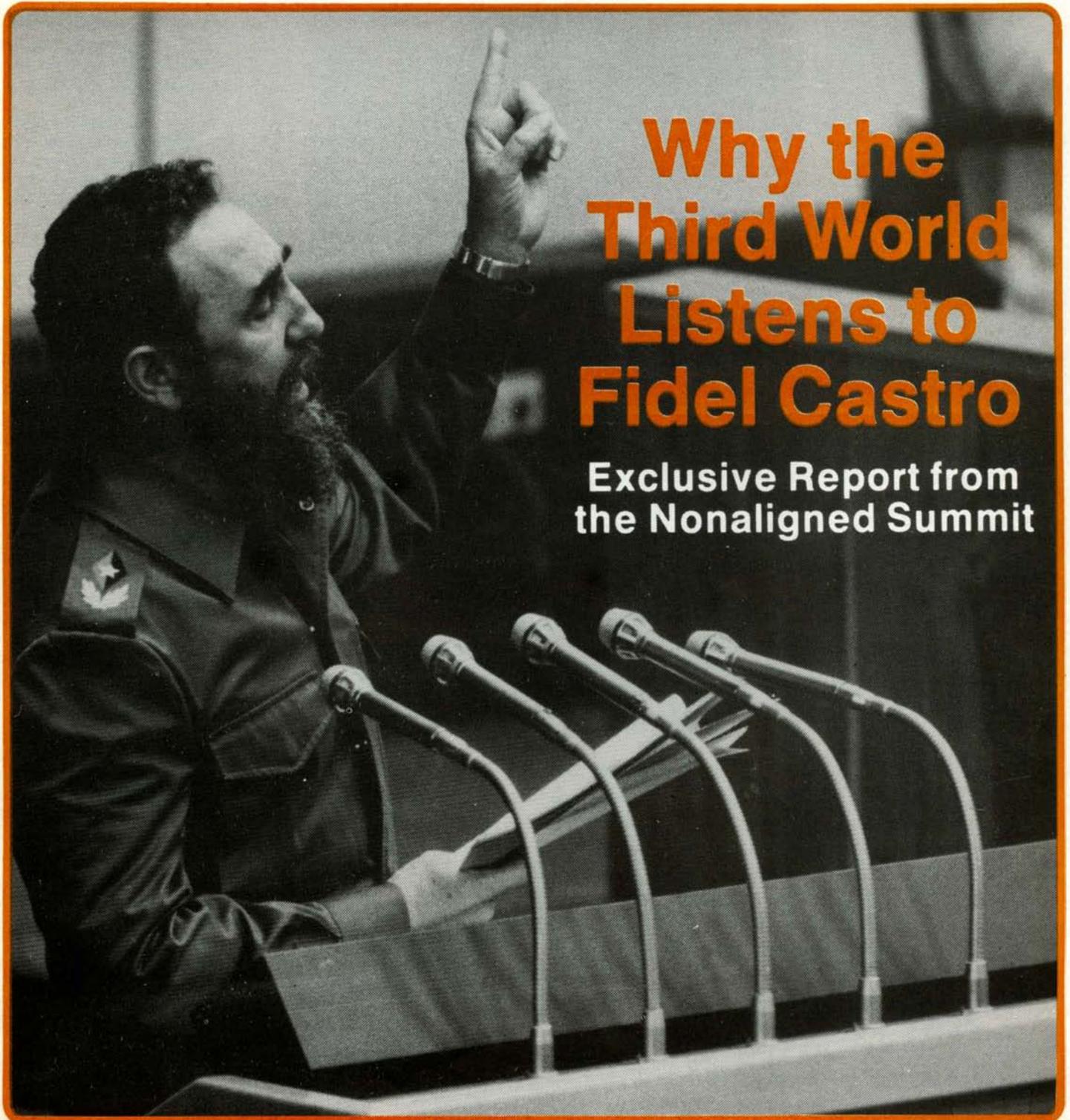


# EXECUTIVE INTELLIGENCE REVIEW

September 11-17, 1979



## Why the Third World Listens to Fidel Castro

Exclusive Report from  
the Nonaligned Summit

New Solidarity International Press Service

\$10

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# EXECUTIVE INTELLIGENCE REVIEW

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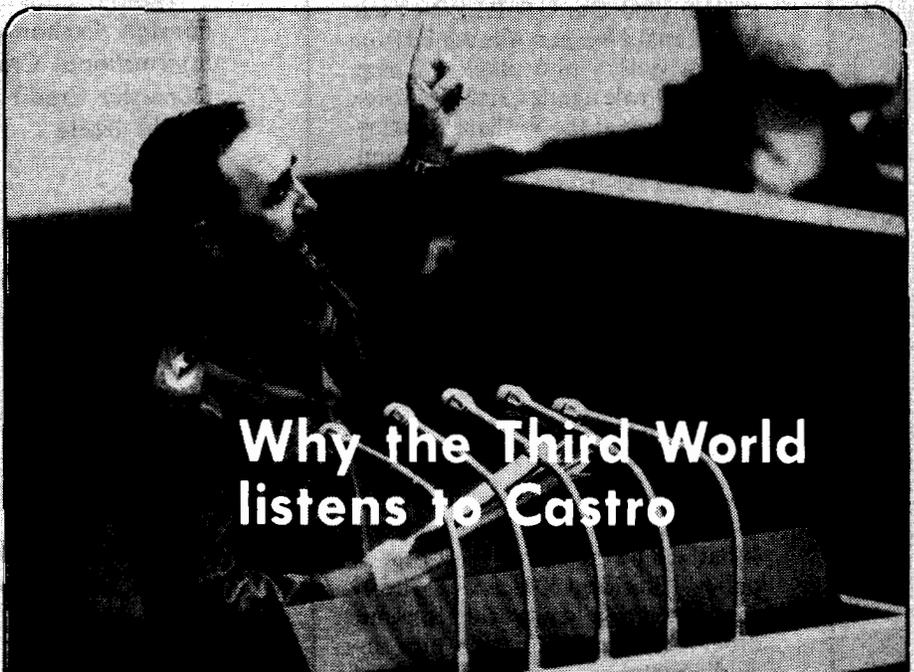
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## Why the Third World listens to Castro

Meeting under the chairmanship of Cuba's Fidel Castro, the Sixth Summit of the Nonaligned Movement in Havana voted industrial development to be their central purpose, rejected Camp David, and, despite pressure from the United States and China, withdrew recognition from the government of Cambodia's Pol Pot. But was the conference really a set-back to United States' interests? Two of our top correspondents, Latin America editor Dennis Small and Asia editor Dan Sneider, who has been awarded the Bhutto medal for his efforts on behalf of the murdered Pakistani Premier Zulfikar Bhutto, report in this week's INTERNATIONAL section that the Third World has opened a major door to the West, in the form of world development cooperation. Included: an exclusive interview with Vietnam's Acting Foreign Minister.

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### **Who makes Ronald Reagan run?**

The second installment in our "Presidency 1980" series features Ronald Reagan, the man who allowed incompetent advice and "media packaging" directed by John Sears to rob him of the White House in 1976, and appears to be letting history repeat itself in 1980. Our U.S. REPORT tells how Ronald Reagan was duped from certain victory into playing a mere "spoiler" role against Jimmy Carter, takes a look at the William Buckley-oriented coterie of advisors responsible, and reports on progress of likely-candidate Reagan's so-far feeble effort in 1980. Plus: a profile of Governor Reagan's background, in an effort to answer the question: "why?" **Page 37**

### **The French "New Right"**

Beginning a new series, our EUROPE section asks the question: What will be the direction of French policy? President Giscard is firmly committed to a new world economic order—but many close to him, including family, are members of what is being called the French "New Right"—a cultish and growing amalgam of zero-growth fanatics who resemble rather closely the proto-Nazi cults in 1920s Germany. In the first installment in what will be articles on various aspects of the French political landscape, we examine the "New Right"—and its startling resemblance to the terrorist "New Left." **Page 47**

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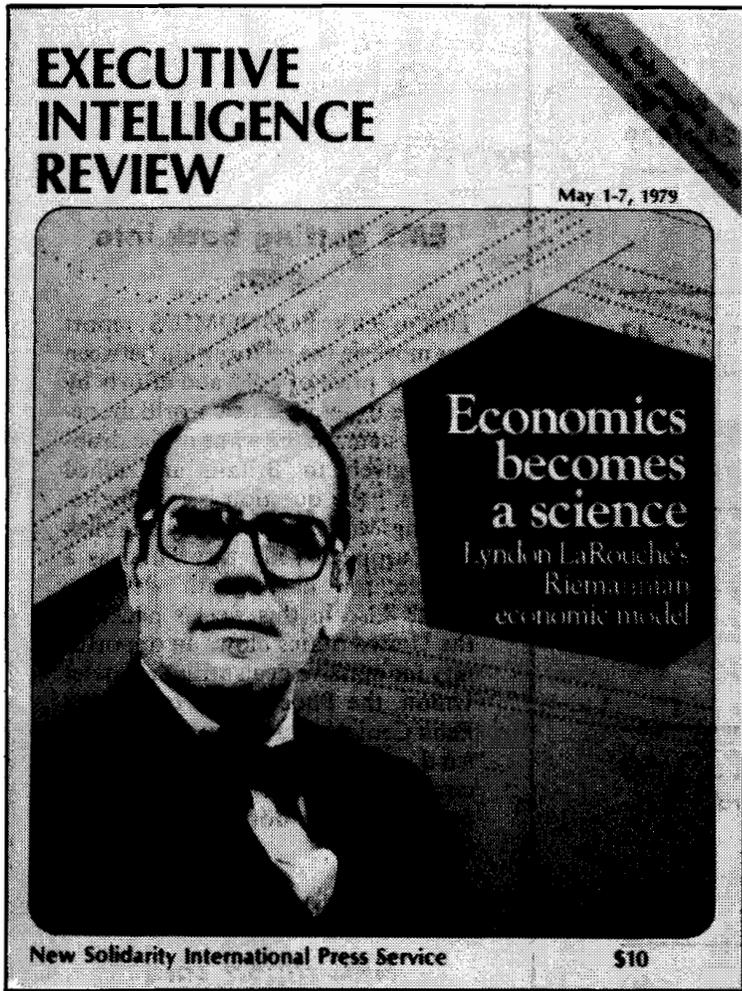
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**EMS getting back into  
gear**

This week's ECONOMICS report has more on the relationship between the new price of gold and efforts by Europe to set up a new world monetary system. In the wake of the drubbing given to Britain and allied "bears," the question is rapidly becoming: will Europe finally establish the European Monetary Fund as a vehicle for north-south development? Also in this week's package: the United States blows an opportunity for massive deals with the Soviet Union, the Phoenix-like rise of the Penn Central as a real estate, energy, and amusement park conglomerate—at taxpayers' expense—and the domestic credit picture. **Page 7**

**NRC report card  
on Three Mile Island**

The Nuclear Regulatory Commission report on Three Mile Island is in, and the results?? The Commission has obliquely confirmed charges of sabotage first documented in Executive Intelligence Review, by ruling out every other possible cause of the bizarre "accident." Written by nationally recognized nuclear specialist Jon Gilbertson of the Fusion Energy Foundation, our ENERGY section analyzes the NRC's findings, and reviews the Three Mile Island case. **Page 43**



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# Crazy for Kennedy?

In the same week that the *New York Post* proclaimed that "Draft Kennedy fever" is sweeping the country, more reflective pundits warned that Kennedy will not win the Democratic nod unless he sheds his "ultraliberal" image. And the political aspirations of former NATO supreme commander Alexander Haig were crumbling in Western Europe, where the prospective man-on-a-white-horse was testing his campaign strategy with the aid of Henry Kissinger.

As we enter the fall gear-up for the 1980 campaign, both of the presidential choices of the New York Council on Foreign Relations crowd, Kennedy and Haig, are looking like liabilities. The boys at CFR are not accustomed to setbacks, either in the major party nominations or the November vote. One imagines frantic meetings behind closed doors.

The Council and its elder sister, London's Royal Institute for International Affairs, miscalculated on two counts. One, they overestimated the ability of London and Washington to muscle the Third World and Western Europe into acceptance of a world depression. Two, they underestimated the moral commitment to progress embedded in the majority of the American population, that can be mobilized against a Kennedy "right to die" candidacy.

As reported in our cover story, the Nonaligned Summit at Havana delivered the first shock to the Anglo-American elite. By majority decision, the 96-member movement gave full backing to Cuba's Fidel Castro in unseating Kampuchea's Pol Pot regime for genocide against its own population, and in condemning the Camp David war part. These signal rejections of the "Dark Age" strategy were crowned by the final

document's ringing challenge to developed countries to foster economic progress in the Third World or face catastrophe.

Responding to the courage of the Nonaligned, Western Europe also showed some backbone. Hysterical statements to the contrary in the Anglo-American press cannot hide the fact that the European Monetary System is alive and has captured enormous leverage through the upvaluing of its gold reserves. This paves the way for a European Monetary *Fund* intervention into the International Monetary Fund's turf, Third World credit.

Likewise, Haig's "confront the Soviets" show seems to have closed after a one-night stand on the continent, panned by even the London critics.

That leaves Kennedy. But in the Sept. 12 U.S. primaries, Teddy's supporters fared badly. Take Hartford, Connecticut, described as "Kennedy country." There a strong alliance of white "ethnic" trade-union and minority voters turned back a bid by

the city's Deputy Mayor Nicholas Carbone to defeat incumbent George Athanson in the Democratic mayoral primary. Carbone, a Kennedy man, was plugged as the "favorite" despite his advocacy of methadone maintenance and legalized gambling. Athanson had officially endorsed the Connecticut Anti-Drug Coalition, one of a national grouping of such coalitions initiated with the aid of presidential candidate Lyndon H. LaRouche, Jr.

It is really LaRouche's name that is making the 1980 campaign a new ballgame already in September 1979. The Nonaligned's intervention into advanced-sector policy, and Western Europe's moves toward "Phase Two" of the European Monetary System, are directly modeled on the concepts developed by LaRouche, such as his "Theory of the European Monetary Fund," published last October by this review. Here, the motion of international developments and domestic ferment in the U.S.A. come together.

—Nora Hamerman

## The Week in Brief

**Fame is fleeting.** A week after Henry Kissinger told a Brussels meeting of the Center for Strategic and International Studies (CSIS) that the U.S. nuclear umbrella over Europe is no longer credible, given the shift in the balance of strategic forces in favor of the Soviet Union, his view has been repudiated by another former U.S. National Security Advisor, McGeorge Bundy.

Speaking to the London-based International Institute for Strategic Studies, termed "the most presti-

gious strategic research center in the world" by the Italian daily *La Stampa*, Bundy said that the "effectiveness of the American nuclear umbrella for Europe will be just as great in the foreseeable future as it has in

"The long-term effectiveness of the U.S. umbrella," said Bundy, "is not derived from strategic superiority; it is derived from two other factors: the visible deployment of conspicuous American military forces in Europe, and the highly evident risk that any large scale conflict between

Soviet and American forces would rapidly and uncontrollably become a disastrous general nuclear conflict.” Bundy’s remarks, which effectively debunk the Kissinger theory of limited nuclear warfare, were termed the “consensus” of the IISS meeting by *La Stampa*.

\* \* \*

**Outrage in Western Europe over Washington’s “Cuba crisis” has forced reconsideration and retreat by the Carter administration.** The State Department said Sept. 13 that it is reviewing the issue of the 2-3,000 Soviet military personnel on Cuba, and has accepted a definition of the troops as training troops rather than a “combat unit,” as the administration had originally charged.

This shift follows strenuous efforts by Senators Henry Jackson and Frank Church to manufacture a major U.S.-Soviet confrontation over the issue. Administration officials had admitted that the troops pose no actual or potential military threat to the United States.

The Soviet Communist Party daily *Pravda* of Sept. 10 rejected as “totally groundless” the charge that the Soviet troops were a combat brigade, insisting that they were advisors who had been stationed on the island for 17 years, since the conclusion of the 1962 Cuban Missile Crisis. “Neither the number nor the functions of the Soviet personnel have changed throughout all these years,” *Pravda* said.

Nevertheless, Senator Jackson, in a speech in the Senate, charged the Soviet Union with building a “fortress Cuba” which could threaten U.S. oil supplies. Republican presidential hopeful Ronald Reagan demanded that the U.S. have “no further communication” with Moscow until the troops are withdrawn.

Such antics have been greeted with dismay in Europe. “I haven’t the slightest idea what this Cuba thing is about,” said a thinktanker from West Germany’s conservative Konrad Adenauer Stiftung. West German Defense Minister Hans Apel appeared on national television Sept. 12 to announce that his coun-

try’s defense policy is based on three basic principles: military equilibrium; disarmament negotiations with the Soviet Union; and economic development of the Third World.

\* \* \*

**Le Monde editor André Fontaine pokes fun at the “crisis” aura surrounding the issue of Soviet troops in Cuba, in the paper’s Sept. 12 issue.** The United States’ real strategic concern, Fontaine states, is the revolt in the underdeveloped sector over the lack of development assistance from Uncle Sam. “The great strength of the U.S.S.R. nowadays, ... besides its armaments, ... is that the people of the Third World have become aware, sometimes with exaggerations thrown in, of the reality of this exploitation” by western nations and multinationals seeking raw materials. “In this respect,” Fontaine said, “one is wrong to underestimate the outcome of the Havana Summit.”

\* \* \*

**Does the “Ted Kennedy groundswell” really exist? Voters in two of the largest cities in Connecticut, the Massachusetts Senator’s backyard, decisively repudiated heavily favored pro-Kennedy candidates in primary elections Sept. 11, in what some observers see as a developing national groundswell against Kennedy.**

Voters in Hartford crushed a bid by Deputy Mayor Nicholas Carbone, long the power in the Hartford City Council, to oust incumbent Mayor George Athanson. While Carbone had built his power over the years by functioning through the Hartford insurance company networks, liberal “urban development” projects, and radical-tinged poverty programs, Athanson had emerged as a national figure in the fight to curb drugs, declaring an anti-drug week in an official proclamation earlier this year. In Tuesday’s balloting, all but one Carbone man was replaced by candidates sharing Athanson’s views on the drug and crime issue.

In New Haven, Mayor Frank Lo-

gue, a Kennedy liberal who has received his strongest support from the Yale University community, was defeated by former New Haven police chief Biaggio Dilieto, who also campaigned on an antidrug program.

In both races, black and other minority voters deserted the Kennedy forces en masse—an ominous portent for Senator Kennedy’s anticipated presidential campaign.

\* \* \*

**Black guerrillas in Zimbabwe Rhodesia are taking a tough stance at London peace talks called by Britain.** British Foreign Secretary Lord Carrington and Abel Muzorewa, Prime Minister of Zimbabwe Rhodesia, had hoped to deal with constitutional questions and implementation separately. But rebel forces led by Joshua Nkomo and Robert Mugabe, apparently suspicious that Britain might attempt to impose a one-sided constitutional package and then blame the guerrillas when implementation broke down, have forced the British to link the two issues in a single package. The phases of implementation to be linked with the constitution are agreements on terms for a ceasefire, an interim constitution, and an interim administration.

The British concession is the second in recent weeks. At the Commonwealth Conference in August, the British were forced to agree that the April elections which installed Muzorewa as prime minister were not “fair and free,” and could not be used by Britain’s Thatcher government as a pretext to lift sanctions against the Muzorewa regime—a policy Mrs. Thatcher advocated in her election campaign.

The current firm posture of the guerrillas is a setback for the Tory government. Columnist Peregrine Worsthorne reported in the *Daily Telegraph* of Sept. 10 that, according to a “senior Conservative Minister ... the more degraded the political and social system, the easier it will be to extract the precious oil and minerals, since trade nowadays follows, not the flag, but the bribe. ... The more corrupt the regime, the better Britain’s interests will be served.”

# Autumn showdown over new gold-based credit system

What *EIR* has been reporting since the gold price's ascent is out in the open. The International Monetary Fund's annual conference, which convenes on Sept. 29 in Belgrade, Yugoslavia, could be the scene of a challenge from a Franco-German-led Western Europe to the Anglo-American powers. The issue which is bringing transatlantic tensions to a head is the Europeans' success in pulling gold to their target level of \$340 an ounce—amidst mounting signs that European govern-

## GOLD

ments intend to transform the European Monetary System (EMS) into a full-fledged gold-based monetary and credit system in direct competition with the IMF

The gold issue was underscored by an article in the Sept. 12 issue of the London *Financial Times*, entitled "Rise in Gold Price Worries Bankers" (see below). The *FT* warns that the gold price rise has placed billions of dollars in additional liquidity in the hands of EMS member countries. The effect of this, the *FT* says, is to permit countries with financial problems to avoid having to undergo austerity programs so as to qualify for financing from the IMF. The *FT* hints that some central banks, most notably the Bank of England and U.S. Federal Reserve, requested that action be taken to dampen the gold rise at this week's Bank for International Settlements meeting in Basel and were met with stony silence from their European colleagues.

Another acknowledgement that gold market developments reflect a European policy push was dropped by the Sept. 9 London *Sunday Observer*: "Could it be...that what the golden action is signaling is something more significant than just currency hedging, notably by money-laden Arabs? Some gold watchers in the City think there is something in the wind and that gold is heading for a return to a support role for the world's creaking monetary system."

The liquidity question raised by the *Financial Times* is at the heart of the dispute between Franco-German and Anglo-American forces. It is not simply that those countries which hold large gold reserves have incurred

automatic increases in their financial clout. The European Monetary Fund, which French and West German government leaders hope to institute under the "second phase of the EMS," could mobilize even greater funds if it used its augmented gold holdings as backing for special issues of low-interest, long-term bonds to be made available to Arab central banks and other interested international investors. The funds raised could then be reinvested to finance expanding European capital goods and exports to the developing sector.

What frightens Anglo-American policymakers most is the possibility that the EMS countries may join forces with the Nonaligned nations, whose Havana conference concluded last week with a rousing denunciation of IMF "conditionality." Although West German and French banks have recently been aggressive lenders of Eurocurrency funds to Third World countries, they have up till now only maneuvered within the constraints imposed by the IMF system, accepting the imposed disintegration of the economies of Turkey, Peru, and Zaire as a *fait accompli*. This state of affairs could change if, as some well-informed financial observers believe, the European Monetary Fund emerges as a full-blown *rival institution* to the IMF.

The mere possibility of such a development has in the last week evoked howls of rage from the Anglo-American camp. In his parting press conference on Sept. 10, Dean Hinton, the outgoing U.S. ambassador to the European Economic Community, insisted that "the European Monetary System is a major failure." "It's really only a Bundesbank-deutschmark zone. There is no impetus to create a European Monetary Fund; there are no common institutions."

In a similar vein, the *Frankfurter Allgemeine Zeitung's* London columnist wrote on Sept. 11 that the EMS has survived only because of the stability of the U.S. dollar and concluded: "There is no expansion of the EMS; the time is not ripe for a new international monetary system."

### 'Moribund' IMF

Despite these outbursts, a top French banker reached for comment stressed that both French President Giscard d'Estaing and West German Chancellor Schmidt

are committed to further progress on the EMS. A European alliance with the Nonaligned group, this banker thought, might "solve the problem of the extraordinary authoritarianism of that moribund institution, the IMF." He suggested that as a long-term solution the European Monetary Fund could act as "a fund for OPEC, and then the Third World," but that, in the short-run, private European commercial banks might play the same recycling function by taking ECU-indexed dollar deposits from Saudi Arabia and other major petrodollars holders.

High-level diplomatic sources in Europe report that, despite British sabotage which has delayed the convening of the "Euro-Arab dialogue" summit between Arab nations and the European Economic Community, Saudi Arabia and other important oil producers are coordinating very closely with Paris and Bonn. The French daily *Le Matin* has revealed that Giscard, who initiated the summit, envisions the formation of a "Euro-Arab zone of economic cooperation and prosperity" based on the exchange of European technology for oil.

In a counter move to the EMS developments, Johannes Witteveen, the former IMF managing director and current advisor to the Amsterdam-Rotterdam Bank, has been touring world capitals in a hard-sell lobbying effort to speed implementation of "SDR substitution"—the replacement of the U.S. dollar as the world's primary reserve currency with the IMF's IOU, the Special Drawing Right. In a recent Tokyo speech, Witteveen also called for a significant reduction in the overall size of the Eurocurrency market, a curtailment of private bank lending to these countries, and the channeling of all future loans to the developing sector through the IMF. Witteveen is determined to shut down even the present limited recycling of Euromarket funds to the developing sector which has been managed largely European and Japanese banks, thereby triggering the "controlled" world depression projected in the New York CFR's "Project 1980's" papers.

#### **Rothschilds take a bath**

Meanwhile, Dresdner Bank's coup in the gold market, which we reported last week, has resulted in substantial losses to major British and Swiss bullion dealers who had sold the metal short. Following the Aug. 21 U.S. Treasury auction, where Dresdner came away with 96 percent of the gold on offer, the bank apparently established a significant "corner" on world gold supplies. British and Swiss speculators who, for political reasons, had banked on a sharp gold price reaction were forced to scramble to cover their positions, resulting in the spectacular price run-up. Britain's gold dealers took such a drubbing that the Italian daily *La Stampa* on Sept. 12 attempted to combat "crazy hypotheses circulated in recent days in various newspapers that Rothschild's and Johnson Matthey had suffered heavy

losses on the gold market." Similarly, *Handelsblatt* reported that Swiss Credit Bank had recently incurred new losses, in addition to its Chiasso branch setback as a result of taking a short position in gold. The week's trading pattern indicates that the gold price is stabilizing in the \$300 to \$350 range—that predicted by Dresdner Bank's Hans-Joachim Schreiber in July.

