRouche was removed from the Teamsters presidential preference poll now in the hands of all U.S. members of the IBT. Teamster officials had previously stated that LaRouche would be included. Another official admitted that the purge of LaRouche was ordered by IBT headquarters in Washington, but said, "it is not known which executive member made the decision."

It is no secret, however, that Executive member Ray Schoessling, the number two man at IBT headquarters, endorsed Jimmy Carter and the slave-labor platform of the Democratic Party at its New York Convention which was addressed by fascist Cesar Chavez. Since then, Schoessling has been widely reported to be behind the "new-image" clean-up campaign designed by the Carter-linked Institute for Policy Studies, and is reported to have a major role in turning over the \$1.6 billion Central States Fund to "professional management" of the Rockefeller banks for use in the Eurodollar swindle.

## Bridges Names Agents Attacking ILWU

Harry Bridges, President of the International Longshoremen's and Warehousemen's Union (ILWU), blasted by name the gaggle of pseudo-left Institute for Policy Studies agents and right wing Social Democrat "old boys" who are leading a union-busting CIA-type "black operation" against unions. Writing in his "On the Beam" column in the Sept. 10 ILWU newspaper **The Dispatcher**, Bridges exposes the agent operation in which a group of lower seniority (B-men) ILWU members were duped into sponsoring a legal action charging the ILWU with discrimination and aimed at abolishing the union hiring hall and the granting of \$7 million in damages from the ILWU.

Bridges named, "a clique of dilettantes who are in truth, enemies of our union and all labor, as follows: Michael Harrington, Bayard Rustin...Daniel Bell...Herbert Hill...Paul Jacobs...Julius Jacobson...Seymour Lipset...and Nat Hentoff." Bridges writes that these agents were condemned in a 1969 ILWU Convention resolution as enemies of the ILWU and all labor, and reports that the ILWU has won a legal victory against these agents in a San Francisco court decision.

In a similar "fingering" move, the United Steelworkers of America (USWA) issued a leaflet exposing Ed James, Institute operative who heads United Mineworkers President Arnold Miller's staff, and USWA official Hoffman, both of whom are running the campaign of Institute operative Ed 'the Fed' Sadlowski for USWA president, as being "operatives under the control of outside forces."

## Lines Drawn On Ohio Slave Bill

CINCINNATI, Oct. 6 (NSIPS) — "Missed opportunity" is the phrase that best characterizes the developments of the 47th annual national conference of the United Mineworkers Union just concluded here. Forces grouped around UMW Vice President Mike Trbovich and UMW Executive Board member Lee Roy Patterson, a declared candidate for the President of the 450,000-member union, gained significant ground in the often tumultuous convention battle for control of the union against union president Arnold Miller and staff member Ed James — the chief mouthpieces of the Institute for Policy Studies (IPS) network which has infiltrated the union and control it for Wall Street. But, the traditionalists around Trbovich and Patterson stopped short of using this leverage to identify and clean out for good the Institute agents.

The traditionalists managed several tactical victories including, most significantly, a constitutional amendment moving the elections for the unions top post forward by a full year. Further, Trbovich-Patterson forces succeeded in defeating the entire packet of resolutions put forward by the Institute forces designed to limit their power of veto over stooge Miller.

The failure of Trbovich's forces to put forward a clear programmatic alternative to Miller's intransigent commitment to the Democratic Party's disastrous policies of deindustrialization and slave labor provided the Miller crew a last opportunity to prevent the traditionalists from dominating the entire convention. Miller successfully engineered a last minute voice

vote on a key resolution designed to check Miller's power of appointment of staff members and organizers. Had the resolution been passed (it was defeated by a narrow margin) it would have reduced Miller to an impotent figurehead and virtually guaranteed the union's quick return to sound management.

The basis for the parliamentary victories rests on the remoralizing climate set for the convention by the U.S. Labor Party, who circulated copies of an exposé of the Institute for Policy Studies takeover of the Mineworkers, including the role played by labor lawyer Joe Rauh, to hundreds of enraged delegates.

### The Convention

UMW Vice President Trbovich challenged the Miller-Naderite forces, Sept. 24, with a denunciation of Miller as "incompetent and backed by outside forces." Trbovich exposed Miller's staff as "Appalachia anti-poverty types" who "run the President like a puppet, a marionette to be manipulated by unseen hands." A small but vocal gaggle of Nader agents began disrupting and heckling, waving an IPS "Miners Report" until a fist fight broke out on the floor of the convention between the Naderites and the old-line miners. Miller was forced to take the microphone to plead for order.

Rumors circulated throughout the hall that the "people outside" at the U.S. Labor Party literature table were distributing the anti-Trbovich "Miners Report." As the extremely tense miners filed out after the session, ten Trbovich supporters attacked the literature table ripping and burning literature. The source of the rumor were Institute agents planted as staff assistants to Trbovich, as well as to most UMW leaders, following the institute's "Miners for Democracy" operation against the UMW. The miners quickly realized that the attack had been set

up "to get our ranks to fight each other."

Cincinnati TV station Channel 10 reported the convention rout of IPS-Nader agents as "just miners' infighting." Grasping at straws, the New York Times Sept. 25, simply lied that Trbovich had "suffered a setback."

Then on Sept. 26, the convention session opened with six reporters linked to the Institute and representing the Communist Party's *Daily World*, the Socialist Workers Party's *The Militant*, and the October League's *The Call*, being expelled from the hall. As Miller pleaded that the Institute-controlled credentials committee be employed for such matters, angry miners also expelled several IPS delegates to the ten-day convention.

As the convention neared its close, it became obvious that Miller and his IPS controllers had lost control of the union. Although Trbovich had fallen into the trap of labelling the Institute operatives with the misnomer of "communist and socialist outsiders," the Miller clique was unable to turn the wrath of miners away from them and toward a handful of "sacrificed" agents or the Labor Party. The often raucous group of 2000 delegates knew who the enemy was — most of them sat on the podium or lurked in the shadows of the union's staff.

But the Patterson-Trbovich forces failed to move decisively to take advantage of this opportunity. While candidate Patterson declared in an interview his intention to campaign on a commitment to progress and development, he and Trbovich avoided making a public stand for growth — which would have shattered pro-Carter Miller. What will determine the future of the mine workers is the degree to which the traditionalists are committed to the implementation of a "reopen the mines" program along the lines suggested by the USLP. As in the case of anti-IPS forces in the United Steelworkers Union, the Mineworkers are at a crossroads where mistakes of courage and perception could cost the war.