—Alice Roth

### **London acknowledges strategic fight on gold**

*The following excerpts are from an article entitled "Rise in Gold Price Worries Bankers" which appeared on the front page of the international edition of the Sept. 12 issue of the London Financial Times:*

The inflationary effect on international liquidity caused by the soaring price of gold is creating concern among leading central banks. They fear that the large increase this year in the value of the external assets of gold-holding countries will weaken the resolve of governments to follow programmes aimed at lowering inflation or cutting balance of payments deficits.

However, partly because of ambivalent attitudes on the part of central banks, who are themselves large owners of gold, the monetary authorities have no plans to take action to dampen the price rise...

The rise of well in excess of \$100 an ounce in the gold price since the start of the year has, in particular, increased the value of the reserves among EEC countries, which own 40 percent of the world's monetary gold. The effect of the price rise on available liquidity in the EEC has been intensified by the reserve pooling mechanism established under the European Monetary System (EMS).

EMS member countries have since March deposited 20 percent of their gold and dollar reserves in exchange for European Currency Units (ECUs).

ECUs are held in member country reserves and can be drawn upon to settle central bank short-term intervention debts. In this way, countries can effectively make use of their gold reserves far more easily than by either direct sales or by using the metal as collateral for loans. ...

It is feared that the boost to liquidity resulting from the gold price rise could make member countries whose currencies come under pressure less determined to carry out economic stability programmes. ...

The latest boost to liquidity has come when international bank lending conditions are in favour of borrowers. As a result, pressures for most countries with budget deficits to turn to conditional financing from the IMF or the EEC are practically nonexistent.

## Behind the October crisis forecasts

Throughout this summer, scenarios have trickled through the currency markets predicting a "hot autumn" for both the dollar and the European Monetary System. A new bout of dollar weakness is supposed to fuel demands for the International Monetary Fund's substitution of Special Drawing Rights as the world's key reserve medium. Combined with internal stresses on the EMS's fixed-rate parity grid among members, the crisis is also supposed to terminate EMS aspirations to stabilize both the dollar and world trade financing.

While dollar destabilizations may indeed be attempted, the pound sterling is the main object of mistrust as far as certain Europeans are concerned. A source close to the French central bank, confirming Sept. 13 that the Saudi Arabians are collaborating with West Germany to beef up EMS gold remonetization, added, "We are sick and tired of having the pound in the 'snake' and we want to throw it out." Although Britain, since the EMS was implemented this spring, has refused to submit sterling to the EMS fluctuation limits, sterling is included in the basket of currencies composing the European Currency Unit (ECU), while the Thatcher government has chipped in 20 percent of Britain's gold and dollar reserves to the EMS. Both the pound's volatility and its secular appreciation have had adverse effects on the stability of the ECU and on the weaker members' position in the snake grid.

### Storm forecasts mount

On Sept. 10, London's *Observer* re-

ported that the "October" crisis would be the top agenda item at the next day's monthly meeting of the Bank for International Settlements, the private gathering of advanced sector central bankers. The BIS participants would discuss "How to stop a new foreign exchange crisis, and whether the danger of a deflationary interest rate war can be avoided." Reporting on the same meeting, the *International Herald Tribune* commented that "a dash of currency unrest is all that is needed to ignite yet another international monetary crisis."

According to numerous reports, the revaluation, in conjunction with the far greater stability of West Germany's bond market in comparison to the dollar bond market, is then supposed to unleash an unprecedented wave of anti-dollar speculation; this would soon be followed by a dollar-bond-sector collapse; and finally, such a bombardment of Europe with unwanted dollars will occur that the EMS will accept some IMF plan for Fund control of the U.S.

The predicted 2-3 percent revaluation of the deutschemark is likely, but its significance is being blown completely out of proportion by the anti-EMS oracles. *London Economist* editor Norman Macrae told an inquirer this week, "At the beginning the EMS was a very big thing... [French-German] political coup and all that. But I hope it will break apart at (this) weekend... The EMS will prove to have been a brief pause before a new international monetary destabilization."

The New York Journal of Commerce ran a Sept 11 lead titled "EMS Seen on Road to Trouble," by veter-

an commentator Jess Lukomski, an American protégé of the Ludwig Erhard anti-growth factions in Bonn and Frankfurt. Lukomski warns salaciously that the EMS will be destroyed by "intensifying divergence in economic growth and inflation patterns... lubricated by the potent rise in oil prices." The Bayerische Landesbank is quoted on the currency-related dangers of France's scrapping its Barre "stability program"—which over the past three years in fact has sent inflation to 11 percent and pushed unemployment to 1.4 million. The bank, however, concedes that any adjustments in the EMS grid will be "moderate," not terminal. French bankers this week told *EIR* the "inflationary divergence" problem is a canard given the determination of President Giscard and Chancellor Schmidt to make the EMS work.

Meanwhile the OECD has notified Belgium and Denmark—the countries whose currencies this year have tended to hit the floor of the snake—that 1) they must demand a deutschemark revaluation to save themselves from devaluing, and b) they must abolish the cost of living escalator for their labor forces! This prescription has been accompanied by seemingly contrary pressures on the Germans from the IMF and U.S. spokesmen to stop "competitive revaluations"—which are alleged to be partly responsible for the U.S. Federal Reserve's astronomical interest rate policies, and instead use "fiscal policies" to fight inflation—i.e., domestic German austerity that could undermine Schmidt's 1980 reelection.

Ireland, a strategically important EMS member because of its intensive industrialization policy and leadership in favor of the Euro-Arab energy and technology "dialogue," has also been targeted. The Sept. 10 *Business Week* ran an exultant report that the Irish punt's severance from sterling in order to join the EMS has meant such high interest rates that funds flow into the money markets instead of fixed capital investment.

—Renée Sigerson

## INTERNATIONAL CREDIT

### 'The IMF can't impose conditionalities'

Two senior U.S. policymakers gave their views this week on the dim prospects for the International Monetary Fund and various possibilities for the European Monetary Fund.

From an EIR interview with a ranking advisor to the U.S. Treasury, Sept. 13:

*Q: French Bank Paribas has spoken of possibly extending a gold-backed ECU as a currency linking up Europe with the Middle East and the northern tier of Africa by financing and becoming the settlement currency for trade.*

*A: That can't happen. Listen, I've*

talked to top European officials who at a top-level monetary meeting recently told the French that they will not tolerate the French using a gold-backed ECU [European Currency Unit] to replace the dollar and Special Drawing Rights. Look, the EMS is progressing too rapidly to step 2 or step 3 and it shouldn't be going beyond step 1.

Not only that, the finance ministers of the Group of 77 [the Third World members of the IMF—ed] have a special proposal that calls for a new special facility of easy-term credit on easy conditionality terms. This fund will totally lessen the IMF's ability to impose conditionalities. How can the IMF approve this fund? Very few people are borrowing

from the IMF tranches and almost no one has borrowed from the special 10 billion dollar Witteveen Fund. So we can't issue a new fund.

*Q: What will you do?*

*A: I would recommend that the IMF put together a study group that recommends that consideration of the new fund be put off until the spring, and not start until the other funds have been used.*

*Q: What will the Third World do if that proposal is made?*

*A: They'll do a lot of militant speculating.*

*Q: What will be the agenda of the Oct. 2 IMF meeting?*

*A: Well, I think there will be first, the world economic outlook; second, demand for this new Third World special facility; third, the U.S. Congress' unwillingness to finance the World Bank without heavy strings at-*

## DOMESTIC CREDIT

### Will history repeat itself? Fed plans another depression

It was the fall of 1929. For months the London *Economist* and the *New York Times* had been "predicting" a stock market panic. Benjamin Strong, president of the New York Fed, moved precipitously in coordination with Bank of England Governor Montague Norman to jack up U.S. interest rates. With this abrupt reversal of the previous policy of easy money and low margin requirements, which had been fueling the rampant stock market speculation, the crash was on.

As the nation's financial newspapers commemorate the fiftieth anniversary of the crash of '29, there is never a hint that the crash was deliberately provoked, not least to torpedo expanded trade with the young Soviet republic (Henry Ford's idea) and industrialization of the colonial world. Nor is the certainty mentioned that revival of these policies would have ended the ensuing Great Depression.

The successors of Strong and Norman are again deliberately attempting to provoke a world depression beginning in the U.S. For the last week, the *New York Times* has been running scare stories about the building level of business inventories

in the U.S., urging corporations to cut production and lay off workers now, supposedly to avoid a worse economic crisis later. We quote from the *Times* of Sept. 10: "The concern is that, as in 1974, companies will wait too long before reducing their orders. Then, when they finally do turn off the tap, the shock to the economy would be widespread as production lines were idled and workers were thrown into unemployment."

But despite the large 1.9 percent rise in overall business inventories in July and the probability that there was further involuntary accumulation in August, the carefully watched inventory-to-sales ratios are still low by 1974-75 standards. According to the Commerce Department, in July total business inventories stood at a seasonally adjusted 1.44 of a month's sales, up from 1.43 in June and 1.4 in May. The ratio of stocks to sales is higher at the manufacturing and re-

tached, and fourth, the SDR substitution account.

**Q:** *What will be the fate of the SDR substitution account?*

**A:** Well, if the French block it at the upcoming G-5 meeting on Sept. 16, then there's no way it can be referred to the IMF Interim Committee.

*A financial journalist provided the following Sept. 13 interview with Harold Van Cleveland, senior vice president of Citibank and an active Council on Foreign Relations member:*

**A:** Now let's see, you're saying that the EMF would issue ECU bonds to foreign monetary authorities and then use the funds to issue ECU credits to third countries. Yes, that could work.

**Q:** *What do you think the U.S. can do about it?*

**A:** I wrote an article in *Foreign Affairs* which has just come out on the EMS. What I said there is that our problem of stagflation is caused by bad money management and that what we need to solve this is a global system like the EMS.

**Q:** *That's different from what Treasury is saying. They're very upset that the EMS could develop into a rival to the IMF. What they're proposing instead is the SDR substitution account and increasing the power of the IMF so it can intervene in countries' domestic economies.*

**A:** That's chimerical. The IMF can't intervene in industrialized countries, particularly when it's the U.S. which is the real source of the problem. It's possible you could put an enlarged EMS under the rubric of the IMF. But to make the IMF an independent center of authority—it just doesn't work. The substitution account is simply irrelevant, because it ignores

the problem of our bad management.

**Q:** *Well, what are you proposing that we do about the dollar?*

**A:** Get the U.S. inflation rate down to 3 percent. This can only be done when the Fed and the administration give first priority over a period of several years to restrictive money growth.

**Q:** *But the Europeans want to expand by lending to the developing countries to finance their capital goods exports.*

**A:** There are limits to how much they can lend to these countries. The European economies are too large, it won't make enough of a difference...

**Q:** *How long do you think this period of tight money will have to last?*

**A:** Five years.

—Richard Freeman

tail levels. However, when the 1974-75 recession "officially" got underway in the first quarter of 1974, the overall ratio was 1.57, and it peaked to 1.71 in the first quarter of 1975.

Government analysts are warning that any further drop off in retail sales at this time will lead to a dangerous backing up of inventories and a major liquidation of stocks by the nation's consumer-oriented businesses in short order. John Heimann, Comptroller of the Currency, has just set the stage for such a scenario by taking steps to pop the still-expanding consumer credit bubble. The former partner of Warburg Pincus disclosed in a speech Sept. 11 that he had written a letter to all nationally chartered banks, warning them against the overextension of consumer credit. The letter, which the *New York Times* obtained from Heimann and quoted as part of its campaign to start a depression, apparently focuses on the extension of re-

volving credit lines by the banks and the providing of multiple credit lines to individual borrowers through credit cards. Both practices are post-1975 innovations, which made possible the "consumer-based recovery" in the first place. The Heimann letter comes at a point when consumer credit expansion is already slowing. Earlier last week the Federal Reserve had reported that consumer credit grew by \$2.44 billion in July, compared with \$2.56 billion in June and \$3.73 billion in May.

The big fear in the corporate sector is that Fed chairman Volcker is about to crack down on *credit availability*. During the month in which he has occupied the Fed chairmanship, Volcker has already succeeded in touching off a spiral in short-term interest rates. As of last week the yield on three-month Treasury bills was 155 basis points higher than the yield on thirty-year government bonds. This unusual reversal in the

"yield curve" is the result of the Fed's continuing efforts to arrest money supply growth by yanking up the Federal funds rate, the trend-setting overnight interbank rate.

As we go to press, the record 13 percent prime rate established on Sept. 12 by Chase Manhattan Bank, Mr. Volcker's former employer, is catching on at banks across the nation. The pressure on the prime rate is coming from two sources: the escalating rise in the banks' cost of funds, and heavy demand for short-term financing from businesses. Over the last two months, short-term business loan demand has been growing at a 30 percent annual rate, as the cost of financing building inventories rises and corporate liquidity dries up. From all appearances, Volcker is intent on deliberately cutting off credit to U.S. business at the point when it needs it the most, and trying to make history repeat itself.

—Lydia Schulman

## WORLD TRADE

### Kreps and Forrester scuttle \$30 billion in U.S.-Soviet trade

U.S. Commerce Secretary Juanita Kreps and U.S.-U.S.S.R. Trade and Economic Council chairman Michael Forrester bear a major responsibility for sabotaging U.S. acceptance of a \$30 billion Soviet "shopping list" handed to the U.S. at a meeting of the U.S.-U.S.S.R. Council in Moscow last December. Acceptance of that list would have set into motion direct and indirect processes to end the U.S. balance of trade defi-

cit, and to create hundreds of thousands of high-skilled jobs in the U.S. It would also have precluded the Ayatollah Khomeini's destabilization of Iran, among whose principal victims were the U.S. and the Soviet Union.

Commerce Secretary Kreps has been leading the way in scuttling "Most Favored Nation" status for the Soviet Union—the prerequisite for expanded U.S.-Soviet trade. Kreps seeks instead to accord such status to the world's leading opium-exporting nation, the People's Republic of China. U.S.-U.S.S.R. Trade and Economic Council chairman Michael Forrester, for his part, has devoted himself to seeing that Amer-

ican industry's protests against this suicidal policy are squelched. The Council he heads is the leading business spokesman for U.S.-Soviet economic relations.

#### State Dept., Congress Role

Kreps and Forrester's efforts have been part of a broader sabotage. Instead of responding positively to the \$30 billion Soviet "shopping list," the State Department's Cyrus Vance and Warren Christopher accelerated the destabilization of Iran's Shah and actively encouraged the Chinese Communists to invade the Soviet Union's ally, Vietnam.

At the same time, a passle of congressmen—including Senators Heinz, Roth, Ribicoff, and Danforth, and Congressmen Bingham and Wolff—rushed forward with a collection of spurious "pro-export" and "pro-East-West-trade" bills. Their intent has been to deflect U.S. business and labor export demands.

In reality, the legislative bills ef-

## TRANSPORTATION

### Rock Island strike cripples grain traffic

The Chicago and Rock Island Railroad strike is aggravating the transportation bottlenecks that have already disrupted Midwest grain deliveries and now threaten to severely contract U.S. grain exports. Despite record demand, thousands of farmers face economic ruin this year: storage elevators and terminals are filled to capacity, though the fall harvest is only beginning, and shipping snarls mean discounts of up to 40 percent on the prices farmers receive for their crops.

The Rock Island strike began on

Aug. 28 as 1700 members of the Brotherhood of Railway and Airline Clerks (BRAC) walked out after working for over a year without a contract. The strike was forced upon BRAC when the Rock Island—a bankrupt line in receivership since 1975—refused to give the union pay increases retroactive to the original contract date negotiated by other railroads with BRAC locals last year. BRAC was soon joined by the United Transportation Union, which demanded similar provisions.

#### Shutting down

Although the Rock Island says it simply does not have the \$14 million for these increases—a statement true

enough in terms of its balance sheet—the fact is that Rock Island's management would just as soon cease operations altogether and sell its decrepit assets for scrap or to other railroads. It is no secret that the management is hoping the strike will put the railroad under once and for all.

The Rock Island carries 10 percent of all Midwest grain and over 20 percent of Iowa's corn, not to mention critical industrial products and farm machinery that cannot be moved by truck. Seventeen hundred grain elevators are served exclusively by the Rock Island, which has already cut scores of branch lines and thus forced hundreds of farmers to ship their grain by more costly means of transport. The Rock Island is the fifth largest rail originator of grain, carrying over 100,000 carloads per year and an average 8.5 million bushels per week.

fectively reinforce the anti-U.S.-Soviet-trade bias of the 1974 Jackson-Vanik bill, which denies MFN-status to the USSR on the issue of Soviet emigration policy. The bills would simply permit a finer-tuned ad hoc approach: if high-technology sales from the West cannot be blocked, this approach would try to ensure that Anglo-Americans, and not Europe or Japan, fill the orders.

### Godfathers

Kreps's and Forrestal's motives are partly explained by links to international societies committed to derailing the USSR and U.S. because of those nations' technological prowess.

Juanita Kreps became a functionary for the Order of St. John of Jerusalem through the sponsorship of her academic career by the tobacco-fortune based Duke family of British-American Tobacco Co., Ltd., whose leading scion, Angier Biddle Duke, is a prominent officer of the

Order of St. John. From 1955 until 1977, Mrs. Kreps was a professor of economics at Duke University, of which Angier Biddle Duke is a trustee. From 1972 Kreps was awarded the James B. Duke chair—the university's most prestigious post. From 1973 on she was Duke University vice-president.

Forrestal got his start as a special assistant to Averell Harriman, director of the Marshall Plan, from 1948-1950.

Averell Harriman's late brother E. Roland Harriman was an officer of the Order of St. John. Averell himself, a protégé of Sir Winston Churchill, acknowledges himself as one of the key individuals responsible for launching the Cold War. Averell has been a "Soviet handler" since the 1940s, adopting "soft cop" techniques as the Soviets built up their military and economic strength.

Michael Forrestal himself is the son of the notoriously pro-Cold War

Navy Secretary James D. Forrestal. From 1962-1965 Michael was Harriman's man on the White House National Security Staff, working closely there with McGeorge Bundy. For two decades, Michael Forrestal has been associated with Citibank's law firm, Shearman and Sterling, which is connected to the Order of St. John through partner and Maltese officer William Rockefeller.

Such is the sad little story of a \$30 billion death wish.

—Richard Schulman

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Since the strike, nothing but a trickle of grain has moved on the railroad, which has abominable service anyway. For example, since August 9—almost three weeks before the strike—one train of 30 cars has moved only 30 miles, while dozens of others crawling toward market are now sitting idle.

### The overall jam

The Rock Island strike is the latest in a series of transportation snafus that have imperiled grain delivery. It follows a two-month-old strike of millers at the Great Lakes port of Duluth-Superior, which normally handles 41 percent of all Great Lakes shipping and 7 percent of U.S. grain exports. That strike was provoked by eight elevator operators who refused to give the grain millers' union a cost of living escalator, offering only a miserable 21.5 percent wage increase over three

years—less than half the rate of inflation.

Together, the Rock Island and Duluth-Superior strikes are affecting over 10 percent of U.S. grain exports. Combined with a severe shortage of railway covered hopper cars and grain-carrying boxcars and barges—plus an enormous traffic jam on the Mississippi caused by the bottleneck at the obsolete Lock 26 near St. Louis—the transportation situation in the grain belt is verging on chaos. Although it appears unlikely that the Rock Island strike will spread to other lines, as in the national railroad strike which followed last year's Norfolk & Western shutdown, UTU pickets have already partially shut down key Rock Island interchanges on the Santa Fe and Missouri Pacific lines.

So far, the Carter administration and Congress have done virtually nothing. But, in the last few days,

the secretaries of the departments of transportation, labor and agriculture have been meeting with President Carter's advisor Stuart Eizenstat to develop emergency plans. It is rumored that the President may invoke Taft-Hartley to force the millers back to work in Duluth. Taft-Hartley would create an Emergency Board to deal with the Rock Island strike, which would automatically entail a 60-day cooling-off, back-to-work period.

This, however, is no solution. In no way is either Congress or the administration addressing the heart of the problem on the Rock Island and other transportation bottlenecks: how to generate sufficient investments in capital goods and equipment in the railroad and shipping industries to expand facilities, cheapen costs, and curtail inflation.

—Steve Parsons

## BRITAIN

### British auto giant put on 'slimming program'

Britain has come up with the ultimate solution for firms plagued by labor problems and low productivity: close down the plant and eliminate the industrial workforce. That's what is being planned for British Leyland, the country's only national mass-production automobile manufacturer and the last of the British-owned auto giants.

Leyland, properly known as BL Ltd. since its nationalization in 1975, announced plans last week to cut 25,000 of its 165,000 employees and close all or part of 13 plants over the next two years. The future of 36 other plants, including one in Belgium, is also in question. Besides streamlining corporate operations the company will also terminate production of the MG sports car, once the most popular "prestige" export.

BL Chairman Sir Michael Edwards said that the plant closings,

which he called a "slimming program," were directed mainly at inefficient plants, especially those which had poor productivity records due to industrial disputes. In a letter sent to each individual Leyland employee, Sir Michael made it clear that the firm's policy henceforth would be to back "winners"—the plants where output is high and workers cooperate in productivity schemes. "We just do not have the resources to back losers," Sir Michael wrote. "Where plant loading or performance does not justify modernization, the plants will generally be phased out."

Although Sir Michael told the press that the company's sweeping reorganization plans reflected no government pressure, it is widely believed that BL must demonstrate the likelihood of greater efficiency before it requests additional state finance. The company is seeking £225 million (about \$6.7 billion) in new capital to finance new car

## CORPORATE STRATEGY

### The Pennsylvania phoenix

On June 21, 1970 the Penn Central Railroad filed Chapter 77 bankruptcy proceedings halting all payment of dividends and all taxes, jeopardizing \$1.8 billion in company securities. Today, the Penn Central Corp. is back in the news, and it's spending money by the fistful. This year so far the company has acquired four other companies, the largest of which is the \$330,000 acquisition of the Texas-based Marathon Manufacturing Company, an off-shore oil rig and diversified manufacturing company.

If this emergence from the ashes

comes as a surprise, it is worth explaining. After all, U.S. taxpayers are paying for it.

Most railroads, especially the Eastern roads, are run into the ground by the bleeding off of revenues into pyramided leaseholds, franchises and operating subsidiaries—building up real-estate investments at the expense of the operating company, the actual railroad. The Interstate Commerce Commission, which regulates rail tariffs, has historically provided the limits which restrain speculation against railroads and ultimately the nation.

The former Pennsylvania Railroad, then Penn Central, now—with

further additions—Conrail, is an excellent example of the bleeding process. At the time of transfer of its operating lines to Conrail, the "for profit" arm of the U.S. Railway Administration created by a panicked U.S. Congress in 1973, the Pennsy operated through some 13 major leaseholds, some of which had extensive subleaseholds, and other entities leeching revenue.

When the Penn Central blew in 1970, it merely prepared the way to dump its operating company, by now a moving junkheap. It also prepared the way to fleece the smaller creditors, stop payment of all taxes, and accumulate a massive \$1.5 billion carry-forward tax loss with which to start a new round of acquisitions, particularly of real estate, whose income would be sheltered from taxation, and then wait for the results of the "valuation case." This case is expected to give the new Penn Central Corp. between \$600 million and \$7 billion in payment by the Federal

models in the middle range of its product line and to fund a joint venture with Honda of Japan—measures which hopefully will keep the company viable until 1982.

The Tory government however is committed to ending the policy of pumping state money into industrial sinkholes. If Sir Keith Joseph, the Industrial Secretary and chief proponent of Thatcher's "free enterprise" economics, coughs up anything like the sums that BL is likely to need, he risks being accused of making an unthinkable U-turn. The government is therefore counting on Sir Michael Edwardes to get it off the hook by starting the radical cuts on plants and models that will make BL into a profitable venture which sources say could eventually be returned to the private sector—the treatment the Tories plan for several other nationalized companies. This would probably be the only justification for a further injection of state

aid to the company, which is Britain's seventh largest industrial concern and largest exporter.

Sir Michael admitted that apart from needing further equity funds from the National Enterprise Board (the state holding company which owns BL), the company would be exploring other sources of finance "including the raising of funds from the disposal of assets and businesses." Although the company recently announced a pretax profit of \$21 million in the first half of 1979—up 16 percent from last year's \$18 million—Sir Michael said that the outlook "warrants our taking action before the trading profit deteriorates to ensure our trading position through 1980 and 1981." He said prospects are clouded by a falling share of the U.K. market, the strength of the pound which made exports noncompetitive, and recurrent labor problems which were costing the company "tens of millions of pounds" and

were to blame for "an appalling lack of productivity."

Trade unionists have bitterly denounced Sir Michael's accusations and cited the lack of skilled labor as the reason for low productivity. "We can't produce the number of buses they say we should," said a shop steward at Leyland's Titan bus plant. "It can't be done with the number of men we've got here." Union leaders expressed shock at the "very grave proposals" for Leyland's reorganization and blasted them as "disastrous for BL and for the British motor industry in general."

However, the British government has no intention of continuing to subsidize an industrial workforce which will in any event become redundant when Britain shuts down what remains of its heavy industry and consumer goods production, in favor of micro chip technology and defense-related programs.

—Marla Minnicino

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Government for the lines acquired by Conrail on April 1, 1976.

This is how it worked. The Chapter 77 bankruptcy landed in the Eastern District Federal Court, which in 1972 decided that the company could not be profitably reorganized. The panic spread. Congressmen had visions of the track being ripped up and sold for scrap and security holders sitting with \$1.8 billion in jeopardized papers (the equipment mortgages continued to be paid). Capitol Hill was thus stampeded into creating Conrail. Three years later Conrail received all the operating entities unwanted by the Penn Central—which was now controlled by its \$52,000-a-month "consultant," Victor Palmieri, a graduate of the well-known Los Angeles asset stripping law firm, O'Melveny and Myers. Penn Central kept its real estate operations and its very profitable Buckeye Pipeline Co. (now Buckeye Energy Corp.) and the Edgington Oil Co.

#### **Socketing it to the taxpayers**

The federal government had poured into Conrail a total sum of \$3.2 billion to date just to keep the rubble moving. According to Donald C. Cole, president of the parent U.S. Railway Administration, another \$1.4 billion will be mustered to keep it moving until 1983, even though he intends to abandon 6,200 miles of the 17,000 mile system. This does not include the valuation case award to the Penn Central Corporation.

This staggering taxpayer-borne loss, on top of lost taxes over the past decade, is the basis for Cole's appeal for deregulation of the railroads. Since the 999-year leaseholds were cancelled, there emerged a new form of bleeding: equipment leasing, one of the fastest growing "industries" in the United States today—fed by the promises of deregulation.

Then the bankrupt railroad settled with the bond-and stockholders. They got \$.112 on the dollar and the remainder in stocks and bonds in the

new Penn Central Corporation. The worst hurt were the small creditors who had bought the securities with 1950s and 1960s dollars and were paid in 1979 pennies. But that, after all, is what bankruptcy is for.

On Oct. 24, 1978 the period of bankruptcy ended. The phoenix was ready to fly. With its \$53 million profits on \$666 million in sales in 1978, and a \$1 billion carry-forward tax loss, the company was just looking for income to shelter. In addition to Buckeye and Edgington, and the four recently acquired companies, it now controls the Six Flags company, which operates five amusement parks, and wax museums in Georgia, Texas, Missouri, New Jersey, California and Florida. Also controlled is the Arvida and Great Southwest Corp. which owns properties in California, Florida, Georgia, Michigan, Ohio, Pennsylvania, and Texas. It took a decade, but what a haul!

—Leif Johnson

# Why the Third World listens to Fidel Castro

*An eyewitness report on the Sixth Nonaligned Summit*

The sixth summit conference of the Heads of State/Government of the Nonaligned nations in Havana, Cuba this past week will undoubtedly be remembered as a crucial event in the history of our time. For some two weeks the officials, foreign ministers and heads of state—some 52 of them—representing 94, mostly developing nations plus numerous liberation movements—gathered to determine the leaders and the policies which will guide them for at least the next three years and certainly, beyond.

Raging debates took place, meetings behind a variety of closed doors from morning to first light of the following day, and the policies of entire governments were changed in the course of the conference. History was made in Havana and the implications of this have yet to be fully understood or even witnessed.

The terms of the battle of Havana, as it was reported in almost all the Western press and even as it was understood by many delegations before the conference began, was disarmingly simplistic. The Cubans, and Fidel Castro, the hosts of the summit, were portrayed as trying to swing the Nonaligned movement from a principle that has been 'sacred' since the official founding of the movement in the first summit of 1961 in Belgrade, Yugoslavia—the principle of 'equidistance', even 'neutrality' from the two main power blocs of the United States and the Soviet Union. Under Cuban leadership, the story went, the Nonaligned would align with the Soviet bloc. As the conference concluded—in a manner which hardly pleased the purveyors of this

line—we were finally told as fact that, indeed, the Cubans had 'manipulated' and 'forced' the Nonaligned into an unabashed anti-Western posture.

Anyone who was there *in Havana*, as this reporter was, knows this to be quite simply *a lie*, completely contrary to the reality of the historic Havana summit.

## **The real issue at Havana**

The fundamental issue at Havana was development, the fight of the Nonaligned developing nations to bring their nations into the modern era through economic development. The battle focused on whether or not they could achieve the political will, the determination to win this battle, including forcing the developing nations of the "north" into acceptance of the establishment of this New International Economic Order. For most of the Nonaligned their ability to resist the destabilizing imposition of backwardness through the agency of the International Monetary Fund and its allied London-New York private banks was posed as a question of their own qualities of leadership.

The single greatest achievement and import of the Havana Summit was the establishment of that political will and leadership—to carry the fight for economic development to not only the developing nations, but right into the developed countries whose own commitment to this process was directly called for by the Summit.

The Havana Summit made its rejection of the IMF system unmistakable. The Final Declaration calls for:

a new international monetary system and new institutions aimed at fostering rapid economic growth; expansion of world trade without protectionist barriers; industrialization of the Third World and explicit rejection of the World Bank doctrine of "basic needs" which opposes industrial development; the peaceful use of nuclear energy and the development of new energy sources; and the cooperation, through the United Nations, of all countries, developing and developed, in achieving these aims.

It was the unique contribution of Cuba and of its remarkable leader, Fidel Castro, to provide both the example of a nation committed, successfully, to development despite the most adverse circumstances and of a leader who embodies that commitment and will. Cuba and Fidel were an "issue" at the Summit, in that sense only.

The frontal political battles of the conference, which drew most of the attention, were two: Kampuchea and the question of who would occupy the seat representing that sad nation; and Egypt and the Camp David agreement. How should the nonaligned respond to the flagrant violation of all that the movement stands for by a founder-nation which has concluded a virtual military pact with Israel and the United States? But if these two questions occupied most of the attention, they were themselves only surrogates for the larger fight. In the working committees of the summit, the Economic and Political committees, attention was focused on the draft of the final declaration drawn up, as is customary, by the Cuban hosts. The draft, too, was a central object of contention.

The conference lines were loosely drawn from the beginning. At one end were the "radicals," led by Cuba, who were committed to an aggressive statement of the movement's commitment to economic progress, the new international economic order, and to strong political opposition to the dangerous role of "imperialism, colonialism, neo-colonialism and zionism." At the other end were the upholders of impotence, defenders of Pol Pot and of Sadat, and in favor of a policy of capitulation to the rapacious role of the IMF on the grounds that confrontation with the forces of a New Dark Age would risk "war." Here was the "Old Man" of nonalignment, Tito, alongside Egypt, Singapore, the main defenders of Pol Pot, and the more reactionary of the largely Francophone African states. In the middle of this spectrum stood the 'silent majority' of the Nonaligned, the majority of African and Asian nations.

Ultimately this battle, and the moments within it, was won by the Cubans and their allies for one fundamental reason—to the 'silent majority' they represented a revitalization of the movement, a sense of change and progress which was not a question of agreement on every issue but one of a profound sense of identification with the spirit, the confidence which Fidel Castro best expressed.

### **The stage is set**

While the Heads of State summit formally opened on September 3, a Monday, the actual work of the conference began almost a week earlier with, first, a meeting on the level of Ambassadors and Experts, whose job was to finalize the agenda preparation, and then, a meeting of Foreign Ministers where, normally, most of the political issues are expected to be largely resolved before the heads of state actually meet. The movement meets in summit only once every three years, the last time in Colombo, Sri Lanka. The host becomes chairman for the next three years while a Coordinating Bureau, made up of 25 countries (now expanded to 36), functions continuously.

The Cubans had submitted their draft to all the countries in June of this year, and meetings on the draft and suggestions for changes had already been submitted before the Havana meeting began. As Fidel Castro was to later charge in his opening address to the conference, and confirmed by others, strong efforts had been underway to attack and totally rewrite the Cuban draft on the grounds that it was stridently pro-Soviet. The U.S. State Department was in possession of the draft from the beginning and engaged in strenuous diplomatic efforts to have it changed. The Yugoslavs, leaders of the "opposition," were similarly active, as was the Peking regime. In short, this combination was determined to create a battle and to deal what they viewed as a defeat to Cuba's bid for leadership of the Nonaligned movement.

The Cuban draft was a tough document but in no way a call for the movement to join the Warsaw Pact. On the political side it placed emphasis on a determined fight against the policies of imperialism throughout the Third World, expressed as the perpetuation of the old colonial system of domination and perpetuation of backwardness in the developing countries. While rumors, fed liberally by the vast crew of Yugoslav journalists and others, talked of a statement calling the socialist countries the "natural ally" of the Nonaligned, in fact the Cuban draft referred mildly and only in one particular context to their desire for solidarity with "peace-loving and progressive forces" in the world in pursuit of world peace.

While attention was focused on the search for "code words" in the Political Declaration, the Economic draft was in fact far more significant and interesting. In sum, the Cubans strongly attacked the entire failure of the North-South dialogue—"dilatatory" they called it—and the approach of piece-meal "reform" of the IMF which has led the developing nations down so many garden paths these past years. They further pinpointed the IMF's "conditionalities" policy, the massive burden of Third World debt, the growing trend of protectionist trade barriers in the advanced sector against particularly manufactures from the Third World and, in general, the manifest lack of political will in the West (and Japan)

to respond seriously to the need to create a New International Economic Order.

This political assault on the old order was accompanied by a clear call for the creation of new international institutions, including a new, universal monetary system. This view in the first draft was accompanied by a strong emphasis on the "collective self-reliance" of the developing nations themselves, something which is perhaps more an expression of frustration with the failure of the North-South discussions to date than a serious economic concept.

### How the battle was won

The first, preparatory week of the summit ended with a failure to reach *consensus*—the accepted decision-making criterion in the movement—on the hot issue of Kampuchea and Egypt. The halls were filled with rumors of fights, of division, while the Yugoslavs, who became a psychological and political barometer of the process inside the conference, were strutting about with arrogant confidence in their 'showdown victory' at Havana. The method of Tito was that of the backroom, the use of fear and the deployment of pressure—with the U.S. and China in the background.

The major issues unresolved, everyone awaited the morning opening of the summit and Fidel's opening speech in an atmosphere of tense expectation. What would Castro say? How would he respond to the well circulated charges of Cuban domination and the concerted attack made over months on the Cuban leadership of the movement? Would Fidel—the revolutionary speak, or would a quieted, diplomatic Fidel, the host, speak?

On Monday morning the heads of state, their delegations, 1,100 journalists covering the conference, and the entire nation of Cuba, given a national holiday on the opening of the summit of which all Cubans were justly proud, were waiting—on the floor of the conference and before their television sets.

The speech of Fidel Castro that morning was undoubtedly one of the most masterful and powerful addresses ever given before such a gathering, a speech which had the oratory and physical presence which Castro is famous for in his hours-long speeches before hundreds of thousands in the Plaza of the Revolution in Havana, combined with a display of "open diplomacy," and a shattering sense of honesty and sincerity that few heads of state would dream of under such circumstances.

Like a master composer, Castro began with a gesture that was calculated to both shatter the sense of tenseness and express Cuba's total continuity and ties to the history of the movement—he opened with warm praise, remembrance and a moment of silence in memory of the recently demised and well-liked Nonaligned leader, President Boumediene of Algeria. After welcoming the new members of the movement—Iran, Pakistan,

Nicaragua, Grenada, Bolivia, Surinam, and the elevation of the Patriotic Front of Zimbabwe (Rhodesia) to full membership—Fidel mounted an open attack without hesitation on the attempts behind the scenes to sabotage the conference. (See excerpted text in this section)

The sharp identification of the U.S. and Chinese role without mention of their allies within the conference hall was followed by a point by point response to the slanders circulating against Cuba through the hallways.

Without apology, Fidel defended Cuba's socialist character, its relations with the Soviet Union and powerfully presented Cuba's role in aiding liberation struggles in Africa and its *economic assistance*, there and elsewhere, as the *raison d'être* of the "imperialist hatred" for Cuba. Any attack was turned into a mantle of honor for Cuba, which was followed in turn by a strident unremitting assault on the Camp David agreement, on the Anglo-American imperialist maneuvers in southern Africa and a condemnation of the genocidal regime of Pol Pot and its Chinese backers.

Time and time again his speech was interrupted by waves of applause. The theme throughout, a sense of the dignity of development and the fight for it, was carried into his final section on economics where he ironically attacked the IMF's conditionality policies, saying: "We Cubans, who were excluded from that institution because of an imperialist dictate, aren't quite sure whether that exclusion was a punishment or a privilege." While calling for unity between the oil producing and consuming countries of the movement, Fidel echoed the sentiments of many countries including many African states in calling on OPEC to invest its petrodollar surplus in productive expansion of the Third World economies.

At the end a standing ovation. The "Silent majority" was no longer silent and the first phase of the battle had been won. At this point the enemy stepped into the trap. Egypt represented by the unimpressive and somewhat slippery Foreign Minister Ghali, demanded the "right of reply" to the speech, something almost unheard of in these meetings. Some members spoke objecting to any such thing—the Sri Lankan president still chairing the meeting pending formal handing over of the chair to Castro, deferred decision to the afternoon session. As it opened in the afternoon Castro led the mouse into the trap, declaring his desire not to be accused of misusing the powers of the chair and giving the floor to Ghali. Ghali delivered a pathetic response, defending the Camp David agreement. For several hours afterward, heads of state, one after another from Yassir Arafat and Saddam Hussein of Iraq to leading Africans and others, got up to denounce Egypt, not only for its policies but for its "insult" to the chair. Egypt, which had thumbed its nose at the summit by having Sadat meet in Haifa with Begin at the same moment, was totally isolated.

That night our Yugoslav barometers were decidedly depressed at the mood which had swept the conference. But they and others awaited the reply of Tito, who was to lead off the general debate with the first speech of the next morning. The opening was delayed as rumors spread that Tito was hurriedly redrafting a section of his speech. The Tito speech was summed up by one observer succinctly in this way: "Fidel threw down the gauntlet, Tito looked down and said, 'No thanks, I'm too old'." The theme of Tito's weak speech was two-fold—defend the sacred principles of nonalignment, or rather equidistance, from "alien elements in our movement" and a fearful warning that an aggressive posture by the Nonaligned against the IMF system and its controllers bore the risk of provoking war. Tito's warning reveals their adoption of the dangerous policy of accommodation and capitulation before blackmail, a policy which provides a much surer road to war than any other. The speech was received without enthusiasm except for the respect offered an acknowledged 'Old Man' of the movement.

On the plenary floor in the days that followed there were several more key speeches which revealed the emergent leaders of the movement and showed the fearful reticence Tito-style of some old leaders. Strong addresses in support of the Cuban position and even going beyond it in some ways were delivered by Jamaican Prime Minister Michael Manley, a gifted speaker who aroused the enthusiasm of the assembly

in a way second only to Fidel, by Mozambique President Samora Machel who, with the death of Angolan leader Neto (just after the conference which he did not attend) is clearly the strongest leader of the former liberation movements of southern Africa, by Zambian President Kaunda, who is bidding to be the leader of black Africa, and by the Nicaraguan leader, Ortega, who brought the victory of the Sandinista revolution to the summit.

The other side of the movement brought forward two African leaders formerly regarded as leaders of progressive Africa—Sekou Touré of Guinea and Julius Nyerere of Tanzania—who pushed the siren call of "equidistance," but with little impact. The open supporters of Egypt and Pol Pot were confined to figures like the King of Nepal, a Chinese-influenced state, and Singapore.

The conference deliberations for the most part remained behind the closed doors of the Political and Economic committees, the former chaired by Iraq (who

will chair the next summit in 1982) and the latter by Mozambique. As the end of the conference came, Sept. 7, it was clear that many major issues remained unresolved and the finalization of the draft (which had been submitted in a second revision when the summit began) was far from over. The first major battle to be won, however, was that of Kampuchea (see separate article in this section) which saw the formal ousting of the Pol Pot murderers from their claim to a seat, and an agreement to leave the seat empty pending further discussion in the Coordinating Bureau and a review at the Foreign Minister conference scheduled for New Delhi in 1981.

The conference was forced into overtime—in fact not concluding until 9:30 am of September 9—and providing a dramatic ending with an all-night session from the 8th into the next day without pause. That extended period was required to finally resolve the Egyptian question, resulting in an unexpected and resounding denunciation of the entire Camp David

***The Heads of State or Government (of the Nonaligned Nations) called upon the developed countries to exercise political will and courage and take steps to seek a solution to the problem of recession in their economies through restructuring the international economy, based on the generation and growth of aggregate demand and productive capacity in the developing countries. Any other approach based on short-term considerations would in the long run operate to the long-term political and economic detriment of the developed countries themselves.***

policy—unexpected because by the end of the week, Egypt had managed to gather some reactionary African states behind it to try to block a strong denunciation (see separate story here).

The final declaration itself was not finalized until late on the night of the 8th—but what emerged, despite continued rumors of intensive watering down, was a strong and clear statement of political and economic determination of the Nonaligned states and a clear mandate to Cuba and Castro's leadership of the movement in the coming years.

#### **The meaning of Havana: where to now?**

Close observers of the Nonaligned movement were without hesitation in describing the Havana Summit as the most important and the most exciting in the history of the movement. It was a summit of real politics, not of empty speeches filled with rhetoric and a predetermined outcome. One observer said it could only be compared in impact and character to the Algiers Sum-

mit of 1973, also a scene of fiery battles out of which emerged the entire thrust for a New International Economic Order. It certainly surpassed the previous Colombo Summit which produced a historic set of concrete proposals for economic development but lacked the sense of political will expressed in Havana, as showed in the virtual collapse of the Colombo impetus—admittedly under heavy fire from the outside—in the following three years.

The unique character of the Havana Summit can be accounted for in many ways. Certainly where the conference took place—revolutionary and developing Cuba—and the presence of Fidel Castro, a man who is without parallel as a Third World leader today and is more widely respected and even revered than any other such leader, made a crucial difference.

But the success of Fidel is not due to his presence alone. His power rests on his ability to sense the mood of the nations and their leaders, to voice their aspirations and their determination to bring real development to their largely impoverished nations in a way that clearly goes beyond what any single one of them would express on his own. For them Fidel represented a new dynamic, a forward motion—Tito could do nothing against that; he was left behind in the wake of history, appealing to the past, not the future.

It now remains to move beyond, to produce, as Fidel said in concluding his opening speech, “deeds, not just words.”

The next step in the process will be clearly indicated when the General Assembly of the United Nations convenes this month in New York. Fidel Castro will revisit a sight of past historic importance for him, this time to deliver a speech on behalf of the entire Non-aligned movement of nations, presenting the results of the conference. Mexican President Lopez Portillo is expected to deliver an important address, a vital new proposal for global energy cooperation. This has, according to informed sources, the assured backing of Castro and others and embodies the spirit of Havana. The response of many nations—the hostile response already displayed by the Carter administration, and the different view of the Europeans—will be the key to the UN session, and the future of both North and South.

For the first time in several years those in the advanced sector—capitalist and socialist—who are looking for real solutions to the urgent need for global economic development can look across to an equally determined partner in the developing world, led by the Nonaligned nations. If this opportunity is allowed to pass unrealized, a far darker path—of war, chaos, and economic collapse—lies ahead.

—Daniel Sneider  
Asia Editor

## The political declaration

*The following are excerpts of the political declaration of the Sixth Conference of Nonaligned Countries, held Sept. 3-7 in Havana, Cuba.*

1 ...In its inaugural session the Conference heard an important and wide ranging speech pronounced by his Excellency the President of the Council of State and the Council of Ministers, Commander-in-Chief Fidel Castro, the text of which was included by unanimous decision in the records of the Conference.

The speech was an historic contribution to the definition of the objectives of the Movement and an important assistance to the deliberations and final success of the Conference....

6 ...The Movement represents an overwhelming majority of mankind which is struggling to eliminate the inequalities between the developed and developing countries and to eradicate poverty, hunger, sickness and illiteracy and to establish a new world order based on justice, equity and peace instead of the present order in which wealth is still concentrated in the hands of a few powers whose wasteful economies are maintained by the exploitation of the labour as well as the transfer and plunder of the natural and other resources of the peoples of Africa, Asia, Latin America and other regions of the world.

### **New economic order**

8 ...The Non-Aligned Movement (calls for)...the early establishment of the New International Economic Order with a view to accelerating the development of developing countries, eliminating the inequality between developed and developing countries and the eradication of poverty, hunger, sickness and illiteracy in the developing countries.

11 ...The Sixth Conference reaffirmed that quintessence of the policy of non-alignment, in accordance with struggle against imperialism, colonialism, neo-colonialism, *apartheid*, racism including zionism and all forms of foreign aggression, occupation, domination, interference or hegemony, as well as against great-Power and bloc policies.

14 ...The Heads of State or Government of Non-Aligned Countries, accordingly, dedicate themselves to translating these principles into action. They solemnly pledge to undertake all the necessary steps for the realization of the above objectives. They are convinced that only through concerned action can the objectives be attained.

20 ...The Conference acknowledges the co-operation received by nonaligned countries from other peace-, freedom- and justice-loving, democratic and progressive States and forces in the achievement of their goals and objectives, and expresses its readiness to continue to co-operate with them on the basis of equality.

29 ...The Conference noted that the imperialists have continued to react to the victories of the liberation struggle by a policy designed to maintain their interests in areas that have not yet attained independence, especially in Zimbabwe, South Africa and Namibia where racist domination prevails. It also warned that the imperialists were using new tactics to divide the Arab countries and support Israel's continued occupation of Palestine and other Arab lands....

192 ...The principles of peaceful coexistence should be the cornerstone of international relations....Active peaceful coexistence remains the sole option of mankind faced to the danger of general military confrontation and the policy of force. The principles of active peaceful coexistence should be universally applied in relations among all States, irrespective of their size or socio-economic system....

193 ...The principles of active peaceful coexistence and the principles of nonalignment constitute the basis of global detente, establishment of the New International Economic Order, peace, independence and equal security for all peoples and countries....

290 The Conference noted that the arms race is incompatible with and contrary to the efforts directed to the establishment of the New International Economic Order. It underscored again that increasing material and human potentials were being wasted through investment in armaments, which considerably diminishes the availability of resources indispensable for development....

### **Human rights and the rights of peoples**

244 The Conference declared that the question of human rights could not be isolated from its national, economic and social context, that personal freedom was inseparable from the peoples' rights, and that human rights and the basic freedoms of individuals and peoples were inalienable. That, to fully guarantee human rights and complete personal dignity, it was necessary to guarantee the right to work, education, health, proper nourishment, and the satisfaction, in general of basic needs. These aims form part of the struggle for a change in unjust, unequal international relations....

245 ...The Conference cautioned against the exploitation of human rights issues by the great Powers as a political instrument in the confrontation of social system and for purposes of interference in the internal affairs of sovereign states.

# 1 Summit bids West join in new world monetary system

In a late August preview of the Havana Summit, *Executive Intelligence Review* wrote in summary that "the success or failure of that conference will be defined by whether or not the Nonaligned movement gets back on the track of Colombo"—the 1976 Nonaligned Summit which called for debt moratoria and the creation of a new international credit institution—"relaunching its programmatic campaign to replace the IMF with a more equitable New World Economic Order."

By these criteria, there is no question that the Havana Summit was a resounding success. In its scope, in its precision, and in its commitment to go beyond words and adopt "determined and effective action," the Havana Economic Declaration (excerpted below) has brought the entire Third World way beyond the achievements even of the excellent Colombo Action Program. Most significant is the fact that, in it, the Nonaligned directly call on the developed capitalist world to "no longer shy away from its share of responsibility," but instead help to inaugurate a New World Economic Order of peace and development. This is followed by an extraordinary appeal to the common interest of developed and developing nations alike, explaining that the best solution for the advanced sector's own economic crisis is the "growth of aggregate demand and productive capacity" in the developing sector.

The declaration also dissects the current economic crisis besetting the Third World, and charges that it is the result of the looting, imperialist policies which have left that sector with over \$300 billion in unpayable debts. Urgent debt relief is demanded, and the IMF is roundly denounced for using this indebtedness as blackmail to enforce policies of suicidal economic contraction. The document goes on to reject the World Bank's low-growth policies of satisfying "basic needs," and then demands full-scale industrialization, transfer of technology, and scientific development for the Third World.

A powerful section on nuclear energy is also con-

tained in the final articles of the Political Declaration, where the developing sector's "inalienable right for the peaceful uses of nuclear energy" is defended, and a call is issued for international cooperation in this vital field.

To accomplish all of these goals, the Nonaligned nations "reiterated the urgent need to create a new, rational, equitable and universal monetary system."

### **The dangers of 'self-reliance'**

But it is also in the economic sphere that the key weaknesses of the Nonaligned Movement appear. They manifest themselves less in the excellent final declaration itself than in the policy debate which preceded the document's adoption.

The original Cuban draft declaration was a tough, hard-nosed tract which provoked hysteria in the Yugoslav camp. Tito's minions did everything in their power to soften the document's sharp attacks on the IMF, arguing that the task of reforming the monetary system is a "long term" one that "will take 20-25 years." In the course of a week's discussion, over 300 separate amendments were proposed to the original draft; and it was only the skillful management of Economic Committee Chairman Mozambique which ensured that a coherent, hard-hitting document came out at the other end.

The original Cuban draft included many of the elements ultimately adopted in the final declaration, but overall it contained a more virulent denunciation of the "insignificant advances" achieved through the North-South dialogue, and a more strident attack on the "delays" introduced by the developed sector. The Cuban draft concluded by warning that "the time has come for the Nonaligned countries and other developing countries to learn from the experiences of multiple and repeated failures ... and to act accordingly."

In the course of committee debate, and in a number of private discussions with this reporter, Cuban officials elaborated on what they meant: the Third World must develop the independent political will and economic muscle to ensure the creation of a New World Economic Order, and not have to rely on the Christian charity of the capitalist West.

This tough approach is understandable—and most likely realistic in its appraisal of the relative hegemony of antiprogress factions in the advanced sector. But the absence of a *concrete Cuban strategy* for actually pulling a reluctant advanced sector into the New World Economic Order—by the scruff of the neck, if necessary—opened the door for the cumulative frustration that the "South" feels vis-à-vis the "North" to express itself in well-meaning but economically unworkable development strategies.

The best example of this problem was the otherwise superb speech delivered to the summit by Jamaican Prime Minister Michael Manley. Manley, whose country has been devastated by the imposition of IMF "condi-

tionalities," told the delegates that it is necessary "for the Third World to begin to change the equations of economic power by the development of *self-reliance* within our own ranks. ... If a country in Africa has energy, and a country in Latin America has a raw material that requires energy to liberate its production potential, and if a market exists, it is our duty to marry the groom of the raw material to the bride of the energy at the altar of the market."

Such "self-reliance," which is otherwise favorably referred to as "horizontal cooperation" by the World Bank, omits from consideration the crucial element for any rapid Third World industrialization: advanced technology and capital goods, whose only adequate source is the advanced sector economies which "self-reliance" defines out of the development equation.

It is undoubtedly for this reason that the concept of "collective self-reliance" received such warm support from the Yugoslav and Indian delegations, who jointly headed up the faction calling for a go-slow approach on the IMF question.

In summary, it must be noted that the vast majority of the developing sector feels impotent before the necessary task of intervening in advanced sector political processes. The result is the dangerous glorification of "go-it-alone" strategies for the Third World, which are then subject to manipulation by the enemies of development worldwide.

### **The Iraqi proposal**

Another critical ambiguity in the economic discussion centers around a proposal floated by Iraqi President Saddam Hussein in his speech to the summit.

Throughout the proceedings, a certain amount of veiled hostility to OPEC was expressed, as well as more productive appeals to the oil-producing nations to invest their petrodollars usefully in Third World development, rather than in the speculative Eurodollar market. Partially in response to this concern, Hussein made two concrete proposals. First, "Iraq has decided to compensate those have-not developing countries which currently have first hand oil contracts with Iraq," and which have suffered from Iraqi oil price increases, by granting them long-term, no-interest loans. And secondly, "Iraq proposed to establish a long-term world fund to stretch a helping hand to the developing countries to combat the effects of inflation, and the industrial developed countries should contribute ... to this fund ... together with the oil exporting countries."

The weakness of this proposal lies in its ambiguity on the crucial debt question. Unless provisions are made to freeze or renegotiate existing Third World debt obligations in one way or another, so that new Iraqi (and other) credits could go exclusively to capital-intensive development projects, any new credit flow would be simply dumped down a bottomless sinkhole of debt service payments. In this form, the Iraqi proposal

closely resembles the disastrous, if ingenuous, plan put forward in late 1978 by Venezuelan ex-President Carlos Andres Perez, which called for the establishment of an OPEC petrodollar fund to help the Third World meet its debt obligations to the IMF and the London and New York commercial banks.

The head of state of Madagascar also delineated a conceptually similar proposal at the summit, in which he called for the establishment of a new monetary fund of the Nonaligned. And the Nicaraguan announcement of its issuance of international solidarity bonds (see below), suffers from the same shortcomings.

In each of these cases, the ultimate resolution of the ambiguities will depend both on the Third World's political will to replace the IMF with a new monetary system, as well as the response of the U.S. and Europe to the Nonaligned Movement's historic invitation to join them in that task.

—Dennis Small  
Latin America Desk

## The economic declaration

*Following are excerpts from the economic communique issued at the conclusion of the Sixth Conference of Nonaligned Nations in Havana.*

1. The Heads of State or Government reviewed the evolution of the world economic situation and noted with grave concern that since the Fifth Summit Conference, the economic problems facing the developing countries have become more acute, characterized by the continuing widening of the gap that separates the developed from the developing countries and by the stalemate in negotiations to restructure international economic relations. ...

3. ... The developed world as a whole can no longer shy away from its share of responsibility on any pretext, nor can it afford to ignore the fundamentally indivisible nature of global prosperity. ...

10. The Heads of State and/or Government noted with grave concern that the existing international economic system is not only inequitable but is functioning inefficiently; it is not supportive of the process of development in the developing countries. They emphasized that the establishment of the New International Economic Order implies a basic restructuring of the world economy and in the light of past experience rejected the view that this restructuring could be achieved merely through the free play of market forces.

11. ... The Conference stressed that the negotiations

for the establishment of the New International Economic Order must take place within the United Nations system and in this context it reaffirmed the central role of the General Assembly.

### Assessment of the world economic situation

12. ... The Heads of State or Government called upon these developed countries to exercise political will and courage and take steps to seek a solution to the problem of recession in their economies through restructuring the international economy based on the generation and growth of aggregate demand and productive capacity in the developing countries. Any other approach based on short-term considerations would in the long run operate to the long-term political and economic detriment of the developed countries themselves. ...

15. The Heads of State and/or Government expressed their determination to oppose attempts by many economic and financial institutions controlled by certain developed market economy countries to impose measures designed to limit national sovereignty and block the fundamental rights of peoples to develop along economic and political lines freely chosen by themselves. ...

17. The Conference expressed its deep discontent with the protectionist measures introduced by certain developed countries in recent years. ...

20. The Heads of State and/or Government reiterated their concern over the tremendous increase in the foreign debt accumulated by the developing countries which was estimated at close to \$300 billion at the end of 1977, with over a third of that amount in high-interest private loans or loans with less than a year's maturity. ...

21. ... This situation...is an important element of coercion aimed at the developing countries in any negotiation calling for immediate and effective actions to relieve the debt burden of developing countries, particularly the least developed and most seriously affected developing countries....

... The net use of International Monetary Fund credits by the developing countries has been negative due to this institution's loan policy. ...

23. ... The Conference supported the efforts of raw monetary system the burden of adjustment has fallen disproportionately on the developing countries with material producing nonaligned and other developing countries in seeking just and remunerative prices for their exports and to improve in real terms their export earnings. The Conference condemned the attempts of certain developed countries to use the issue of energy to divide the developing countries. ...

33. ... They also rejected attempts to introduce concepts, norms and principles such as access to supplies, graduation, selectivity, the utilization of the so-called strategy of basic needs. ...

62. The Heads of State or Government were strongly of the view that there was a close link between industrialization of developing countries and their access to technology under just and equitable conditions. ...

### **Science and technology**

66. The Conference emphasized the role of Governments as the main executors of the action program and as promoters of the implementation of scientific and technological development programs which should be closely linked to and dependent on the national development programs; it also emphasized the pressing need to effect profound structural changes of an economic and social nature as one of the important means of guaranteeing the implementation of harmonious and balanced scientific-technical programs whose results would benefit the whole population.

### **Transnational corporations and sovereignty over natural resources and economic activities**

71. The Heads of State or Government again reaffirmed the inalienable right of all countries to exercise full permanent sovereignty and control over their natural and other resources and their economic activities including possession, use and disposal of such resources and their right to nationalization. ...

76. ...Owing to the structure of the international grave repercussions on their development programs. These negative effects have been underscored and perpetuated by the strict conditionality and the rules as applied by the International Monetary Fund and other financial institutions which use these practices to developing countries having a deficit in their balance of payments. ...

78. The Heads of State or Government reiterated the urgent need to create a new, rational, equitable and universal monetary system that would completely eradicate these phenomena. ...

### **The use of nuclear energy for peaceful purposes**

212. ... The Conference stressed the exceptional importance of international cooperation among the nonaligned and other developing countries in the field of peaceful use of nuclear energy. ...

213. The Conference affirmed the inalienable right of all States to apply and develop their programs for the peaceful uses of nuclear energy for economic and social development in conformity with their priorities, interests, and needs.

217. ... Concern for nonproliferation should not be used as a pretext to prevent States from exercising the right to acquire and develop peaceful nuclear technology. ...

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## Restructuring Nicaragua's debt

*Nicaragua's intolerable debt burden was an ongoing topic of discussion and concern at the Havana Summit.*

*Commander Daniel Ortega, speaking on behalf of the ruling five member junta, explained the matter in the following way in his September 6 speech before the Summit:*

"We find ourselves with a foreign debt which surpasses \$1.5 billion. Of this sum, \$596 million are due this year, as they were contracted at short term and at hard interest rates. The foreign debt equals three times the total yearly exports of the country.

"The credits obtained by Somoza were misspent, wasted, and taken back out of the country to personal accounts in the U.S. and Europe. ...

"But we want to be frank: the oppressive financial problem which our process confronts, and which is directly related to the restructuring of the foreign debt and with financing our economic takeoff, does not seem to seriously interest the developed countries.

"The Mexican government, which has helped us within the limits of its possibilities, suggests the international issuance of long-term, low interest solidarity bonds, such that the debt which comes due this year ... can be restructured on adequate terms."

*In a subsequent interview with the international press corps in Havana, junta member Sergio Ramirez elaborated on Nicaragua's debt problem as follows:*

We are going to repudiate not only those debts with Israel and Argentina, but with any other country which contracted armaments debts with the government of Somoza. Nicaragua's foreign debt now stands at \$1.6 billion. Half of this was contracted by the Somoza regime with U.S., Canadian, German, and—I believe—Japanese banks during the last two years of the dictatorship. These credits were granted for terms of six months to a year at interest based on the London LIBOR rate, which comes out to about 13 percent. As you can see, granting a dictatorship on the verge of collapse loans under such conditions was really irresponsible. Nevertheless, we have stated that we will honor these loans; but at the same time, we don't expect that these creditors will put us up against the wall for payments of these funds which, morally, we do not owe.

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## Camp David accords denounced

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At 3:30 a.m. Havana time, on Sept. 9—36 hours past the scheduled conclusion of the Sixth Summit of Non-aligned Nations—a slightly breathless Lisandro Otero, the official press spokesman for the summit, called a press conference to brief the international press on the breaking results of an all-night debate on the question of Egypt and the Camp David accords.

Otero announced to a packed newsroom that the summit had passed a special resolution “energetically condemning all partial agreements and separate treaties . . . as a flagrant violation of the Arab nations’ cause, the U.N. Charter, and the principles of the Organization of African Unity,” since only a global settlement can guarantee peace in the Middle East. The conference, Otero continued, viewed the Camp David accords as such a separate treaty, and therefore condemned Egypt for “acts of complicity” with Zionist expansionism in the Middle East. Furthermore, Otero told the stunned newsmen, Nonaligned founding member Egypt’s suspension from the movement was considered by the heads of state, and referred to an Ad Hoc Committee which would study the matter and report back to the Nonaligned Foreign Ministers meeting scheduled for New Delhi in 1981.

Otero then turned the press conference over to a spokesman for the Palestine Liberation Organization, who announced that “we consider this resolution to be an international referendum against Camp David, against its parties, and against the policies of these parties. Egypt no longer has a strong position in our movement . . . It is completely isolated, rejected.”

With these announcements, what was probably the most dramatic story of the entire Havana Summit was concluded: Egypt received the most devastating barrage of universal opprobrium ever visited on a Nonaligned member state; Zionist attempts to pull all or part of the PLO into the Camp David negotiating framework were given the final coup de grace; and Egypt came within

a hair’s breadth of being the first country ever to be expelled or suspended from the Nonaligned.

The particular drama of these conclusions lay in the fact that, up to 12 hours before their adoption, virtually every journalist present at the summit, *and* the majority of its participants, expected a relatively mild criticism of Camp David to emerge as the movement’s consensus. How did the turnaround occur?

### Arab moderation

The Cuban draft Political Declaration circulated to the delegations in the weeks before the summit (and excerpted below), called for “the condemnation of the policy of ‘partial solutions and agreements’ which the United States is trying to impose in the region . . . and condemnation of the Camp David accords.” The draft further charged Egypt with “distancing itself from the policy of the Nonaligned Movement, as well as disregarding the legitimate rights of the Palestinian people.” But beyond this criticism of Egypt, the Cuban draft carefully avoided calling for either the suspension or expulsion of Egypt from the Nonaligned.

This approach was reiterated by Fidel Castro in his inaugural speech: “The Movement of Nonaligned Countries should roundly denounce the Camp David agreement. Moral censure, at least, is essential.”

Castro’s inclusion of the phrase “at least” was an indication that Cuba and its Arab allies—in particular, Iraq, Syria, and Algeria—themselves favored some kind of suspension, but felt that such a move wasn’t politically feasible. Castro evidently had made a clear decision *not* to force the suspension issue, since an unnecessary split within the movement’s ranks might have resulted. Libya is known to have thought otherwise, and throughout pushed strongly for Egypt’s suspension.

The “moderate” evaluation was reflected in the speeches delivered on Sept. 4, the second day of the summit, by Arab leaders Saddam Hussein (President of Iraq), Hafez Assad (President of Syria), and Yasser Arafat (head of the PLO). To the conference’s surprise, all three leaders, while attacking Egypt strongly for sabotaging a global solution, held back from calling in any way for that country’s suspension.

### Ghali hangs himself

In a way, the most effective arguments against the Egyptian position were provided by the Egyptians themselves. For starters, Egyptian President Sadat had the incredible “chutzpah” of meeting with Israel’s Begin in Haifa while the Havana summit was going on. On top of that, Egyptian Foreign Minister Butros Ghali demonstrated throughout the conference a tremendous consistency in committing one tactical blunder after another.

Ghali’s first mistake came within hours of the inaugural ceremony, when he loudly demanded time to respond to the charges in Castro’s inaugural speech—

an unprecedented procedure. Castro, sensing the opportunity of the moment, overrode Libyan and other objections and *insisted* that Egypt be granted the right to respond.

This proved to be Castro's first master move of the summit, because Ghali proceeded to give a pathetic, self-discrediting defense of the Egyptian position—including claiming that what they were really trying to do was split the Zionists, and that the arms the U.S. was giving them as part of the Camp David accords would be used for the Palestinian and African liberation struggles. Ghali also foolishly peppered his remarks with sharp attacks on Castro and Cuba's role as chairman.

When he finished, six different delegations took the floor to one-by-one defend Castro and thoroughly revile Egypt's role in the Middle East. Mozambique President Samora Machel took particular pleasure in asking Egypt why it was that, if their new arms were actually meant for the PLO, the PLO itself had repudiated Camp David and charged Egypt with treason to the Arab cause.

#### **Stalemate in the political committee**

During the ensuing week-long deliberations of the Political Committee, the central debate was over the Egyptian question. Egypt's strategy was to organize the African states (by far the most numerous representation at the summit) to make sure they didn't bloc with the Arab moves. The Egyptian delegation—backed primarily by Yugoslavia, Singapore, and the Sinophile nations—played on latent hostility among the impoverished African nations toward OPEC for raising oil prices. The Francophone nations of Africa—by and large a reactionary, anti-Cuban lot—were told that defending Egypt was the best way to foil Castro's plans to take over the movement. And the more radical, Portuguese-speaking states (such as Angola and Mozambique) were hit with the argument that Egypt is a comember of theirs in the Organization of African Unity, and that any moves toward suspension of an African nation from the Nonaligned would set a dangerous precedent.

For a period of time, this strategy proved quite successful. Angolan delegates told this press service that they would oppose moves toward suspension on the grounds of "African solidarity." And by Friday, the Political Committee was reduced to quibbling over whether mention should be made of Egypt's name, of Camp David, or of nothing specific at all.

With no consensus in sight, all attention began to be focused on the key swing factor in Africa, Kenneth Kaunda of Zambia, a political moderate who had earlier delivered greetings to the inaugural session on behalf of all Africa. Conference insiders report that on late Saturday afternoon representatives of the Cuban delegation talked to President Kaunda and told him that, since no agreement on the question of Egypt could be reached, they deferred to whatever decision *he* made on the matter, so long as the Egyptian-Yugoslav side was willing to do the same. In the early evening, Kaunda got their approval as well; they undoubtedly expected a compromise favorable to Egypt.

At 8 p.m. that night, Conference Chairman Castro convened the conference's first closed-door session, and read Kaunda's decision: Egypt and Camp David were both sharply condemned, and an Ad Hoc Committee to study Egypt's suspension was established.

Egypt and its allies reacted instantly, according to informed observers. The Foreign Minister of Senegal took the floor and delivered the summit's most rabid and personal attack on Castro: the Cubans had rigged the proceedings, he charged; the Soviets were running the entire affair; and Castro had behaved like a dictatorial chairman.

Bedlam ensued. Within two minutes, twelve different delegations asked to speak, and for the next seven hours speaker after speaker stood up to defend Fidel Castro and to denounce Egypt in the most strident terms.

Kaunda himself was first. After announcing that he was speaking not only for Zambia, but on behalf of Tanzania and Mozambique as well, Kaunda proceeded to berate the Senegalese Foreign Minister for daring to speak in such terms to heads of state who, unlike mere Foreign Ministers, were empowered to change their minds and their policies as they saw fit. Mozambique's Samora Machel then took the floor and reportedly called the Senegalese spokesman an alcoholic, a drug addict, and a rat. One delegate subsequently told this press service that the entire scene was like a public trouncing of Egypt, whose impact and public notoriety was actually magnified by the absence of the press at the time.

Over seven hours later, at 3:30 a.m., the PLO representative delivered the summary sentence cited above: "We consider this resolution to be an international referendum against Camp David."

—Dennis Small  
*Latin America Editor*

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## Nonaligned expel Pol Pot from the world community

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The Kampuchea (Cambodia) issue was perhaps the most heated of the Havana Nonaligned Summit. The result of that battle however was decisive: the genocidal criminals of the overthrown Pol Pot-Ieng Sary regime were repudiated, as were their claims to represent Kampuchea at the Nonaligned summit, and they were isolated completely from the international community. The new government in Kampuchea, the Peoples Republic of Kampuchea led by Heng Samrin, while it was not seated at the summit, received widespread support including the announcement of recognition of that government by many states right on the floor of the conference.

The Kampuchea issue was the first major political fight of the conference. Following the January overthrow of Pol Pot by Cambodian revolutionaries with the support of the Vietnamese armed forces, the Non-aligned movement had met in a Coordinating Bureau meeting in June in Colombo. That meeting, faced with rival claims of the new government and the Peking-backed exile remnants of Pol Pot, had been unable to reach a clear decision on who should hold the seat. At that time, Pol Pot was left in the seat but deprived of all rights to speak and vote. The matter was left up to the summit to decide.

When the Havana summit convened, the Cubans as hosts were faced with resolving this problem. Although the Cubans made it quite clear they favored the seating of Heng Samrin and the ouster of the murderous Pol Pot regime, they invited both to Cuba while allowing neither to actually attend the conference until a decision was made.

The Pol Pot crew, represented by Khieu Samphan, were left by their hosts well housed in a beach resort some 20 or 30 kilometers outside of Havana. For days the Chinese feverishly searched for their bloody friends, along with a horde of journalists led by the *New York Times* who were preoccupied with finding these crimi-

nals. Once located, the Chinese eagerly ferried journalists out for interviews with them.

These efforts proved fruitless. The friends of Pol Pot were few and far between and even they could support their cause only by first announcing their repudiation of the murder of almost half of the Cambodian population by the Pol Pot regime. The argument of the pro-Pol Pot circle, led by Singapore, was a procedural legalism which argued that the presence of Vietnamese forces in Kampuchea violated the principle of nonarmed intervention.

In the first week of preliminary discussions—including on a Foreign Minister level—it proved impossible to reach a consensus on the issue, leaving the matter to the decision of the Heads of State. However it was clear very early on that the only possible solution was a clear decision to leave the seat empty, a decision viewed as a clear victory for the Vietnamese and the Kampuchians as it was a declaration of de jure expulsion of the Pol Pot claimants.

That result was finally reached after long deadlock due to the continued objections of the Singapore-led group of some dozen or more countries by means of a dramatic 6 hour meeting of the 25 heads of state of the Coordinating Bureau late in the night of the fourth day of the summit.

This was only part of the story though. For the days preceding this a steady wave of support for the Heng Samrin government had been building up, marked by the announced recognition of that government from the plenary podium by countries such as Panama, Jamaica, Nicaragua, Grenada, and the Seychelles. Denunciations of Pol Pot and the announcements drew waves of applause from the delegates.

The result was not only the repudiation of Pol Pot, which now eliminates the last shreds of semi-legitimacy in the world community, but a breakthrough in the partial diplomatic isolation of the new government which up to the conference had only been recognized by the socialist countries and its closest friends in the Third World—some 20 states. The extent of this support will be measured when the UN General Assembly convenes this month and must decide the same question of who will hold the seat, with the Pol Pot band still formally occupying it in that international body.

### Crimes of Pol Pot denounced

The culmination of this victory over a regime whose systematic butchery of its own population goes beyond even the crimes of the Nazis was the appearance in a dramatic press conference of the Foreign Minister of the new government, Hun Sen. In a calm, quiet manner, broken only briefly by displays of anger at his country's near extinction by Pol Pot and the Chinese, Hun Sen told a hall full of journalists some of the grisly details of what happened in his country. He described the

almost complete elimination of every educated person in the country, carried out in torture chambers, the creation of a vast system of slave labor camps throughout the countryside where the "useless eaters" were worked to death producing rice for their masters, the complete eradication of any form of education, of the national culture of the Khmers, and the destruction of all industry, organized economy, even of the right of marriage in the fascist holocaust that was Kampuchea.

The most incredible facts revealed concerned the method to the Pol Pot madness. Under that regime it seems millions of tons of rice were harvested—many millions more than were consumed by the shrinking Cambodian population. Where did all that food go? Almost 750,000 tons a year was exported to China; the rest—several million tons at least—was stored in huge granaries. He also revealed that large stockpiles of Chinese arms were found. It now seems clear that the Chinese were building up supplies to use Kampuchea as the base for a massive military invasion of Vietnam, probably in coordination with an attack from the north. When the Pol Pot gangsters fled they burned these granaries—scattered throughout the country—which burned for days and even weeks. Left behind were the charred remains of the rice which the people of Kampuchea died producing for the Chinese and their puppets.

Hun Sen also revealed that since an offensive earlier this year the last remains of the Pol Pot army have been driven out of the country and general peace—though marked by the threat of starvation of the remaining population—now exists. The Pol Pot forces however are being safeguarded and harbored inside Thailand with the assistance of the Thai regime where they are receiving supplies of Chinese arms. Hun Sen vigorously denounced the role of the Thai regime in aiding these criminals, who have been sentenced to death in absentia by a genocide crimes tribunal recently held in Phnom Penh.

—Daniel Sneider  
Asia Desk

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## Vietnam Foreign Minister:

*This interview with Vietnamese Foreign Secretary Nguyen Co Thach, their acting foreign minister, was conducted by Asia editor Daniel Sneider early in the days of the Havana summit, before the final decision of the conference to oust the Pol Pot regime from its remaining claims to represent Kampuchea in the Nonaligned movement. The Vietnamese minister spoke with confidence and at times with anger over the present situation in Kampuchea, particularly when he revealed the startling news that the U.S. government has attached incredible political condi-*

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### EXCLUSIVE INTERVIEW

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*tions to the supply of vital food aid to Kampuchea. More than 2 million of the population that remains after Pol Pot's murder of some 3 million Kampuchians are in danger of famine and starvation. It was Thach who earlier this year revealed to Western reporters—subsequently confirmed by State Department officials—that normalization of relations between the U.S. and Vietnam was all but concluded, minus only the names on the dotted lines, when the rug was pulled out by the State Department in deference to the U.S.'s new-found Chinese allies, with whom the U.S. established diplomatic relations last December.*

**EIR:** *What is your position on the seating of the Heng Samrin government at the Nonaligned summit?*

**Thach:** The Heng Samrin government is the expression of the aspirations of the peoples of Cambodia because they have come up from the uprising of the population of Cambodia to overthrow the criminals of Pol Pot who were acting against the people of Cambodia. So we are for the seating of Heng Samrin.

**EIR:** *How can there be an argument against the Heng Samrin government being seated when the new Uganda government is to be seated? Do you see a comparison between what happened in Uganda and what happened in Kampuchea?*

**Thach:** It is really a question of the double standards of the governments that had supported the seating of Uganda and refuse to seat the Heng Samrin government. In this question of seating Heng Samrin or not there is a shadow of China over there, so there is a difficulty. If you would like to see the real picture of Vietnam-Cambodia relations you must put it in the

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# genocide is the issue in Kampuchea

context of China-Vietnam-Cambodia relations. So this is the reason why Heng Samrin is not seated.

**EIR:** *Do you think there is an effort to split the Non-aligned Movement along East-West lines that is going on also in this conference?*

**Thach:** I don't think so. There is a design from the American government and from Peking to divert the movement from their objective of struggle against imperialism, against colonialism, divert it from these objectives and go to the line of China. That is, against the socialist countries and against the revolutionary movement in the world and for the sake of the hegemony of U.S.A. imperialism and of Chinese hegemony in the world.

**EIR:** *Don't you think that the argument around the question of Kampuchea has also diverted attention from other issues, particularly the economic issues of the new world economic order?*

**Thach:** Certainly, there are many big issues in this conference and the Cambodian issue had taken a long time, too much time from the conference. But it could help, the long discussion of the Cambodian question has helped form very much the discussion of other matters because this discussion not only benefits the Cambodian people but benefits also the anti-imperialist trend. It contributes to help the anti-imperialist trend in other matters because after the debate on the Cambodian question, even the seating could not be solved, but the main trend is for anti-imperialism and anticolonialism. You see 19 countries had urged the seating of Pol Pot and 18 countries had urged the seating of Heng Samrin and about 10 countries had asked for an empty chair. The numerical aspect is not very important, but the content of the debate is very important. Why? Because even among the 19 countries who had asked for seating of Pol Pot, nobody dared to defend the Pol Pot regime. On the contrary, out of 19 countries who had urged the seating of Pol Pot, more than 10 countries had condemned the Pol Pot regime. Even Singapore, which is leading this group, had told the conference they have repugnance for this barbarous regime, you see, and of course other delegations all condemned the Pol Pot regime. So this demonstrates, you see, that the main trend of the conference is against imperialism and colonialism. As for the countries who had urged the seating of Pol Pot, their argument is only procedural.

**EIR:** *What you said made me think of something. It is very obvious that even the United States and certainly its allies here, like Singapore, can no longer defend Pol Pot. Therefore it becomes equally clear that they must try increasingly to go for what is called the Sihanouk option. And I have heard reports that Mondale, when he was in Peking, was discussing with the Chinese dropping Pol Pot and going for Sihanouk to form a new government in exile, which he has already declared he will do; and that this is the government that they will support rather than Pol Pot. This is a step back, but it is a new approach toward the same objective. How do you understand that?*

**Thach:** I understand that this shows only that they manipulate the government in Cambodia. They could choose one or the other and how to impose it upon the Cambodian people. This shows only their indifference for the Cambodian people. How to decide who will lead the government? It was decided in Peking and in Washington, not in Cambodia.

**EIR:** *On the question of the new world economic order, does the Vietnamese government favor the creation of a new international monetary and credit system, a universal system, to replace the IMF and the World Bank?*

**Thach:** We are for restructuring the old economic order of the world. Not only monetary and financial assistance, also trade assistance. It must be restructured for a new world economic order.

**EIR:** *I think that if you look at the role of the IMF, let us say for example, in Nicaragua, you'll see that the IMF gave credits to the Somoza regime only weeks before it fell—\$66 million. The IMF said Somoza was credit-worthy, but the IMF at other times—as I think is pointed out in the draft document—has used the pressure of its credit, its debt, to impose economic policies against the interests of those nations. Even where there is a great need for international aid, for food, to look now at the situation in Kampuchea, the IMF imposed conditions with the granting of that aid. Do you see that the struggle against the IMF, against the role of the IMF, therefore links together many of these questions?*

**Thach:** Yes, yes, you are right. We agree that the IMF is doing business with the Third World, so they would like to impose conditions. We are against any humiliation, interference or subjugation of the third world by the IMF.

**EIR:** *Do you feel that the Chinese and American pressure is responsible for the position of the ASEAN nations here on the Kampuchean issue? And let me add one other thing to that: Do you see a difference between the position that Singapore takes—and I would view Singapore as virtually a British colony—and the position, let us say, of Indonesia? Because it is my impression that Indonesia does not feel so strongly as Singapore does about this question.*

**Thach:** You are right. There are nuances. But on the whole, you see, they base their objectives on the so-called principle of non-interference, non-armed intervention. Who are they? They are China, they are U.S.A., they are Japan and they are ASEAN. And if you look into the past, the U.S.A. had a great war, aggression against the Cambodians, Vietnam and Laotians. Now they say that they are against armed intervention. China had invaded my country. They say that they are against armed intervention. And you see Japan, they invaded the Indo-Chinese states during the second world war. And as for ASEAN, they have supported the U.S.'s aggression against Vietnam, Cambodia, and Laos. So it is a double standard. Their game is against the independence and peace of the Indo-Chinese states. And you see, now they have a double standard in this way also. They ask for the pulling out of Vietnamese troops from Cambodia. But in the same time they urge the staying on of American troops in Southeast Asia—the Chinese, the ASEAN, Japan. Furthermore, you see that our presence in Cambodia is not the same as Americans staying on, because we were in Cambodia this time, for the third time. First, during the French war, second during the American war, and now the third time during the Chinese war. The two preceding times, we withdrew after the war. Now we will withdraw after the Chinese threat against Vietnam, Cambodia and Laos will end, and the security in this area and of these countries will be guaranteed.

**EIR:** *Let me switch to the subject of U.S.-Vietnam relations. When the congressional delegation was in Hanoi, there seemed to be some progress on this question, and you revealed some very interesting facts concerning the past history of the negotiations. What do you think are the prospects now for normalization of relations?*

**Thach:** We are very optimistic. Because, first, we had a very long war with the U.S.A. Now the war at last has ended. This is progress you see. Now we have talks, now suspension [of the talks], if they like to suspend them, but there is no more war between Vietnam and the United States. It is a new thing. We are eager, or we are ready for normalization tomorrow, or the day after tomorrow. But what is the difficulty now? It is the shadow of China on our relations.

**EIR:** *Very obvious. A last question: The Cambodian*

*situation, according to the reports from many people—including from the editor of New Wave [of India], who was just there—is a very serious situation, and very horrifying in many ways, particularly the conditions of the people. What must be done, and what must the United States and other countries do? Vietnam is already doing a great deal, but what is still needed, and what can you say especially to the American people as to what the needs are that they can fulfill in Cambodia?*

**Thach:** You see, if you compare the danger now, or the difficulty now of the Cambodian people and their difficulty under the Pol Pot regime, the difficulty now is much less than before, because now the people are master of their country so they can deal with it with less difficulty. But even so, there are difficulties they must face. Firstly they must face their own means. That means production, to produce the things that have a very short harvest time; and they must tighten the belt. These are the things done by people who have self-respect and at the same time, they ask for the help of friends, of peoples of the world. But the Vietnamese and Cambodians, we are self-respecting people. We ask help. We welcome any help. But we will not bow our head before the conditional aid from the U.S. government, or from China and others who would like to use the aid as a means of grasping Vietnam and Cambodia in their hands.

**EIR:** *Has the U.S. government put specific conditions to you for the transfer of food aid, for example, to Cambodia?*

**Thach:** Yes, they are very tricky. They would like to divide the aid into three parts. One is for Heng Samrin. One is for Pol Pot. Another is for a non-controlled zone. It is pure imagination. This imagination is only to support their policy, to have three components in the solution of the political problem in Cambodia. It will not work, you see. A trick is a trick. A trick would not work.

**EIR:** *Where would they deliver the aid to Pol Pot, to Peking?*

**Thach:** Yes. They have helped Pol Pot through Peking, because they play the China card.

**EIR:** *It's the only card they have.*

**Thach:** Yes, and this China card could not help its player. Because for instance in Iran, the Shah of Iran collapsed after the collusion between, after the visit of Hua Kuo Feng in Iran. Then you see in Cambodia, there is collusion between them. And they could not prevent the collapse of Pol Pot.

**EIR:** *This is clear. Thank you.*

# The key speeches of the summit

## Fidel Castro: 'no revolutionary has the right to be a coward'

*Following are excerpts from Cuban President Fidel Castro's keynote speech to the Sixth Summit of Nonaligned Nations in Havana, Sept. 3. Subheads have been added.*

Your Excellencies, Guests, Comrades: I would like to ask that the first moments of this solemn event be dedicated to the memory of a beloved friend whom we all admired, a hero of his country's liberation and revolution, a man who guided the Algiers Summit Conference brilliantly in 1973 and who did much for the strength and prestige of the Nonaligned Movement, the late President of Algeria, Houari Boumediene. ...

Ninety-four states and liberation movements are represented here as full members of this 6th Summit Conference. This Summit Conference is, therefore, the one with the largest attendance and with the greatest number of nonaligned and national liberation movement leaders ever held. ... All efforts to sabotage the Havana Summit Conference have proved futile. All pressures, hectic diplomatic efforts and intrigues to prevent this Conference from being held in our country were in vain.

The Yankee imperialists and their old and new allies—in this case I refer to the Chinese government—didn't want this Conference to be held in Cuba. They also engaged in dirty scheming, saying that Cuba would turn the Movement of Nonaligned Countries into a tool of Soviet policy. We know only too well that the U.S. government even got hold of a copy of the final draft declaration, drawn up by Cuba, and made feverish diplomatic contacts in an effort to modify it. We have irrefutable proof of this....

Since when does the United States have the right to involve itself in the Nonaligned Movement and decide how our documents should be drawn up?

What is the reason for the reactionary opposition to

Cuba? ... It is all too well known—and has been admitted and officially published in the United States—that the authorities of that country spent years organizing and methodically plotting to assassinate the leaders of the Cuban Revolution, using the most sophisticated means of conspiracy and crime. ... The U.S. government has not yet deigned to give any kind of apology for those vituperative and uncivilized actions.

The true measure of a revolutionary people—the unblemished conduct of a country that cannot be bribed, bought or intimidated—is given by the imperialists' hatred.

### International relations

In our international relations, we express solidarity with deeds, not fine words. Cuban technicians are now working in 28 countries that belong to our Movement. In the vast majority of those countries, because of their economic limitations, that cooperation is provided without charge, in spite of our own difficulties. Right now, Cuba has twice as many doctors serving abroad as does the U.N. World Health Organization.

Noble, self-sacrificing Cubans have died thousands of miles from home while supporting liberation movements, defending other peoples' just causes and fighting against the expansionism of the South African racists and other forms of imperialist attacks on human dignity and the integrity and independence of sister nations. They express the purity, selflessness, solidarity and internationalist consciousness that the Revolution has forged among our people.

What charges can be brought against Cuba? That it is a socialist country? Yes, it is a socialist country, but we don't impose our ideology or our system on anyone, either inside or outside the Movement, and being socialist is nothing to be ashamed of. That we had a radical revolution in Cuba? Yes, we are radical revolutionaries, but we don't try to impose our radicalism on anyone, much less on the Nonaligned Movement.

That we maintain fraternal relations with the Soviet Union and the rest of the socialist community? Yes, we are friends of the Soviet Union. We are very grateful to the Soviet people, because their generous cooperation helped us to survive and overcome some very difficult and decisive periods in our people's life, when we were even in danger of being wiped out. No people has the right to be ungrateful. We are grateful to the glorious October Revolution because it ushered in a new era in

human history, made it possible to defeat fascism and created a world situation in which the peoples' self-sacrificing struggle led to the downfall of the hateful colonial system. To ignore that is to ignore history itself....

I wonder whether the United States or any other NATO country has ever helped a single liberation movement anywhere in the world....

If membership in the Nonaligned Movement depended on betraying our deepest ideas and convictions, it would not be honorable for me or for any of you to belong to it. No revolutionary has the right to be a coward.

There are some who have made an art of opportunism. We Cuban revolutionaries are not and never will be opportunists. We know how to sacrifice our own national economic interests whenever necessary to defend a just principle or an honorable political position. We Cubans will never renege on what we said yesterday, nor will we say one thing today and do something else tomorrow....

We have worked tirelessly to create the material and political conditions to make this event a success. We have respected and we will continue to totally respect the rights of all members of the Movement. We have fully and scrupulously fulfilled our duties as host country and will continue to do so. ... We will work with all member countries—without exception—to achieve our aims and to implement the agreements that are adopted. We will be patient, prudent, flexible, calm. Cuba will observe these norms throughout the years in which it presides over the Movement. I declare this categorically.

We have grown and advanced. ... Vietnam is united and free after 30 years of extraordinary and admirable struggle. The Shah is no longer the Shah. CENTO no longer exists; Somoza is no longer in power; and the fascist Gairy no longer rules tiny heroic Grenada. These are unquestionable victories for independence, progress and freedom. Our causes triumph because they are just!...

First of all, I refer to the long-suffering, courageous Palestinian people. No more brutal pillage of a people's rights to peace and existence has occurred in this century. Please understand that we are not fanatics. The revolutionary movement has always learned to hate racial discrimination and pogroms of any kind. From the bottom of our heart, we repudiated the merciless persecution and genocide that the Nazis once visited on the Jews, but there's nothing in recent history that parallels it more than the dispossession, persecution and genocide that imperialism and Zionism are currently practicing against the Palestinian people....

Imperialism has sought to impose its own peace, using betrayal and division. An armed, dirty, unjust, bloody peace will never be a true peace.

The Camp David agreement is a flagrant betrayal

of the Arab cause and of the Palestinian, Lebanese, Syrian, Jordanian—all the Arab peoples, including the Egyptians....

International policy should be ethical. The Movement of Nonaligned Countries should roundly denounce the Camp David agreement. Moral censure, at least, is essential. ...

### **Southeast Asia**

Cuba's position on the problems in Southeast Asia is crystal clear. For our people, Vietnam is sacred. We once swore that we were willing to die for Vietnam....

What right does China have to teach Vietnam a lesson, invade its territory, destroy its modest wealth and murder thousands of its people? The Chinese ruling clique that supported Pinochet against Allende, that supported South Africa's aggression against Angola, that supported the Shah, that supported Somoza, that supports and supplies weapons to Sadat, that justifies the Yankee blockade against Cuba and the continued existence of the naval base at Guantánamo, that defends NATO and sides with the United States and the most reactionary forces of Europe and the rest of the world, has neither the prestige nor the moral standing to teach anybody a lesson....

Cuba's position on the problem of Kampuchea is known. We recognize the only real, legitimate government of Kampuchea, which is the People's Revolutionary Council of the People's Republic of Kampuchea, and we endorse Vietnam's solidarity with that fraternal country. People keep saying that Vietnam sent fighters to support the Kampuchean revolutionaries. Why don't they say that the bloody clique that had seized control of the country, in complicity with China and imperialism, provoked and attacked Vietnam first and that there is indisputable documentary proof of mass murders perpetrated against Vietnamese men, women, old people and children?

With all our energy, we condemn the genocidal government of Pol Pot and Ieng Sary. Three million dead accuse them....

Nevertheless, Cuba, mindful of its obligations as host country, offered the facilities for both parties to be present in Havana until the Movement comes to a decision in this regard....

The new Nicaragua requires maximum cooperation from the international community for the reconstruction of the country, which was destroyed by nearly half a century of the Somoza dynasty, spawned by the Yankee Marines. It is only right that we give it our solidarity.

### **Nonaligned goals**

We do not support the thesis that a world nuclear war is inevitable. That fatalistic, irresponsible attitude is the surest path to the annihilation of mankind in a universal

holocaust. Never before has mankind had that technological possibility. We cannot be so stupid as to ignore it. For the first time in history our generation has had to confront these risks....

We must demand peace, détente, peaceful coexistence and disarmament. We must demand and win them, because they will not come about by spontaneous generation, and there is no alternative in today's world, if we are to preserve the very existence of mankind.

We must encourage every step that leads along this path. Therefore, we should welcome the SALT II agreements between the Soviet Union and the United States and the future steps that are promised in this field....

More than \$300 billion a year is spent on arms and other military expenditures throughout the world, according to statistical publications, and this figure may be a conservative one. ... \$300 billion could build 600,000 schools, with a capacity for 400 million children; or 60 million comfortable homes, for 300 million people; or 30,000 hospitals, with 18 million beds; or 20,000 with jobs for more than 20 million workers; or an irrigation system for 150 million hectares of land—that, with the application of technology, could feed a billion people. Mankind wastes this much every year on military spending. Moreover, consider the enormous quantities of young human resources, scientific resources, technicians, fuel, raw materials and other items. This is the fabulous price of preventing a true climate of confidence and peace from existing in the world.

These questions lead us directly to the topic of economics. More and more statesmen and leaders in our Movement are stating the need to place this matter at the center of our concerns. You are statesmen who wrestle every day with the knotty economic questions of your countries....

Progressive governments that are making a noble effort to develop and increase the well-being of their countries are overwhelmed and may even be wiped out by economic difficulties and unfair, unpopular conditions imposed by the international credit agencies. What political price haven't many of you had to pay because of the rules laid down by the International Monetary Fund? We Cubans, who were excluded from that institution because of an imperialist dictate, aren't quite sure whether that exclusion was a punishment or a privilege....

One of the most acute problems facing the non-oil-producing underdeveloped countries—the vast majority of the members of our Movement—is the energy crisis. The oil-exporting countries—all of which are in the underdeveloped world and almost all of which belong to the Movement of Nonaligned Countries—have always been supported by the rest of our countries in their just demands for the revaluation of their product and an end to unequal terms of trade and the wasting of energy....

We appeal to the sense of responsibility of the large oil-exporting countries in our Movement, asking them to strike out courageously, firmly and boldly in implementing a wise and farsighted policy of economic cooperation, supplies and investments in our underdeveloped world, because their future depends on ours.

I am not asking you to sacrifice your legitimate interests; I am not asking you to stop all-out efforts to develop and raise the well-being of your own peoples; I am not asking you to stop trying to safeguard your future. I am inviting you to join us and to close ranks with us and struggle together for a real new international economic order whose benefits will extend to all.

No money can purchase the future, because the future lies in justice, in our consciences and in the honest and fraternal solidarity of our peoples....

Those of us meeting here represent the vast majority of the peoples of the world. Let us close ranks and unite the growing forces of our vigorous Movement in the United Nations and in all other international forums to demand economic justice for our peoples and an end to foreign control over our resources and the theft of our labor. ... May a firm determination to struggle and concrete plans of action come out of this 6th Summit Conference: deeds, not just words.

Perhaps this speech inaugurating this conference has been somewhat undiplomatic, not quite in line with protocol, but no one should doubt the complete loyalty with which I have spoken. Thank you.

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## Jamaica's Manley: 'Nonalignment is not neutrality'

*Jamaican Prime Minister Michael Manley lashed out and the International Monetary Fund, and strongly defended the stance assumed by Cuban President Castro, in his Sept. 4 address to the Nonaligned Summit. Following are excerpts (subheads added).*

...History, Comrade President, occasionally produces Movements and Men which together provide the impulse and the inspiration for great processes of change. Such Movements and such Men are at once catalyst and rock: catalyst, because it is hard to imagine how the change could have taken place without them; rock because they seem to provide a foundation on which new structures can be built.

When we think of the Nonaligned Movement, we think of President Tito as catalyst and rock. So, too, were Nasser, Nehru and Sukarno. We think of the early impulses of racial pride, self-awareness and self-confidence which were the prerequisites of African freedom, and we know that Jamaica's Marcus Mosiah Garvey was the catalyst and the rock. No man speaks of African Independence and forgets Kwame Nkrumah as catalyst and rock.

We may claim to be Communist or Socialist, or Humanist or simply progressive. But all anti-imperialists know that the balance of forces in the world shifted irrevocably in 1917 when there was a Movement and a Man in the October Revolution and Lenin: Catalyst and rock....

We have seen forces of progress extinguished in Guatemala, snuffed out like a candle in the Dominican Republic, undermined and finally overwhelmed in Chile; and yet I dare to assert that, despite these tragic reversals, the forces committed to the struggle against imperialism are stronger today than ever before. We believe that this is so because our hemisphere has had a Movement and a Man: a catalyst and a rock: and the Movement is the Cuban Revolution, and the Man is Fidel Castro....

Those among the developed countries who seek to malign you and your country as a surrogate acting upon foreign orders, mistake the Cuban Revolution, mistake the Nonaligned Movement, and above all, they mistake the man—Fidel Castro....

We who are here know that the balance of power and opportunity was altered positively and irrevocably in Africa during those fateful days when Cuban Comrades helped their African brothers to inflict the first military defeat upon the racist army of South Africa in Angola! We know the agony of decision through which you had to pass before committing your brave sons to struggle and even die in a faraway land. On that act alone you, your people, your revolution and the martyrs who died have written an epic chapter in the history of freedom. Our presence here this week is the answer to those who have tried to use your courage as the means to divide our Movement. ...

#### **Role of the Nonaligned Movement**

But there are some who ... contend that Nonalignment should mean neutrality regardless of circumstances. No one believes that nonsense in this room, I am sure...

If one of our members, or the Movement as a whole, takes a position which coincides with a position taken by, for example, the Socialist Group, it is claimed that we are surrogates of "Socialist bloc power." Nothing could be further from the truth. When that occurs we are glad that somebody else shares our view. Let the countries of the developed world understand that we will not change our view so as to avoid a coincidence of view with the Socialist world, or any part of the

world. And for those who are concerned about the fact that there are increasing examples of a coincidence of view between the Nonaligned Movement and, say, the Socialist Group about matters like liberation struggles, the matter can be simply remedied by the developed countries changing their position and joining us in what would then become a true international consensus! And, certainly, we welcome all occasions when our views do coincide with those of the developed countries: our only regret is that this seems to happen so seldom....

Let me state publicly the repugnance to Jamaica of the bloody, genocidal practices of the fallen Pol Pot regime. On the facts now known to us there can be no justification for further withholding recognition from the Heng Samrin government.

We now have very clear ideas about the problems of conditionality in the International Monetary Fund and a painful awareness of how inadequate is the foreign exchange it can make available even when its terms of conditionality have been met. I believe I can say that there are few countries in the world which know more about this problem than Jamaica....

Our technicians know how significant change might be achieved. And yet on no front is there significant progress! Clearly, that infinitely complex structure of interlocking corporate power that largely runs and controls the bulk of the world's economic system is presently beyond either the will or the capacity for control of the political leadership of the developed world.

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## Tito: Nonaligned must maintain equidistance

*Following are excerpts from Yugoslav President Josip Broz Tito's address to the Sixth Conference of Nonaligned countries.*

Recalling the days of the emergence of nonalignment I can say that we were then and are today fully aware that the struggle for national, political and economic emancipation is an imperative. The cold war which threatened to engulf the whole world and to jeopardize its very existence, clearly showed bloc policy to be sharply at odds with the interests and aspirations of mankind.

We have never equated the blocs, either in terms of

the time when they were founded or on the basis of any other characteristics. We have from the very outset been consistently opposed to bloc policies and foreign domination, to all forms of political and economic hegemony, and in favor of the right of each and every country to freedom, independence and autonomous development. We have never consented to be anyone's rubber stamp or reserve, as this is incompatible with the essence of the policy of nonalignment....

In a word, the period of time which has elapsed since the Belgrade Conference gives us the right to say that, without the policy of nonalignment, the world would present quite a different image, and worse might have come to worst. As a matter of fact, the trend towards total bloc division and further fanning of the cold war would unavoidably have brought us to the brink of catastrophe....

In the Middle East, Israeli aggression and occupation of the territories of Arab countries persists, in insolent defiance of the fundamental principles of the international legal order inscribed in the Charter of the United Nations. For years, the Arab people of Palestine have been prevented from exercising their legitimate rights. And the Palestinian question is the crux of the Middle East crisis. Unless it is solved, there can be no just peace or lasting security in the whole region, and beyond. If we wish to be realistic, we must openly say that the road of separate solutions does not lead in that direction....

We are also very worried by the worsening of the crisis in Southeast Asia, by the outbreak of armed conflicts and the use of force in dealing with existing disputes. This endangers the security and independence of the peoples of that region and holds the threat of wider conflicts.

Above all, we must not reconcile ourselves to the imposition of foreign will on peoples by military interventions. Such behavior is totally incompatible with the principles of the Charter of the United Nations and the policy of nonalignment. Thus, here again, we see a way out of the crisis in the withdrawal of all foreign troops from the territories of other countries and in respect for the independence, security and peaceful development of all countries in that region....

The nonaligned countries attach great importance to the process of relaxation of tensions in international relations, which they also consider to be in their own vital interest. Regrettably, this process is not a stable one and is attended by great hardships. Moreover, it is in a state of serious stagnation. Its main weakness lies in the fact that it is still limited by bloc interests. And that breeds the danger of new confrontations with unpredictable consequences. The policy of relaxation of tensions must not serve anyone as a foothold for exerting pressure on any country whatsoever. It must not be pursued at the expense of third parties....

However, while our policy has asserted itself and

our movement has strengthened, we have also been confronted with certain difficulties. Some are the legacy of the past or the outcome of different conditions of development. Others stem from foreign influences and diverse orientations, and this is apt to generate the danger of divisions in the movement. ....

Our movement is turned towards the key problems of the present-day world—to the problems of peace, security, development and general progress. It expresses the essential interests of all mankind, and not only of one part of it. Its historical responsibility is therefore so much the greater. It is the responsibility of all of us. We must always bear in mind all that we have in common, all that unifies us. We must strive against everything that divides us and resist all attempts to insinuate alien interests into our ranks.

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## Singapore's Foreign Minister calls for a second Cold War

*Following are excerpts of the speech delivered by S. Rajaratnam, minister for foreign affairs of the Republic of Singapore, to the Sixth Conference of the Nonaligned Countries.*

We have before us a request for the expulsion of Democratic Kampuchea. ... Those who are making this demand for expulsion have other objectives in mind than strengthening the cause of nonalignment.

It is my contention that the Kampuchean issue is something more than a military squabble between two member states. It may be presented as such but if you consider it against the background of the second Cold War which has emerged out of the ashes of the first, the Kampuchean issue can be seen as the start of an attempt, as in the First Cold War, to align the Nonaligned countries in great power conflicts. If the Kampuchean issue has, as I outlined it, manifested some odd features, they were the consequences of trying to conceal from us the fact that we are being maneuvered into alignment in the New Cold War.

The Nonaligned Movement is the product of two major international issues the world faced at the conclusion of the Second World War—anti-imperialism and the ideological Cold War between the Communist bloc led by the Soviet Union and the capitalist bloc led by the United States.

The war in Indochina and the Kampuchean issue should therefore be seen in the context of the rivalry between the People's Republic of China and the Soviets. It has very little to do with the nature of the Pol Pot regime or with that of the Heng Samrin regime. The war in Indochina is basically a great power proxy war. The Kampuchean question which is now before this Conference is an attempt to align this Movement in this second Cold War.

We all know that Democratic Kampuchea is not aligned to any power bloc. The aggressor is.

We know that Democratic Kampuchea has not sent occupation armies invited or otherwise, into another country. The aggressor has.

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## Zambia's Kaunda: we need western capital to develop

*Following are excerpts from the address given by Zambian President Kenneth Kaunda to the Sixth Conference of Nonaligned Countries. Kaunda addressed the heads of state summit on Sept. 7.*

Comrade Chairman,

When I was given the opportunity to move a vote of thanks I said among other things, that the Sixth Nonaligned Summit was being held in an extraordinary country with an extraordinary people led by an extraordinary man. Indeed, this is as it should be. All men and women the world over get the leaders they deserve. In the words of Comrade Castro himself, "Leaders do not shape peoples: it is the peoples that shape their leaders." The Cuban people are indeed extraordinary for choosing him and for rallying and closing ranks solidly behind him. Comrade Castro is indeed an extraordinary man leading an extraordinary people.

We in Zambia are not against International Capital. Indeed, we want it. We need it to develop our people so that they can realize their full potential as God's people. But we do not want exploitative international capital, capital that comes to destroy and not construct. The same international capital that enslaved us, plundered our wealth, is the capital that today enslaves the great

people of Chile. It is the capital behind the ever-exploding volcano of the Middle East, leaving a trail of death and destruction in Lebanon! Yes, it leaves a trail of fear, hatred, division and death in Cyprus. It is the capital that propped up the regime of Eric Gary, Idi Amin, Battista, Nguema and is today the capital propping up the savage regime of Bokassa of the so-called Central African Empire. Yes, it is the capital that props up the rebel regime in Salisbury, and the minority racist regime of South Africa in Namibia and South Africa. It is the ultimate force behind the Vietnam conflagration. It is the capital that punishes the weak like Cuba by total trade boycotts. It is the capital that imposes itself on the national naval or air bases of independent countries.

We want and indeed appeal to the developed countries of the West to understand that we need their capital to develop. But also that capital used to enslave us, to undermine our independence and prostitute our people, is a reincarnation of slavery. This is what happens every time that this capital is used to create areas of instability for the sake of furthering the economic interests of the strong. For so long as this capital is used to bolster the ambitions of the strong, for so long shall the Third World continue as an area of permanent friction and war. Our children do not want bullets: they want food. We do not want swords: we want plough shares. We cry for the weapons of progress. But alas, instead we get Trojan horses laden with weapons of death. The developed world pleads that it does not have the resources to help us develop ourselves. And yet how swift and forthcoming it is to create in our midst conditions of war.

We want peace because in our midst is a more primary infrastructure for progress than even the inflows of strictly economic and therefore acceptable capital. We welcome the agreement on SALT II between the United States and the Soviet Union because it offers the prospect of peace to the embattled human race. But the developed countries should remember that we too of the Third World are part of that quest for peace: that SALT II itself will fail unless the spirit of detente pervades the whole world. Development and the objective use of international capital are essential to that process of peace. It is because exploitative international capital is so basic to major conflagration that we in Zambia condemn it. We call for a major reform of these international capital institutions to make them agents of development and not fomenters of discord.

There is an obligation, nay a duty, for the developed world to help the developing world. The primary basis of that obligation lies in the law of morality alone. But if this is not sufficient, the developed countries have a self-interest in helping the developing countries.

# Presidency 1980

## *This week: who's running Ronald Reagan*

In 1976, Ronald Reagan, the titular head of an aroused and vigorous national conservative movement, allowed a coterie of Buckley-oriented liberals headed by his aide John Sears to disorient his presidential campaign to the point that he blew certain victory in both the GOP nomination sweepstakes and—had he won the Republican nomination—in the general election against the hapless Jimmy Carter.

Is history repeating itself in 1980?

On August 15, the ultraliberal *Washington Post* published an OpEd which presented the standard Zionist lobby argument that the United States should treat Israel as its main ally in the Middle East. Attacking American policymakers for “downgrad[ing] Israel’s geopolitical importance as a stabilizing force ... in the ever-turbulent Mideast,” the article concluded that “only by full appreciation of the critical role the State of Israel plays in our strategic calculus can we build the foundation for thwarting Moscow’s designs on territories and resources vital to our security and our national well-being.”

The author of this piece wasn’t Henry Kissinger or Henry Jackson or any of the other stars of the thoroughly discredited British school of geopolitics, but “conservative Republican” Ronald Reagan.

Not surprisingly, Reagan’s rabidly pro-Israel statement has provoked considerable comment. While such Zionist lobby spokesmen as Rita Hauser (one of John Connally’s key advisors) were elated with “Ronnie’s shift toward our point of view,” reaction among the ranks of Reagan’s grassroots loyalists has ranged from confusion and disbelief to dismay and outright anger.

And well it should. Actually written by Joseph Churba, a former Air Force intelligence operative who collaborates closely with Israel’s Mossad, Reagan’s “Israel right or wrong” statement is persuasive evidence that the undeclared presidential candidate—the man whom millions of Americans have rallied behind in the hope that he will rescue the nation from the Eastern Establishment—has been effectively captured by these very elements.

Reagan’s *Washington Post* OpEd is by no means the

only factor which is leading many of his closest supporters to suspect that his tendency to overdepend on a tight-knit circle of advisors and longtime financial patrons has reached the point where the former movie star, wittingly or not, is playing a part in the New York Council on Foreign Relations’ script for the 1980 presidential elections.

For the past six months at least, Reagan has been taking positions on issues which smack of CFR liberalism: his pro-Zionist stand and his attack on SALT II from the same standpoint as George McGovern—that it doesn’t limit arms development enough—are just two examples.

This kind of talk has alarmed the traditional conservative Republicans who make up the bulk of his supporters. Also deeply disturbing has been the slowness with which Reagan’s campaign is moving, and his silence on many critical issues. Some GOP insiders even suspect that Reagan may not be going to make a serious bid for the nomination after all.

Adding to their worries is the ouster two weeks ago of Lyn Nofziger from Reagan’s campaign apparatus. One of Reagan’s oldest political lieutenants, Nofziger was the last representative of the old-line conservative wing of the Reagan movement within the candidate’s inner circle of strategists.

According to published reports, Nofziger resigned when the faction led by John Sears and Michael Deaver, Reagan’s top political strategists, won its fight to “moderate” the former California governor’s “right-wing” image to make him palatable to East Coast constituencies. It is reported that Nofziger particularly objected to the kind of “packaging” exemplified by the by-now notorious *Washington Post* article.

What is being described as the “Sears coup” raises very serious doubts about Reagan’s ability to act as the national spokesman and presidential candidate for the kind of antiliberal, pro-American System movement that most of his followers are counting on him to lead.

There is every reason to believe that Sears is acting in cahoots with the CFR’s scheme to rig the Republican nomination contest so that Reagan, despite his current

overwhelming lead in the polls, will lose the nomination to Alexander Haig or, should Haig's campaign continue to lag, John Connally.

In the interim, according to the CFR's scenario, the Reagan "campaign," under Sears's stage-management, will serve two main functions: selling the Haig-Connally platform to the Reagan base, as the Californian's Mid-east statement was meant to do; and keeping Reagan's massive following from bolting to a more viable independent candidate, such as U.S. Labor Party Chairman Lyndon H. LaRouche, until it can be delivered to either Haig or Connally at the Republicans' convention next summer.

Peter Voss, director of Reagan's campaign in Ohio in 1976, warned in a *New York Times* interview: "If there's an effort to make Governor Reagan what I would consider a 'born-again moderate,' I would personally think it would be a serious mistake—I've had too much experience with the problems you create when you give up a political base and attempt to reach out for another.

"I had a meeting yesterday with a man who had personally raised \$150,000 for Reagan, and he was very concerned over whether he was going to veer away from his conservative values," Voss continued. "He's a very important person who is doing what he's doing not for Reagan but for what Reagan has long stood for. If he walks away from those values, a lot of the allies he has had will just become neutral." And Clymer Wright, Reagan's director of fundraising in Texas, told the *Times* that the ramifications of the Sears coup "can turn a situation from one in which you have a candidate who can't lose to one who probably couldn't win."

Meanwhile, there is no indication that Reagan is picking up any compensating support for the liberal layers to whom Sears has persuaded him to pander.

### **John Sears: A CFR sleeper in the Reagan camp?**

Just who is Sears, who has so gained Reagan's confidence that he can now proceed openly to rip the Californian's traditional campaign apparatus to shreds with Reagan's apparent approval?

Often described by Reagan intimates at the candidate's "alter ego"—and by others as "Reagan's Rasputin"—Sears has a history of political chameleonism that would make Brutus blush. A graduate of Notre Dame, where he led the "Kennedy for President" forces in 1960, and of the Jesuit-run Georgetown University Law School, Sears joined a clique of Young Turks who were extremely active in GOP internal politics during the 1960s. Sears's closest collaborators at this time included CFR member Robert Ellsworth, a member of Lazard Freres (the New York "Our Crowd" investment banking firm which handles both the *Washington Post* and Kennedy family portfolios). Ellsworth later became

Ambassador to NATO and then one of Defense Secretary James Schlesinger's chief aides during the Ford administration.

Recruited to Richard Nixon's 1968 presidential campaign through the Nixon, Mudge, Rose, Guthrie law firm, Sears was subsequently booted out of a White House post in 1969 by Attorney General John Mitchell. Mitchell suspected Sears of leaking information to his cronies in the liberal Washington press corps, notably *Washington Post* columnist Joseph Kraft.

From the Nixon White House, Sears journeyed to Harvard University's Kennedy Institute for Politics to polish off his liberal education. Then, in early 1974, Sears startled his Washington buddies by hooking up with "arch-conservative" Reagan, who was finishing off his second term as governor of California.

Sears is very open about why he chose to offer his services to Reagan. According to one source, Sears believed that Reagan's Hollywood training made him "malleable" and "easily handled and educated"; someone who "could be directed and could learn his lines." Unfortunately, Sears's estimation of Reagan's character appears to be all too true.

There are, in fact, indications that Sears was deliberately deployed into the Reagan camp as part of the CFR's gameplan for putting Jimmy Carter in the White House—just as his current role is to use the Reagan campaign to get Alexander Haig elected president.

Although a newcomer to Reagan's circle, Sears began to dominate it almost immediately. Sears had come to Reagan with a specific proposal. Predicting that Nixon would not survive Watergate (this was in early 1974, making it highly probable that Sears had inside knowledge of the Eastern Establishment's plans for usurping Nixon's presidency), Sears suggested to Reagan that he consider running for the GOP nomination. Nofziger and other Reagan advisors flatly rejected the idea but Sears persisted and finally convinced Reagan to challenge President Ford in late 1974.

In order to ensure that Reagan would be persuaded, Sears enlisted the help of British Tory agent William Buckley and *National Review* publisher William Rusher. Both talked up the "Reagan option" constantly, both in private discussion and in the pages of *National Review*. Nevertheless, it is clear to most observers that had Reagan not pulled his punches, he could have walked into the White House. Instead, guided by Sears and Jimmy Carter's subsequent energy secretary James Schlesinger, Reagan was made to play the role of a "spoiler" on behalf of Carter.

Even after Ford was renominated, Sears, in particular, continued to sabotage the GOP campaign. In an open letter to the President, which the *New York Times* obligingly printed as the cover story in its Sept. 19, 1976 *New York Times Magazine*, Sears advised Ford to go on national television and tell the American people that "if Mr. Kissinger [then probably the most hated

## Is the Zionist lobby writing Reagan's lines?

*Ronald Reagan startled his conservative supporters when he published a vehemently pro-Zionist op-ed in the Washington Post Aug. 15. Though bearing his byline, the piece was actually drafted by former Air Force Middle East intelligence expert Joseph Churba. Excerpts follow:*

Stripped of rhetoric, the paramount American interest in the Middle East is to prevent the region from falling under the domination of the Soviet Union. Were Moscow, or even its radical allies in the region, allowed to establish dominance or acquire a stranglehold on the West's sources of petroleum ... the economies of the major industrial states would be jeopardized and the capacity of NATO and Japan to resist Soviet pressure would be dangerously impaired....

The existence of Israel has served as a convenience for the Soviet Union as well, but Russian aims for control over the entire [Mideast] region existed long before Israel's birth in 1948. Without this bastion of liberal democracy in the heart of the area, the Kremlin would be confined to supporting the militant regimes against pro-American conservative governments which would not be able to divert the

attention and energies of the radicals away from themselves by using the "lightning rod" of the "Zionist State." ...

The fall of Iran has increased Israel's value as perhaps the only remaining strategic asset in the region on which the United States can truly rely. ... Israel's strength derives from the reality that her affinity with the West is not dependent on the survival of an an autocratic or capricious ruler. Israel has the democratic will, national cohesion, technological capacity and military fiber to stand forth as America's trusted ally.

... Her intelligence services provide critical guidance to ongoing regional development, the technical know-how of her specialists could be used to service American equipment in a crisis, and her facilities and airfields could provide a secure point of access if required at a moment of emergency....

Therefore, it is foolhardy to risk weakening our most critical remaining regional strategic asset. Yet, if administration policies should serve to weaken Israel either through building the basis for a radical Palestinian state on her borders or through providing her with insufficient military assistance, the task of Kremlin planners dealing with the Middle East would be enormously eased and a determined barrier to Soviet expansionism in the region would have been withdrawn....

man in America, especially among conservatives] is unpopular, I assume it is because of decisions I have made in the foreign policy field. ... Henry Kissinger is the most knowledgeable man on foreign policy today and of course I would ask him to continue as my Secretary of State" if reelected.

Sears's open praise of Kissinger was a blatant rejection of Reagan's platform, and a stinging insult to both Reagan and Reagan's supporters. During his fight to wrest the GOP nomination from Ford, Reagan had continually targeted the despised Kissinger and his policies. More than anyone else, Kissinger had come to symbolize the Eastern Establishment's control over the Republican Party, and Reagan's attacks on him drew the support of many conservatives of both the Republican and Democratic parties.

Coupled with Ford's decision not to dump Kissinger—which reliable sources say was heavily based on Sears's "conservative" advice—Reagan's Sears-engineered challenge to Ford and his unenthusiastic support for the President's campaign probably did more to give Carter the winning edge on election day than any other factor.

Ford wasn't the only victim of Sears's treachery, though. Reagan's chances for the nomination were just

as insidiously undercut. Among the incredibly stupid tactics that Sears came up with during the final days before the Republican convention was to have Reagan name liberal GOP Senator Richard Schweiker as his running mate. That move promptly set the stage for Bill Buckley's brother James, then a Senator from New York, to offer himself as a last-minute "conservative" alternative to Reagan. Sears's Schweiker gambit not only temporarily paralyzed Reagan's machine and cost him crucial delegate votes, but also badly discredited the Californian in the eyes of many formerly staunch supporters. No wonder that many Reagan loyalists concluded that Sears was an agent of the "Rockefeller Republicans."

## Reagan: The malleable man

Why does Reagan continue to rely so heavily on Sears's advice in spite of his demonstrable disloyalty both to himself and the Republican Party, and his obvious ties to the CFR?

That question goes to the heart of the Reagan problem. If Reagan has displayed one fatal flaw during his political career, it is that he has never really been his own man.

Like many other American political leaders, Reagan has failed to put himself through the arduous process of intellectual self-development which would enable him to translate his basically decent "gut instincts" into viable policy initiatives. Instead, he has relied upon the advice of others, making him for all intents and purposes the creature of the financial circles and policy advisors who engineered his rise to political power.

The malleability which Sears praised so highly in Reagan has been evident from the beginning of his public career. A product of Hollywood—which is controlled top to bottom by British and Zionist lobby influence and serves not only as a mass brainwashing machine but as a key nexus for organized crime drug-running and dirty-money operations—Reagan has never escaped this milieu. In fact, these very networks have masterminded his entire political career.

His much-touted "Damascus Road" conversion from an ultraliberal member of the World Federalists and the Americans for Democratic Action into a friendly witness at HUAC investigations into alleged communist influence in the movie industry was orchestrated by two of his Hollywood patrons, Jack Warner of Warner Brothers, and Lew Wasserman, now head of MCA and a leading Zionist lobby and Democratic Party financier. Ironically, this transformation from what Reagan now describes as "bleeding heart liberal" into "free enterprise conservative" amounted to little more than exchanging one form of British liberalism for another.

Under Warner-Wasserman tutelage, Reagan became deeply engaged in the movie industry's union politics.

During the McCarthy period, while head of the Screen Actors Guild, Reagan began to make the transition from movie star to politico through his involvement in the huge fight for control over the unions.

Reagan's first major push into the political limelight came in 1954 when Ralph Cordiner, president of the Morgan-controlled General Electric Co., hired the fading actor to travel to every GE plant in the country—accompanied by an FBI man at every stop—to preach the message that the Communists were about to take over.

More important, Cordiner turned Reagan into a household word by putting him on national television as the host of the long-running GE Theater, a deal arranged by Reagan's friends at MCA.

During this time, Cordiner also helped mold Reagan's newly adopted "conservative philosophy." The GE head introduced his protégé to influential money-men in Morgan-connected circles, and put him in touch with Stanford University's right-wing think tank, the Hoover Institution on War, Revolution and Peace (see box).

More national visibility came Reagan's way in the early 1960s, when U.S. Borax hired him to emcee its popular Death Valley Days television series.

Reagan's break into the big time came in 1965 through a group of wealthy California businessmen led by Union Oil's A.C. Rubel, oilman Henry Salvatori (a member of Litton Industries' board of directors), Holmes Tuttle of Dart Industries, and Schick president Patrick Frawley (a funder of such causes as Roy Cohn's American Jewish League against Communism and the

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## Reagan's brain trust

Next to John Sears, the most influential Reagan adviser is "chief issues person" Martin Anderson, whose status as a former member of the MIT-Harvard Joint Center for Urban Studies typifies the influence of laundered, Buckleyite liberals in the Reagan inner circle. A product of the same liberal circles that advise the Kennedys, Anderson, a "free enterprise" liberal, is responsible for Reagan's simplistic attacks against "big government," "overregulation," and "government spending" as the chief sources of the nation's economic woes. Like economist Milton Friedman, a Mont Pelerin Society member and Harvard-connected

British-style liberal who also advises Reagan, Anderson believes that high interest rates, tight money, and increased unemployment are the best methods for beating inflation.

Among his other credits, Anderson drafted the legislation which created that national security disaster known as the all-volunteer army, rather ironic in light of his membership in the Cold War-style Committee on the Present Danger which supposedly wants to build up American military strength.

In addition to serving on Nelson Rockefeller's Commission on Critical Choices from 1973-75, Anderson is also an associate of the Hoover Institution on War, Revolution and Peace, located at Stanford University.

Hoover has provided most of Reagan's policy advisors—and Reagan himself is an honorary fellow of Hoover's domestic division. The Hoover Institution has functioned as one of the most important channels for British Tory profiling and manipulation of U.S. conservative layers. Heavily funded by the Mellon Foundation and the Lilly Endowment, Hoover's current roster of "big names" underscores its role in shaping national political trends. Among them are Seymour Martin Lipset, a founding member of the Coalition for a Democratic Majority, which represents the Jackson-Moynihan wing of the Democratic Party; Sidney Hook, a longtime British Fabian agent and friend of John Dewey and

kook-cult-run "Sing Out '66"). They formed a "Friends of Reagan" committee to give him his best part yet: California governor.

Leaving nothing to chance—or to Reagan, for that matter—"Friends of Reagan" hired professional behavior modifiers and campaign "image makers" to put Reagan through his paces. The group hired one of California's premier campaign consultants, Spencer-Roberts, to run the Reagan for Governor operation. In turn, Spencer-Roberts—which had handled Nelson Rockefeller's bitterly-fought battle against Barry Goldwater in the 1964 California presidential primary—contracted with a Los Angeles-based market research firm, Behavior Science Corporation (Basico), to turn Reagan into a candidate.

Two of Basico's top behavioral psychologists sat Reagan down and drilled him on the issues for weeks. To shore up his rather weak image as a policymaker, they supplied him with index cards containing quotes from Aristotle, William Buckley, David Hume, Edmund Burke and other "intellectuals" who form the core of the British liberal tradition.

"We were hired to do for Reagan what the academicians did for Rockefeller," is how Basico president Stanley Plog describes the services his firm supplied Reagan. "We had to get more informational input into Reagan's speeches and to provide a philosophical and historical framework for his beliefs."

After intense preparation, Reagan was now deemed ready to meet the public. But not without his trainers. Plog and another Basico psychologist, Kenneth Holden, accompanied Reagan on all his public tours up to

election day. "We made certain that Reagan came across as a reasonable guy," said Holden. "One of the first things I got Ron to do was to stop using that terrible phrase, 'totalitarian ant heap.' It just sounded too harsh. His basic speech was too negative, so we provided him with creative alternatives to combat that Far Right image with constructive proposals. ... Ron made it clear that he did not want to look like a mouthpiece for someone else. That mouthpiece thing bothered him throughout the campaign."

The Basico/Spencer-Roberts packaging of Reagan was a roaring success: the former movie star beat incumbent governor Pat Brown (father of California's current guru governor, Jerry Brown) hands down.

But was Reagan's victory at the polls a victory of California's "silent majority?" Not by a long shot. Despite his widely publicized showdown with the University of California over student radicalism, Reagan's governorship was marked by the proliferation of the drug-rock counterculture throughout the state. Reagan's touted "budget-cutting" actually enabled government funds to be channeled into programs which not only encouraged the state's drug problem but created the synthetic-terrorist Symbionese Liberation Army.

"Pro-growth" Reagan drew paeans of praise from California's far-out environmentalists for his commitment to preserving the environment from industrial development projects. On the education front, Reagan appointed the notorious Wilson Riles as state Superintendent of Education. Riles served on Nelson Rockefeller's Commission on Critical Choices, and many of the

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Bertrand Russell, who is the moving force behind the Social Democrats USA; and Thomas Moore, director of Hoover's domestic division who, in addition to advising Ted Kennedy on trucking deregulation, is a leading member of the Libertarian Party. Moore supports the full Libertarian Party platform: decriminalization of drug use, prostitution and gambling; an end to government "subsidies" of nuclear power; etc.—all on the grounds of protecting individual freedom.

Hoover's current president, the Canadian-born, Harvard-trained Glenn Campbell, was appointed to the California Board of Regents by Reagan shortly after he became governor.

Working under Anderson are a number of advisors specializing in specific issues. Prominent among them is General Daniel Graham (USAF (ret)). A former head of the Defense Intelligence Agency, Graham, like his friend Joseph Churba, is deeply implicated in Israeli intelligence activities. Currently based at the American Security Council—a Washington defense think tank set up in the mid-1950s with financing from Sears Roebuck and GE in collusion with the FBI—Graham is a key member of a team advising Reagan on military matters. Another ASC member is Richard Allen, a onetime aide to Henry Kissinger at the National Security Council. Formerly of Hoover, Allen recruited

James Schlesinger to Reagan's advisory circle shortly after President Gerald Ford fired him as defense secretary in 1975. Allen, Schlesinger, Anderson, and John Connally then founded the above-mentioned Committee on the Present Danger.

Michael Deaver and Peter Hannaford, the Bobbsey Twins of the Reagan inner circles, are reportedly strongly pro-Libertarian and are believed to be responsible for Reagan's attempts to play up to the Libertarians in an interview with *Reason* magazine last year. Hannaford is a member of the environmentalist Sierra Club.

hideous educational programs he developed for Rockefeller—including using the schools as the kernel of communitywide blockwatching networks, modeled after the Nazis' gauleiter system—were implemented in California.

Many conservatives became disillusioned with Reagan's performance in short order, and several withdrew from his administration in protest. But these screams of protest from the very conservative layers who put him in office did not sway Reagan from his liberal path. By this time, Friends of Reagan had expanded to include such bigwigs as movie producer Armand Deutsch; Alfred S. Bloomingdale, head of Diner's Club; William French Smith, a partner in the wealthy law firm of Gibson, Dunn and Crutcher and Reagan's personal attorney; Leonard Firestone, president of Firestone Tire and rubber Co.; and Justin Dart, president of Rexall Drug and Chemical Co. This "Millionaire's Club," as it was known, was calling the shots in the Reagan Administration.

### **Sears: Electing Presidents is "peculiar"**

*In the same New York Times article in which he called on President Ford to declare Henry Kissinger "the most knowledgeable man on foreign policy today," Reagan's campaign manager John Sears revealed contempt for the office of the presidency and the U.S. political system generally. We quote:*

That we elect our Presidents is really an accident of our peculiar political history. Having made a revolution because of the supposed excesses of kings, and having written a declaration of independence that drew heavily on the inviolate rights of man, the Founding Fathers realized that a new office must be created; and, after some trial and error, considerable uncertainty about the powers of such an office and 200 years of constitutional pettifoggery by the Supreme Court, we have evolved the modern American Presidency. That Presidency, at any given time, is an accumulation of the fears and inadequacies of the American people. The people expect the President to lead. Since we live in a democratic society, leadership means absorbing the national anxieties and proving either that there is less to worry about than the people thought or that there are ways to solve the problems that do exist. Presidents themselves cannot really solve anything, but they can serve as a point of focus for the problems that do exist. Presidents themselves cannot really solve anything, but they can serve as a point of focus for what is bothering the country...

Reagan's refusal to dump Sears and his collaborators from his campaign underscores the unhappy fact that the Californian is as manipulable today as he was as governor.

### **Reagan for President?**

Reagan's increasingly liberal posture on certain key issues is compounded by his irresponsible failure to speak out on others. In the midst of the greatest crisis facing the country since World War II, Reagan—a man who has aspired to the presidency for 15 years and claims to speak for the "silent majority"—has been strangely silent. When he has condescended to comment, his statements have either been startlingly liberal, or stock "conservative" assaults on big government, the Soviet menace, etc.

Take the energy question, for example. Reagan has not only failed to put forth a viable program for expanding low-cost energy supplies—a goal easily within reach if nuclear fission and fusion power were properly encouraged and funded—but has endorsed the supposed need for conservation and costly synthetic fuels and currently harbors a leading antinuclear lobbyist, Rep. John Hinson, on his campaign steering committee!

On the economy, Reagan's record is no better. With the country facing the worst industrial production crisis since the 1930s, Reagan has merely called for tax cuts and reduced government spending, as though these measures by themselves would miraculously spur an economic recovery. Moreover, Reagan has said nothing about the European Monetary System—the Franco-German initiated plan which could, with U.S. backing, initiate a new, gold-based development-oriented world monetary system to replace the industry-killing International Monetary Fund.

On drugs, Reagan hasn't let out a peep. And on the rapidly spreading moves to make homosexuality an acceptable "life style" Reagan—who once tolerated a homosexual orgy ring in the highest levels of his Sacramento administration—has lined up with William F. Buckley and the liberals in opposing attempts to restrict California homosexuals from openly flaunting their perversions.

At the same time, Reagan may also be steered into an ultra-hard-line Genghis Khan role, to make Connally and Haig appear "moderate." Reagan was quoted as saying this week that the U.S. should break off all contact with the Soviet Union until an alleged Soviet "combat brigade" is withdrawn from Cuba. Reagan's stance drew from the Connally campaign the response that "Connally would never say anything that stupid."

Is this the man conservatives really think can beat the CFR, or don't they deserve better?

—Kathleen Murphy

# What happened at Three Mile Island

## *NRC report contradicts own findings to discount nuclear plant sabotage*

On Aug. 3, the Nuclear Regulatory Commission (NRC) released its official report on its investigation of the March 28 incident at the Three Mile Island Unit-2 nuclear plant near Harrisburg, Pa. The report poses the possible causes of the initiating events of the nuclear accident, including sabotage or criminal negligence. But after eliminating all but one in the course of the investigation, the NRC stops short of concluding what its findings dictate: that the Three Mile Island incident was caused by a willful act of sabotage or negligence.

The report, titled "Investigation into the March 28, 1979 Three Mile Island Accident by the Office of Inspection and Enforcement" (NUREG-0600), contains some very revealing and important information concerning the two initiating events: the loss of main feedwater flow which was followed by the loss of all emergency feedwater flow. This information tends to confirm what the investigative staffs of *Executive Intelligence Review* and the Fusion Energy Foundation charged in our original coverage of the incident (see Vol. VI, No. 14, April 10-16). The events that initiated this incident were manually induced. The loss of main feedwater flow was caused by personnel performing maintenance on the filter system, while the emergency feedwater systems had been manually put out of service.

The report pointed out another item that could bear on the charge of sabotage. It was the case that for several weeks before the incident there had been significant and continual leakage of reactor primary coolant water out of the electromatic relief valve (EMOV) and/or one or both of the pressurizer code safety valves which are connected to the pressurizer tank system. It was the EMOV valve that failed to close after opening automatically some six seconds into the incident in order to relieve the initial pressure build up. This stuck valve went undetected by the operators for over two hours and it eventually caused the damage to the reactor core fuel.

Without visually inspecting the valve, the NRC investigators could not ascertain whether this coolant leakage contributed to its failure. But, during the same weeks, the valves' temperature was in the range of 180

degrees to 200 degrees Fahrenheit, up to 70 degrees over its specified normal temperature of 130 degrees Fahrenheit. Considering the fact that the valve had a previous history of sticking open and what normal engineering judgment of the expected operation of a relief valve that had been operating for weeks well above its normal operating temperatures would be, it is not unreasonable that the valve should fail.

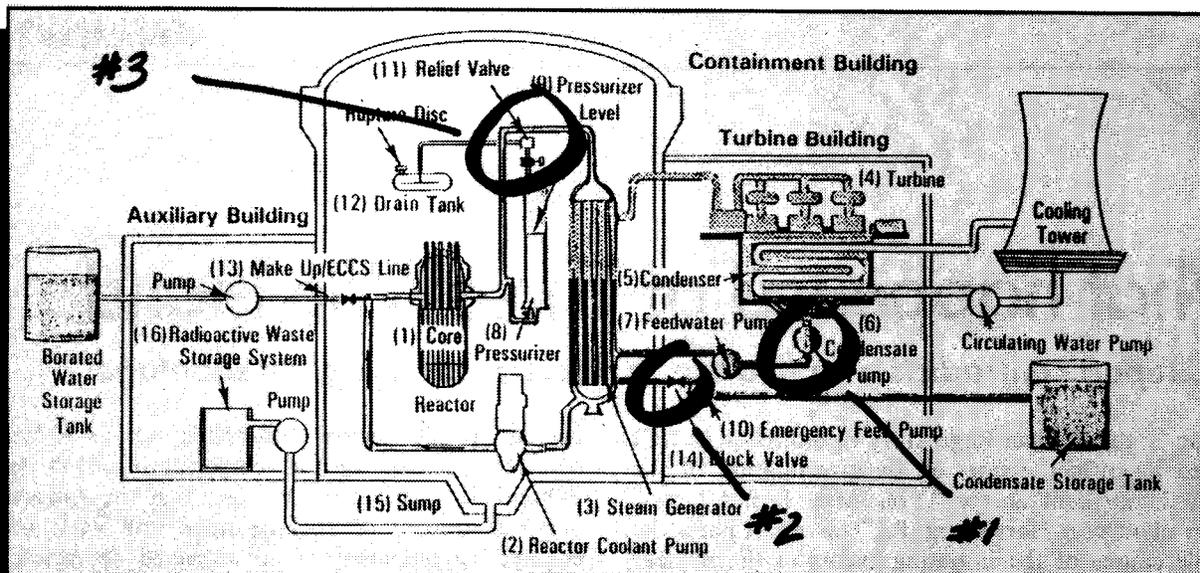
If someone knew this condition (and it was generally known among plant personnel), that person could reasonably expect this valve to stick open, particularly if the emergency feedwater system were shut off ensuring a high primary coolant system temperature and pressure. Furthermore, with this valve stuck and all heat removal capabilities shut off because of the closed emergency feedwater valves, plant operators would have a very difficult time figuring out what had happened.

This is precisely what did happen, as the NRC report points out, and it is important to investigate the why and how the valve stuck open relative to who manually closed the emergency feedwater valves, one of the two initiating events.

### **Sabotage or negligence**

It continues to be our contention that the two initiating events were caused either by sabotage or through gross negligence by the reactor plant operators. There is no question that the operators are competent, experienced and qualified personnel who would not have bypassed every safety precaution and procedure. Sabotage remains the most likely cause.

That contention is supported by a report produced by a nuclear safety expert at the Massachusetts Institute of Technology—The Rasmussen Report—that places the probability of the sequence of events which occurred at Three Mile Island in the order of magnitude of one in a million. Until it is determined who closed the emergency feedwater valves and why, an investigator has to presume that the reactor was set up, waiting for a loss of main feedwater flow to initiate at least a very serious abnormal operating condition.



## The chain of events at Three Mile Island

*This schematic of the Three Mile Island nuclear plant was part of the testimony given by General Public Utilities President Herman Dieckamp at congressional hearings on May 24. We have circled the location of the first three events in the incident which unfolded in this manner.*

**1.** Both main feedwater pumps (and therefore all main feedwater flow) shut down due to an automatic protective action trip caused by plant personnel performing maintenance on the feedwater filtering system. The exact cause of the trip is as yet undetermined, but was probably due to maintenance personnel "inadvertently" allowing water to back up in all lines. The shutdown of the feedwater pumps automatically caused the turbine to trip as well.

**2.** All three emergency feedwater pumps automatically started up as designed. The flow control valves on each of the two emergency feedwater systems began opening automatically. The plant operators noted these actions and assumed that the emergency feedwater systems were both on, when in fact they weren't. Unknown to them, the block valve in each system had been manually closed prior to the protective trip. Therefore, there was no emergency feedwater flow in either system and no flow in the steam generators.

**3.** Six to eight seconds into the incident the electromatic relief valve on the pressurizer tank opened as designed to release small amounts of steam and reduce pressure in the reactor coolant system. A few seconds later, as the pressure

decreased, this valve failed to close as designed and continued to release steam.

**4.** The temperature, pressure and pressurizer level conditions in the reactor coolant system during the first few minutes into the incident began to return to what the operators would expect following a main feedwater flow trip. This misled the operators into believing everything was now normal, and they based their operating decisions on this belief.

**5.** Eight to nine minutes into the incident, and several minutes after the steam generators had boiled dry, the operators realized that the emergency feedwater flow had been shut off. They flipped the two switches on the control panel which opened the two block valves and allowed feedwater flow back into the two steam generators. The warning lights on the control panel for each valve had indicated that these valves were closed. Apparently, these went unnoticed by the operators for some time prior to the incident.

**6.** The effects of this combination of events and the resulting operator actions (correct and incorrect) produced conditions in the reactor that again misled the operators for nearly 27 hours. During this time, the operators did not know that the electromatic relief valve was stuck open. When finally discovered, the operators closed a downstream block valve which stopped the blow-down of steam. The combined effects continued for several more hours before everything was brought under control.

## Considering the possibilities

The question of the closed emergency feedwater valves was addressed in the NRC report. They pose six possible ways the valves could have come to be closed, but concluded that a "review of all possible causes revealed no reason to believe that any of them was the specific cause of the closed valves."

Yet their findings do not support this general conclusion. Their findings in fact eliminate four of the six possible causes and, if the operators sworn testimony and signed testing documents are considered, remove a fifth. According to all information available to date, including that from the presidential commission's investigation, these valves were opened following a surveillance test of the emergency feedwater system 42 hours before the incident.

The report states: "The operators and supervisors responsible for conducting the surveillance test on March 26, 1979 were interviewed. The operator who acted as the witness for the valves involved stated that he specifically recalled opening that valve. The investigation found no basis for rejecting his assertion. If his assertion is correct and the valves were left closed during the 42 hours between the test and the accident, the investigation found no information to explain how the valves would have gone unnoticed during the 42 hours between the test and the accident."

Thus, how these valves got closed remains a mystery to the NRC. They then proceeded to the sixth possibility: "the valves were closed by the overt act of an individual." Through a convoluted argument, the NRC report concludes that this isn't very likely either. The NRC says it simply does not know how the valves were closed.

On review of their information and reasoning on this sixth possible cause, it is clear that the NRC commission never really investigated the possibility of sabotage nor did they want to. Yet based on their own information presented in their report, sabotage or criminal negligence is the only possible cause remaining for the closure of the two valves.

The report does devote a small section on the "Possibility of Plant Sabotage"—included "as a result of the high degree of public concern associated with the possibility of sabotage or adverse human actions having caused or contributed in some manner to the severity of the March 28 incident at TMI." The questions were asked by a technical NRC inspector to a technical plant operator or employee in an informal discussion. The "responses ranged from direct negative responses to disbelief that sabotage could even be considered." Under such circumstances, who would admit to closing or knowing who closed the emergency feedwater valves?

The report goes on: "vocal antinuclear sentiment appears to have been relatively absent prior to the

incident. Relationships between the local governments and licensee management appear to have been of a tolerant nature." Therefore, "those conditions commonly associated or viewed as causative factors precipitating industrial sabotage were not identified by the investigation as being present at the time of the incident."

Such a statement either comes from the mouth of babes or liars. Nuclear power and the nuclear industry have been barraged with environmentalist attacks for years and, particularly since the formation of the Department of Energy, has faced budgetary cutbacks, court delays, and program cancellations. As a result of this "antinuclear sentiment," the U.S. nuclear industry is for all intents and purposes shut down.

## Too much effort

Having thus reasoned, the commission then proceeds to discuss the amount of effort needed to determine who closed the valves in question and why it isn't worth pursuing. "This investigation evaluated the effort that would be required to attempt to identify the party or parties who closed the emergency feedwater system block valves for whatever undefined reason that may have motivated them. The investigation revealed that the two valves in question were capable of being operated from three specific locations: the control room, the 480V Substation panels at the 305 elevation of the auxiliary building, and the physical location of each valve.

"Checks of the licensee's security access badging records showed approximately 470 licensee personnel and 260 contractor/vendor personnel would have had unescorted access to one or more of these locations on any of the two work days preceeding the March 28 incident. Records exist whereby the identity of the contractor/vendor personnel entering the protected area could be retrieved. However, the 470 licensee personnel are only logged in at the site perimeter and need only display their photo ID badge (issued only after psychological screening and preemployment checks are complete) to secure access to the TMI protected areas (Units 1 and 2, auxiliary building, turbine building and environs).

"Further investigative effort of the magnitude that would be required to specifically identify which of the more than 600 personnel did access the protected areas during the period of March 26, 1979 through March 28, 1979 was deemed unwarranted at this time in view of the absence of any intelligence that adverse human activity was involved in the accident."

Far from being an argument against further investigation, the NRC commission actually outlines the sort of effort undertaken by VEPCO, the owners of the Surry-II reactor in Virginia, following a nuclear accident there one month after the Three Mile Island

incident. In one month's time, the two individuals responsible for sabotaging the plant were identified.

### **Contradiction after contradiction**

One might ask at this point why the NRC concludes that it is not worth trying to find out how the valves got closed. Was it not important in the chain of events? Would not the electromechanical relief valve (EMOV) have stuck open anyway?

Again the NRC is caught in a self-contradiction. Saying it isn't worth investigating, the NRC's evaluation of the effect of these closed valves is: "The delay in automatic initiating of emergency feedwater for eight minutes contributed to an early recovery towards normal values of certain RCS (Reactor Coolant System—JG) parameters upon which the operators concentrate. This recovery of key turbine trip/reactor trip RCS parameters misled the operators into believing that their actions had been successful in limiting the severity of the transient. This erroneous belief led them to initiate the routine subsequent operator actions that were normal for the assumed transient. These actions occupied the operators' attention and detracted from their opportunity to establish a correct analysis of the plant conditions.

"This investigation did not conclude what the ultimate course of events of the accident would have been, had emergency feedwater been introduced to the OTSGs (Once Through Steam Generators—JG) as designed."

The closure of these valves caused pressure, temperature and pressurizer level conditions in the reactor that led the plant operators to act essentially the opposite of how they would have acted if the valves had been open. These conditions led the operators into believing that the EMOV valve had closed when in fact it remained open.

It took nearly 20 minutes (after the valves were

finally opened) to get feedwater flow completely reestablished in the two steam generators, which had boiled dry, so that decay heat could be normally removed from the reactor.

The closed valves caused reactor conditions which misled and confused the operators for at least the first 30 minutes into the incident.

### **Discounting the facts**

Another question unresolved by the investigation is just how the loss of the main feedwater flow (and turbine-trip) was initiated in the first place by the filter maintenance crew—a question which also bears on the issue of sabotage.

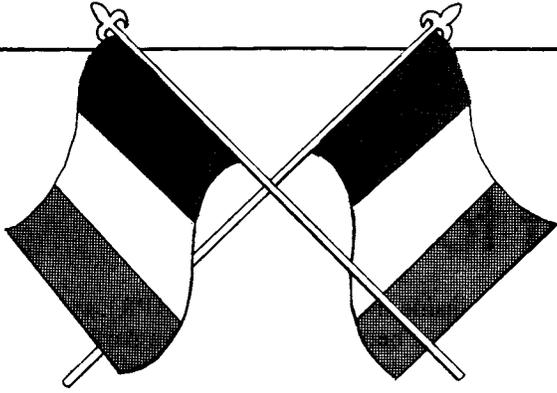
The loss of main feedwater flow is expected from time to time because the reactor plant protective system is extremely sensitive to the slightest malfunction or abnormal operating condition. The slightest "mistake" by the maintenance crew—intentional or unintentional—during the filter cleaning procedures that were ongoing at the time could easily have caused the automatic loss of main feedwater flow and trip-out of the turbine.

Yet the commission report maintains "that the closure of the emergency feedwater valves was only of secondary importance since the accident would have happened anyway."

Thus, it is not surprising that the report's conclusions, upon which the press accounts of the NRC's findings focused, did not even mention the two initiating events of the incident: the loss of main feedwater flow followed by the loss of all emergency feedwater flow.

Instead, the NRC's conclusions blame the event and its severity primarily on operator error, misjudgments, "mind sets," and equipment failure—conclusions not backed by their own findings.

—Jon Gilbertson



## The direction of French Policy

With Laurent Murawiec's report on the "New Right" phenomenon, *Executive Intelligence Review* begins a series of articles which will explore in depth the policy battle that is now taking place in France. The outcome of this debate will have a determining effect on world developments and on the U.S. political scene over the months to come.

As the article printed below demonstrates, one side of the debate in France has been monopolized by British liberalism. In the classic fashion of British ideological warfare since the period of the French Revolution, the British doctrine has gained more than a substantial toehold on both the "Left" and the "Right." The opposite side, which is explicitly identified by both the liberal "New Left" and "New Right" as their real enemy, is the tradition of urban-centered industrial progress known over the past two centuries as the American System and often referred to in France as "dirigism," or political coordination of economic policies so as to ensure such progress.

In this series, *Executive Intelligence Review* will bring to light the little-known fact that a humanist faction of political economists and statesmen in France, reaching back in history to the 17th century minister Colbert and his Renaissance antecedents, influenced the emergence of the American System in a decisive way. This tradition formed the basis for the French-American alliance that won the young United States' revolutionary struggle against the British Empire in the 18th century. Moreover, it was carried well into the 19th century through the work of the great Monge, Carnot, Chaptal and Dupin, whose writings and teachings, virtually unobtainable today even in France, educated the young Friedrich List.

In turn, it is to List that the industrial-capitalist city-building faction in Europe—the social base for the "Grand Design" policy of French President Giscard d'Estaing and West German Chancellor Helmut Schmidt—owes its existence. The French background to List will be detailed in this review's publication of the studies of Jacques Cheminade that were recently presented at a Frankfurt EIR seminar on the 190th anniversary of Friedrich List's birth.

This fall presents a signal inflection point for French policy. Over the first half of 1979, the government of France took the lead in an independent "Gaullist" foreign policy for Western Europe, resisting the pressures from London and Washington for a war buildup against the Soviet Union. Beginning with Giscard's summit with Brezhnev in Moscow in April, France moved decisively to stem the tide toward a world war by setting up unprecedentedly close ties with the Soviet leadership.

Simultaneously, moving beyond the Francophone sphere of former French colonies, the Giscard government constructed a network of relationships with the underdeveloped sector that has been highlighted by an unwavering commitment to nuclear energy, moral support to the Lopez Portillo government of Mexico in its determination to use its oil wealth to industrialize, and a palpable distance from U.S. policy on such strategic flashpoints as China and the Middle East.

Now that the Nonaligned summit has openly challenged the advanced sector to break with the International Monetary Fund and extend credits to develop the Third World, the chips are down for France to move from words to deeds in the crucial economic area. The theoretical basis for using the projected European Monetary Fund of Giscard and his West German counterpart Helmut Schmidt in precisely this way has been mapped out in the writings of Lyndon H. LaRouche, Jr., writings published in this review and widely diffused among French policymakers. Such a move would vindicate the entire rich, historic tradition of the French "Grand Design" from Colbert through List and down to the present.

# 'New Right' cult: Not new—and not right for France

There are shades of Weimar hovering over France and spilling into the rest of Western Europe with the massive media promotional campaign on behalf of the so-called *Nouvelle Droite* (New Right) during the past few weeks. Most of the press analyses, whether they scream “wolf” against the new Nazis, or coyly applaud this “rejuvenation of right-wing thinking,” carefully escape identifying the actual sources, political command and ultimate political implications of the phenomenon. But the New Right of France is simply, in the guise of one more “cultural fashion” oozing from Paris circles, the mental equivalent of the *Panzerdivisionen* of the Archduke Otto von Hapsburg wing of the British oligarchy’s strategy for a New Dark Age.

The New Right movement has its tentacles in place in the political parties and movements making up President Giscard’s government majority, and has been launched with a bang in time for the dust to settle and to play a key role in shaping the policy content of the 1981 French presidential elections. The movement can be expected to help lay the groundwork for the emergence of a General Alexander Haig presidency in the United States and Bavarian neo-Nazi Franz Josef Strauss to topple Helmut Schmidt as chancellor of West Germany. This axis, combined with the Thatcher government in Britain, would effectively bring Giscard’s Grand Design for a new world economic order to an end and balkanize Europe into backward, squabbling regional entities subservient to the British monarchy and its continental appendages.

The New Right agents in place around Giscard include his erstwhile close advisor and now itinerant foreign envoy, Michel Poniatowski, and his own brother, Olivier Giscard d’Estaing, both of whom have participated in study projects of some of the New Right’s thinktanks. Various government ministries, especially the Interior Ministry, (Poniatowski was minister of the interior in Giscard’s first cabinet in 1974) are well infiltrated. Most recently, Lionel Stoleru, state secretary in charge of manual labor affairs, came out publicly in the pages of *Le Figaro* newspaper calling for an open dialogue with the Club de l’Horloge, the New Right’s recruitment arm in the civil service, around such left-ecologist themes as “small is beautiful.” The circle with the New Left was closed.

While the primary intent of the New Right is to influence the Giscardian movement, their agents are

also operative inside the Gaullist Party (RPR), creating an unlikely alliance between members of a party that is nominally the vehicle for Charles de Gaulle’s legacy and the very Vichyite and Nazi collaborationist forces whom de Gaulle thunderously denounced 40 years ago.

New Right cultists ghost-wrote the last book of Poniatowski as well as that of the chairman of the France-Bavaria organization, Philippe Malaud, another leading “conservative” politician, and they command an impressive array of access to the general public’s intellectual and political consumption.

One deployment of the gang is the so-called *Nouveaux Economistes* (New Economists), disciples of Milton Friedman and his son David, the radical-liberal. These “biopoliticians” and “sociobiologists” advocate dismantling the French state and delivering whole chunks of it to the private sector, especially all social services and infrastructural works, as well as credit policy, in the name of “economic freedom.” Should they succeed, President Giscard will be set up for an austerity-inspired violent backlash by the French population such as the one deployed against de Gaulle in 1968.

The picture would not be complete if we did not mention the presence of Jacques Médecin in this movement. Mayor of Nice, Médecin is one of the linchpin figures in organized crime today, a virtual member of the French subsidiary of what we have dubbed “Dope, Incorporated,” the multinational shadow corporation that runs the finances of the illegal drug traffic. In future articles, *Executive Intelligence Review* will be taking a closer look at some of these connections.

## 'Death to reason'

Before foraying into the New Right’s doctrines, it will be useful to look at the political command for whom the arsenal of irrationalist doctrines is being hammered into the French public. It will then be most revealing to investigate one trait that has been cautiously concealed from the view of the general public: the sudden *coup de foudre* between the New Right’s leadership and the New Left (*Nouvelle Gauche*)—the lawful crossing of the left and right wings of the New Dark Age movement.

The combination of magazines, institutions and individuals that make up the New Right is centered around Alain de Benoist, former chief editor of the

Nazi-like Europe-Action grouping of the early 1960s. It consists of GRECE (Research and Study Group for European Civilization) and its paper, *Elements*, a theoretical review *Nouvelle Ecole*, a civil service infiltration think-tank called the Club de L'Horloge, a mass circulation weekly, *Le Figaro Magazine*, a recruitment arm called Mensa International, and a cultural institute, Nouvelle Acropole. Beyond minor functional differences, de Benoist's crowd entirely revolves around the doctrines of its mentor, Professor Louis Rougier, the New Right's grand old man.

Interestingly, to retrace the evolution of Rougier is to discover that not only the "New Right," but its indecent alliance with the "New Left" are very old indeed. In this century, both movements arose as complementary "radical" variations on the theme of the British liberal world-outlook, and both took as their targeted foe the large-scale organization of productive manufacture and industrial labor forces which are the social basis for urban-centered industrial progress.

More than 90 today, Louis Rougier reached public fame in 1925 with his attack on the Fabian "neo-Thomist" revival around Jacques Maritain (whose left-wing descendents we shall encounter later). "Philosopher" Rougier was given a top political mission to the Soviet Union by the French government. Then in 1934, the Rockefeller Foundation asked Rougier to investigate Central Europe and the governability and survivability of local governments. This was during the year after Hitler had come to power in Germany and was already making clear his expansionist aims into *Mitteleuropa*.

After stints at Cairo and Besançon universities, Rougier became the general counsel of the extreme right-wing "Association for the Defense of the Nation." This was a plot of the grouping known as the French Imperials recruiting in the officer corps in preparation for a coup—part of the operation that so honeycombed the French military with the rot of fascist sympathizers that it collapsed without resistance before the blitzkrieg of Hitler's invading army in 1940.

During the infamous Munich appeasement negotiations led by Britain's Neville Chamberlain and Adolf Hitler in 1938, Rougier teamed up with his great friend, the Anglo-American political intelligence agent Walter Lippmann, to organize the "Walter Lippmann Colloquium" in Paris. The hard core of what later became the Mont Pelerin Society—the economic thinktank of "Dope, Inc." today—was present. Among those who gathered to discuss war economics and "liberalism" were, *inter alia*, Milton Friedman's mentor Friedrich von Hayek; Raymond Aron, currently of the Aspen Institute; Royal Dutch Shell's French "socialist" Robert Marjolin, now a member of the conspiratorial Trilateral Commission; Wilhelm Röpke; and Stepan Possony.

Rougier's own thoughts were collected in his 1938 book, *Comment l'on passe des democraties liberales aux*

*états totalitaires (How to pass from liberal democracies to totalitarian states)*. The book claims that any economic doctrine is but a mystique, unrelated to reality, and that liberalism always must devolve into "constructive liberalism." By this was meant the policy that had been just implemented in Germany by Nazi Finance Minister Hjalmar Schacht—an attack on both big industry and organized labor, to bring both under the full control of the military aims of a geopolitical expansionist policy. According to Rougier, liberalism's adequate use was as a stick against "Marxism."

Even then, in the 1930s, these ideas perfectly matched with left-wing counterparts, and often crossed paths institutionally with them. The left-terrorist organization "Justice and Liberty" of Italy, which claimed antifascist ideals and was operationally based in France, worked under the banners of a doctrine called *liberal-socialismo*, in which socialism was purged of its "totalitarian" (read: urban and industrial) bent and used as a means of enticing workers and leftists into kamikaze "exemplary actions" against the Mussolini regime.

France collapsed in 1940 with the aid of the Imperial circle. Rougier rushed to Vichy, where his friend, Banque de l'Indochine drug traffic organizer Paul Baudouin, was Marshal Pétain's first foreign affairs secretary. He was given the important job of negotiating a deal between British Prime Minister Winston Churchill and Pétain—unbeknownst to General de Gaulle, who had assumed leadership of the French Resistance. Using his London School of Economics links, Rougier gained immediate privileged access to pro-Nazi Lord Halifax and Churchill. Only the public airing of the Montoire interview of Pétain and Hitler blew the cover off this effort to gain the Vichy puppet state the recognition of "antifascist" Britain, and Rougier went to the United States.

After a stint at St. John's College, Rougier joined Lippmann at New York's New School for Social Research. Upon his postwar return to France, he became the mentor of successive generations of fascist groupies, and the leading French representative of Lord Bertrand Russell and Sir Karl Popper's logical empiricism.

Rougier's metaphysics asserts that the universe is only an entropic chaos of blind, stochastic becoming, where causality is statistical and hazardous. Life, like the universe itself, is a random nonevolving accident; man is determined by genetically coded instincts. Mankind as a whole does not exist, since its branches developed polycentrically. Historical geography instituted distinct and hierarchical races, each with its own, irreducibly different genetic traits. "We share 99 percent of our genetic stock with chimpanzees," Alain de Benoist comments.

Biogenetically determined races determine tempers, minds, syntactic structures, and "therefore," philosoph-

ical doctrines: it is the innate biology that determines racially differentiated philosophies. The "white race" (Aryan, Nordic, Celtic), endowed with "stoical courage," predominates. Anthropology has become a subsidiary of geography, and merges into *biopolitics*, the latter-day version of the geopolitics created by British imperialist Round Table founder Halford Mackinder and publicized by the ghostwriter of Hitler's *Mein Kampf*, geopolitician Karl Haushofer.

Since man's mind finds "structural limits" in its understanding of the universe, the Rougier thesis continues, then only linguistic categories can account for a "symbolic description of a certain routine of experience." In a word, there is no truth, no science, no reason and no universals. There is solely the individual's genetically determined tendency to "do his own thing," à la Woodstock. There is no humanity, but only the "destiny" of races. As there are "alpha" individuals, there are "alpha" races that must rule, the remainder being "useless brains" before becoming "useless eaters."

Hence, Rougier's adherence to the program formulated by Konrad Lorenz in his *Eight Capital Sins of the West*: end to population and economic growth, promote an environmentalist program, promote biological selection of the remaining populations, restore the rule of the (genetically originated) *Tradition*, or what John Maynard Keynes praised as the "unbroken chain of Wisdom tracing back to Babylon's priests."

## A New Dark Age

The reader by now should have recognized the genetic parenthood of this racial irrationalist nonsense—its "mothers" are unequivocally Lord Beaconsfield (Disraeli), Count de Gobineau, Houston Stewart Chamberlain, Prince Julius Evola and Count Coudenhove-Kalergi. In short, it is the entire crew of remnants of the old European oligarchy and its aspiring servants that resolved, beginning in the late 19th century, to provoke a New Dark Age as the only means for stopping the irrepressible motion toward an industrial alliance of sovereign republics stretching across Western and Eastern Europe into Asia and linking up with the United States. The achievement of that development would have brought the British oligarchy's existence as a species to an end.<sup>1</sup>

Propagandist of the New Right Alain de Benoist asserts that the spirit of the earth, determining the "regional cultures," must destroy urban-industrial civilization. Why? "Today's world reduces diversity and only thinks in terms of merchant efficiency." Such a "social involution" determined, he claims, the meta-political formation of a "technomorphic doctrine" proper to both the U.S.A. and the U.S.S.R. And there, the New Right lets the cat out of the bag: "American

imperialism is an imperialism without an Imperium, without a higher spiritual principle, without a shaping organizing principle. ... America is no new Rome, but a new Carthage, America decultures the peoples in the worst form of genocide, the loss of national identity," writes de Benoist.

Of course, *Carthago delenda est*. Such divagations are not the babblings of the New Left, but "viewed from the Right." They demonstrate the perfect identity of New Left and New Right, and show afresh how serious Otto von Hapsburg was when he called for an alliance between his Paneuropean Movement and the environmentalists.

Indeed, just as Adolf Hitler was the young protégé of Haushofer and Prince Rupprecht, Alain de Benoist, who shares Hitler's belief in the Odin Cult, is an agent for the Hapsburg pretender to a European throne.<sup>2</sup> And he liberally borrows from the ideologues of Hapsburg's Munich thinktank, the Hans Seidl Stiftung—K. Lorenz, Arnold Gehlen, Helmut Schelsky, etc.

But his assignment is not to rally the plebeian masses. His job is to pave the way for the Strauss-Thatcher-Haig option by selectively influencing and controlling conservative policy makers and their social base, and convincing them to join the new Imperium, Hapsburg's "Europe of the Regions." This Holy Roman Empire or "organic state" will be the "Technotronic society" of Zbigniew Brzezinski.

The New Right makes no bones about the need to destroy industrial capitalism if the higher spiritual principle is to be realized and the "Dionysian heart of hearts of the European soul" is to reemerge in accordance with the "hyperesthetics" created in the 19th century by Britain's ideologue of white superiority John Ruskin and by cultist Richard Wagner. Explicit in the doctrines of the New Right, as well, is the rejection of the Pauline and Augustinian, or Neoplatonic, mainstream of Christianity and the reduction of the Church to a mass social-control institution. De Benoist has declared that "Europe will one day return to her genuine, pre-Christian soul. She has been praying to foreign gods for 2,000 years."

What is all this mumbo-jumbo doing in the midst of a movement purportedly soberly devoted to the reorientation of economic and foreign policies of the French state along "conservative" lines? The answer is devastatingly simple, and it lies in the intimate association of de Benoist with one Louis Pauwels.

Pauwels is a former disciple of Gurdjieff, the "magician" of the old Czarist secret police Okhrana, and is himself an ideologue of the Congress for Cultural Freedom. More importantly, Pauwels is the man who introduced LSD to France and personally bears the heaviest responsibility for the mass spread of psychotropic drugs in France, in the European side of the Aldous Huxley-run operation known by the code name

“MK-Ultra.” It was MK-Ultra’s California project that was responsible for the creation of the murderous Manson gang, the Symbionese Liberation Army, and the Jim Jones People’s Temple cult of recent atrocious memory.

Pauwels, who is currently director of the New Right’s main media stronghold, the weekly *Figaro Magazine*, used his best-selling review *Planète* to systematically peddle illegal drug use as well as all varieties of irrationalist cults, belief in UFOs, science fiction, oriental religions, magic, occultism, alchemy, parapsychology, synthetic religions, and so forth. *Planète* was the medium for a massive attack on the sense of rationality of a large layer of French intellectuals and professionals and their children—many of whom are now in the ranks of the environmentalist shock troops.

Launching the environmentalist-regionalist movement, Pauwels wrote: “Today, the mentality that gives birth to economic preoccupations, proceeds from a resurgence of the old pagan heritage . . . the hidden face of France must not be found in Christianity, but in its genuine roots, which are really pagan, Celtic, Indo-European.”

No wonder we see Pauwels and de Benoist collaborate under the slogans of “death to capitalism, death to socialism, death to reason, long live Europe of the regions!”

## New Right, New Left

The proterrorist *Libération* newspaper of Paris recently carried a long, resounding endorsement of de Benoist written by a high ranking New Left theorist, Hocquenghem, leader of the gay rights movement. Hocquenghem acknowledged that the only difference between *Nouvelle Droite* and *Nouvelle Gauche* was that “they have a right-wing reading of Russell and Popper, while we have a left-wing reading”! Since then a criss-crossing of sympathetic articles has established that this *coup de foudre* is no accident. From de Benoist himself to the editors of *Libération*, to the Celtic-regionalist guru Jean Edern-Hallier, all insist that the real fight today is that of the new left versus the old, and the new right versus the old, with both “new” movements allied in this common cause.

The common cause is the fostering of a New Dark Age. The New Right’s job in this, tracing its roots back to the H.G. Wells faction of the British oligarchy, is to dupe conservative decision makers and their supporters into supporting a general dismantling of industrial civilization in the name of preserving fortified islands of high-technology industry—sometimes referred to by this set as “monasteries.” In continental Europe, this orientation is spearheaded by Otto von Hapsburg’s Pan-European Union and has been recently reinforced by the comeback of Hitler’s architect Albert Speer on the

German scene (with prominent support on the pages of the *New York Times*).

The New Left, on the other hand, has the task of organizing the plebeian masses into a fascist-Dionysian movement based on drugs, local control (*autogestion* in French, a term that appropriately suggests the act of self-cannibalizing of the economy), and the very same regionalist “right-to-differ” doctrine peddled by-Rougier.

Masterminding the “left” side of the oligarchy’s strategy in France is the Swiss aristocrat Denis de Rougemont. De Rougemont is a former Swiss intelligence agent who worked for U.S. intelligence’s Office of War Information during World War II; a ranking leader of the Congress for Cultural Freedom; a founder of the European Federalist Movement; a collaborator of the Israeli intelligence arm, the Mossad, in the now-defunct *Banque de Crédit Internationale*; and a central figure in the “left-Christian” *Esprit* group that sired the totality of the noncommunist left in France. The latter includes the CFDT trade-union federation, the various permutations of the Socialist Party, and the extreme left.

This left, based like the New Right on code words of regionalism, personalism and federalism, denounces the state, industrial-technological progress, and what it calls the “massification effects” of democracy. “As reason prohibits the catalysts and investigators who studied the dark forces,” writes de Rougemont, it “aroused monsters among us.” Therefore, de Rougemont demands that “the eruption of such dark forces be provoked, controlled and institutionalized” under the form of cults.

Like de Benoist, de Rougemont minces no words in specifying that his attack is on the American System: “We know that technology is a holy concept for modern America—the one that starts with Benjamin Franklin—and for the immense crowd of excited followers who fancy that they are at the vanguard in Europe, in Africa, in Asia and in the U.S.S.R. (but not in China),” he wrote in 1977. And like de Benoist, de Rougemont is also an apostle of the European “Imperium” against the nation-states or “fatherlands” of de Gaulle. He demands “the extirpation of the European virus, that of the idea of progress.” He shares with the *Nouvelle Droite* the call for “the intuitive prophetism of modern times,” that of Sorel, Nietzsche, and Proudhon. “The times are near,” he writes, “when the sciences of the irrational will provide an image of the desirable future.”

This laudator of the human person continues: “A new society can only be installed at the price of a symbolic sacrifice: that of the scapegoat modern state, put to death so that persons can freely live . . . for it is the nation-state that manages the violence of all against all, this politically coordinated weighty inertia which is

the cause and means of centralization, Dirigism, police states and state-nation frameworks that destroy the ancient communities without tolerating new ones ... [see] the fascinating hypothesis of violence founding any new society, through a 'sacrificial crisis'."

De Rougemont is a sponsor of the terrorist Longo-Mai communities, and the leading French-speaking environmentalist theorist. And still, his cited text is point by point coherent with the New Right. Hear de Benoist: "The renewal of the regional cultures is also linked to the weathering of the concept of 'man-for-himself,' of an abstract humanity which progressively disappears to leave its place to particular humanities, incommensurate ... Today, there is a certain right and a certain left that meet one another in denouncing

together the American way of death which reduces all peoples of the world to one unique model. ... Mobilizing myths [are necessary]."

—Laurent Murawiec

## Notes

1 For a more detailed discussion of the historical evolution of the "Dark Age" faction, see "How Brzezinski is Linked to the Jones Cult," by Lyndon H. LaRouche, Jr., in *Executive Intelligence Review*, Vol. VI, No. 2, Jan. 16-22, 1979, pp. 9-19.

2 "Who is Otto von Hapsburg?" *Executive Intelligence Review*, Vol. VI, No. 11, March 20-26, 1979; Vol. VI, No. 12, March 27-April 3, 1979; and Vol. VI, No. 14, April 10-16, 1979.

3 The bankrupt Banque de Crédit Internationale's links to organized crime and the Mossad's "wetworks" team is described in the book, *Dope, Inc.: Britain's Opium War Against the United States*, by a U.S. Labor Party Investigating Team, The New Benjamin Franklin House (New York, 1978), pp. 309 ff.

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To The Editor  
Le Figaro Magazine  
Paris, France

Sept. 12, 1979

Dear Sirs:

In your September 7, 1979 issue, in an article entitled "Avez-vous lu l'ayatollah Khomeini," your magazine alleges that the *Executive Intelligence Review*, on whose behalf I am addressing you, is "un bulletin à diffusion restreinte de la CIA." This is an untrue statement which I am obliged to refute because it was given publicity in your auspicious publication during a period of time and under certain political circumstances which certain circles might use as an occasion for slander and frameup against the *Executive Intelligence Review*. Though I am not suggesting bad faith on your part, it is likely that some of your writers may have fallen victim to a little bit of "international intrigue."

For over five years, a persistent rumor has been propagated by British intelligence and by the circles popularly known in the U.S.A. as the "Zionist lobby" that the *Executive Intelligence Review* is "CIA," or, alternately, "KGB". The same circles have also spread the rumor that "German industrialists" and "French Gaullist military circles" are also behind the *EIR*. The rumors vary according to the particular social layer they are intended to target.

The reason? The *EIR* has an established track record of publishing major intelligence analyses and evaluations on major crucial topics of international strategy with a degree of accuracy far exceeding that of major governmental intelligence agencies, including, notably the CIA. Those circles who have most suffered from

the consequences of our revelations then launched the pattern of rumors and misinformation described above for the purpose of either diminishing the credibility of our publication or casting shadows of doubt regarding its motives.

Such rumors usually persist among laymen uninformed about the basics of political intelligence work. The *Executive Intelligence Review* obtains the kind of analytical depth and accuracy in its intelligence reports as a result of its collaboration with the Intelligence Division of the U.S. Labor Party, a private intelligence agency mostly hostile to the official CIA and generally ostracized and estranged from the international intelligence community. The analyses of Labor Party intelligence on such crucial situations as the Khomeini affair, the relations between international terrorism and international drug traffic, the Camp David debacle, etc. have consistently been in conflict with the evaluations of most rival intelligence agencies.

What makes ours such a controversial, and in many respects a superior intelligence agency, is the methods and analytical tools we employ. General de Gaulle, who knew how to hate the British as well as the phony anti-British professions of Vichy, would have discerned the affinity between the methods we employ and those of the excellent intelligence services of Colbert and of Cardinal Richelieu. From this standpoint, we consider it a derogatory slander to be called "CIA."

Sincerely Yours,  
Criton Zoakos  
Contributing Editor,  
*Executive Intelligence Review*  
Director of Intelligence,  
U.S. Labor Party  
New York City

# Chicago's gangs: who benefits?

*The conclusion of reporter Roy Harvey's award-winning series*

*With this issue, Executive Intelligence Review concludes its serialization of Chicago Defender reporter Roy Harvey's award-winning series on Chicago gangs. Full copies of the series may be obtained directly from the Chicago Defender, 2400 S. Michigan Ave., Chicago, Ill. 60616.*

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## **July 9: Woodlawn educator charges Justice Dept. with gang investigation cover-up**

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"The Justice Department investigation of the OEO gang project was a coverup! A whitewash job! There should have been more to it. I would like to know who put the muscle on to kill the investigation."

That is the view of Yakir W. Korey, principal of Wadsworth Upper Grade center in Woodlawn, from 1966 through 1968.

Korey is a man who knows about the "coverup." Wadsworth school was in the center of the gang violence; many of Korey's students were shot in the gang fighting; some were killed; others were destroyed as creative, productive human beings, by the promotion of the gang, he said.

Korey's school was used as a drop-off point for drugs; guns would be found whenever the teachers made a sweep.

Wadsworth was in Disciple gang turf, but Korey had managed to contain much of the in-school-violence—until the OEO gang project was approved.

On top of that project came a second University of Chicago-TWO experiment: the Woodlawn Experimental School Project (WESP). This "experiment" eventually drove many of the teachers out of Woodlawn, including Korey.

In an interview with the *Defender*, Korey did not remember the era with dispassionate calm. Like so many others who lived through the experimentation, Korey's reflections stirred again the feeling of rage.

"The University of Chicago wanted to expand [in the early 60s] to 63rd. It was obvious. They wanted a South Campus. And a buffer zone. Once they made it south of the Midway, they gobbled up everything up to 61st. They had to be in cahoots with somebody, to get those people out and those apartments wrecked."

"Julian Levi! I remember him at a Model Cities Meeting at TWO. He got up and made a speech: 'We're going to tear down the L tracks on 63rd street and make it a beautiful thing. ...' I couldn't believe my ears! Then one old lady gets up in the audience: 'That's wonderful, Mr. Levi. That's wonderful. You're going to get rid of the L. How am I going to get to work?'"

"The University bigshots had merged all this crap together—but one old lady was wondering how she was going to get downtown to work when they took away her L. That's the kind of planning they did."

Calmly, Korey reflected: "Woodlawn was a viable community in 1966. The gangs had scared the hell out of people, but it was still a viable community."

"Then [Police Superintendent] O.W. Wilson invited the gang leaders to his office. It was phony! They all shook hands and five minutes later the gangs are out shooting one another again."

"But the moment that happened," continued Korey, "and the publicity hit the newspapers, and [*Daily News* reporter] Lois Wille started writing her sobsister stuff—her damned articles—all hell broke loose! Until that, it wasn't a city-wide problem."

"From that point on, how are you going to stop it? You've got the publicity. Bang!"

"In the morning, I used to have television cameras sitting outside the [school] building practically every day. Then the OEO project hit," Korey stated, shaking

his head. "The way I found out about it—one morning, at the beginning of the school year [1967], I was walking toward 63rd Street, and here comes some Rangers, some Disciples—and they're carrying attaché cases. I knew the fellas."

"What the hell's going on? Businessmen?" he asked.

"They responded: 'We're going to collect our money!'"

"What money?" he questioned.

"We're each gonna get \$300,000 and we're gonna put that money into these suitcases!" Korey remembered.

"And that's how I learned about the famous gang project," Korey told the *Defender*.

"The kids didn't know the money wasn't going to be paid in cash. They would have to hustle for it. And that's when they started taking kids out of my school."

"They recruited for the gang project right out of school—at \$5 per head for the gang members—for the program that was supposed to be for high school dropouts, 16 and over," Korey stated.

"I lost about 30 or more kids; I talked to some of them, kids under 16. They told me they were getting paid to go to school, so why should they come to public school! I couldn't believe it! And that's when they produced the paystubs."

Korey collected the evidence. He visited the school and found it closed when it was supposed to be in session. He wrote to OEO director Sargent Shriver for a copy of the project. Shriver's office responded: "We can't find a copy. Check the Chicago office."

"I called the Chicago office, and they said they didn't know what I was talking about! I knew right then it was a set-up."

Korey continued to collect evidence on the gang project fraud.

He remembered the fear of those days: "I gave the evidence to my wife, and told her, 'Lock this up, because if anything happens to me, I want you to get it to the police. It was that frightening.'"

Korey had prepared to turn the tapes, paystubs, and other evidence over to the press. "But the School Board told me to sit on it!"

"Curtis Melnick, the district superintendent, told me to sit on it—and when Winston Moore had gone to the *Tribune* with the story, Melnick accused me of leaking the story to the press...."

The McClellan committee learned of the existence of Korey's evidence—Korey had called on the city council in January 1968 to demand a halt to the gang

violence—and subpoenaed his documents, which played a crucial part in the investigations.

"The ironic thing about this whole gang experiment was the University of Chicago. A beautiful thing! It did its own evaluation! You're in cahoots with an organization (TWO) and you're going to evaluate the damned project you wrote? You can't bring in an outside agency? Now what kind of an organization is this? And the University took the money—the \$80,000!"

"The University had its fingers in everything! And they weren't ashamed!"

During this period, when Korey fought the experimental projects, it was Korey—not the OEO experiment—that was referred to in the press as "controversial."

Concludes Korey: "I blame the federal government and the University of Chicago for not coming out and telling the truth about what went on in these things. Not the McClellan committee—McClellan turned the documents, the whole proceedings [several thousands of pages of sworn testimony and documents] over to the Justice Department. And they killed it!"

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## July 9; An experiment in 'deschooling'

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The gang project was not the only experiment the University of Chicago and its allies ran in Woodlawn in the mid- and late 60s. There were at least three major social experiments.

The second was the Woodlawn Experimental School Project (WESP).

It was an experiment that had a devastating effect on education in Chicago, according to Yakir Korey, the single school administrator who had opposed the project in 1967.

"The school chosen for this noble experiment was to be my school—Wadsworth," Korey told the *Defender*. "What the project meant was that the Chicago Board of Education would give up its power—and responsibility—for the education of students at Wadsworth."

WESP eventually was to include three schools in Woodlawn, and was funded with at least \$1.3 million in federal monies. "Staff members for the project were PhD's and PhD candidates at the University of Chicago," Korey said, adding, "and they became the evaluators of the project—just like in the gang study."

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Korey took a demotion, a salary cut, and an assignment to an elementary school, rather than stay with the experiment. "I fought it. 'Under no conditions can the Board of Education relinquish its responsibility as sole control of any school,' I had insisted. But it did. In an area principal's meeting, I was outvoted 21 to 1."

The experiment was to be controlled by the University of Chicago, the Woodlawn Organization (TWO), and the Board of Education. In effect, the University ran the program, Korey recalled: "At no time did I ever see anybody other than Curtis Melnick [district superintendent] at the University of Chicago meetings—and I attended religiously for two years [before the project was implemented]."

"Willard Congreve was pulled out of the University of Chicago lab school to head the thing, along with Anthony Gibbs of TWO."

"It was more than just community control, this experiment. Woodlawn was undergoing hell and fire and brimstone at the time. Why in the hell have such an experiment in a place like this if you want to succeed with it? It was going to be funded for three years, and after that, it was to be exported to other places!"

"Teachers came to me, complaining bitterly, that TWO was taking over. I couldn't help them. TWO was political muscle for the University. It was obvious that when the University would blow its nose, TWO would wipe it."

The project was an experiment in "cultural pluralism," or cultural relativism. As Barbara Sizemore, who was eventually to take over the project, stated, the idea was to develop a "separate cultural ... and national Zionism for blacks."

Of Sizemore, Winston Moore comments: "She was programmed by the University of Chicago, where she was a PhD student. Programmed? You know. Taught to think like they think."

WESP curriculum deemphasized the culture of the Western world, calling such culture the "forcing of white, Western cultural values on others...."

Translated by gang leader Jeff Fort, it came out like this: "This is an unfair thing. This is what they've been doing to black people all the time, you dig?" That was Fort's comment to the Washington press after he had refused to testify before the McClellan hearings.

Concomitant with the fostering of an ideology of "black Zionism" was the heightening of the antagonism between the teacher and the student.

"The big push was to get the community involved," Korey told the *Defender*. "But there are positive ways

to do that. And not by exacerbating confrontation."

"Because of that experiment, in large part, people in Chicago—parents and students—look on school administrators and teachers as being opposed to them! The feeling is, 'rather than teach you, they're going to beat you down. ...' Schools have always meant a means to upward mobility. But that experiment destroyed further the ability of teachers to teach!"

A second outcome, Korey observed, was the process of decentralization, under the guise of "community control."

"The tragedy of it is that the ultimate responsibility that resides in the board of education under the school code is not taken, on the ground that the community has a right...."

"That notion became a wedge—allowing people downtown [the Board of Education] the excuse of relinquishing their responsibility, under the guise of 'bowing to the dictates of the community.'"

"But what is 'the community'?" asked Korey. "When you're looking at TWO, for example, who calls the tunes?"

The process of decentralization and downgrading education could be implemented, under the guise of "community control."

In the face of such experimentation, parents in Woodlawn fled, Korey stated: "Just because they're poor and uneducated, it doesn't mean they can't think. Confronted with all this, parents—like the teachers—could either commit moral suicide and submit. Or they could fight. Or they could run."

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## **July 10: P Stone gang leaders to prison; Edward Levi to Justice Department**

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Edward Hirsch Levi is even more of a creation of the University of Chicago than the Blackstone Rangers.

Edward Levi, 68, was president of the University of Chicago in 1968—through the most intense period of the South Side gang activity—and remained there until he was nominated to head the Justice Department in 1975.

By all accounts, however, Edward Levi ran the University much earlier. John Gunther, in his book

*Chicago Revisited*, asked the question: "Who runs the University?" "From trustees, faculty, students, and outsiders, [Gunther] got the same answer: Under Beadle, Levi."

As provost of the University from 1962 through 1968, Levi is consistently described as the man who ran the U. of C.

"It is said," wrote Victor S. Navasky, a Russell Sage Foundation scholar, "that Ed runs the University and Julian [Levi] runs the neighborhood."

That fact that Navasky was Russell Sage-approved is of note. Edward Levi does not grant interviews to just anybody.

Noted a 1975 article (not an interview), "Levi has a highly internalized sense of privacy, even secrecy. ... [He] is not readily available to the press, and when he is, he guards his words like a losing poker player."

Like Saul Alinsky (chief organizer for TWO during its formative years), Edward Levi was a protégé of U. of C. president Robert Maynard Hutchins.

After discussing the University's "urban development plan" with Levi, Russell Sage scholar Navasky reported: Rather than let the University go, "under Julian's direction, the University collaborated with the city to preserve and upgrade Hyde Park as an integrated, upper-middle-class neighborhood. The cost, say the critics, was black removal."

That was only the first experiment. And of that period, Mike Nichols (who got his start in comedy with Elaine May at the Compass Players, near the U. of C.) had remarked: "Well, here we are in Hyde Park, black and white together, working shoulder to shoulder against the poor."

Edward Levi had entered the University lab school at age 5. Nineteen years later he was a professor of law at the University; by 1950 he was dean of the law school; by 1962, provost; by 1966, trustee; by 1968, president.

When the McClellan Committee turned its thousands of pages of sworn testimony on the Blackstone Rangers and the OEO gang project, they had turned the materials over to one of Edward Levi's students, Ramsey Clark, head of the Justice Department.

And like gang-defender Congressman Abner Mikva (D-10), virtually all the lawyers who provided legal counsel for the gangs—until the money ran out—were students of Edward Hirsch Levi.

During the University's long involvement in the South Side gang and education experiments, Edward Levi worked at a higher level: in 1964 he was a member

of the White House central group on domestic affairs; in 1966, a member of the White House Task Force on Education.

Julian Levi, head of the Southeast Chicago Commission and the University's Urban Studies Department, had more than one insider in the federal government to assist in getting the Woodlawn experimentation monies.

By 1971, after the University had washed its hands of the gang experiment, Edward Levi was brought on board the Russell Sage Foundation, as a trustee.

Three years earlier, Russell Sage had been instrumental in founding Julian Levi's counterpart institution at Northwestern University, the Center for Urban Affairs (CUA). Other monies came chiefly from the Ford Foundation, an organization with which the Levis had close ties.

CUA's director, Louis Masotti, was to become Jane Byrne's mayoral transition chief, and the man who advised Byrne to appoint Edward Levi to head up the Police Board. And it was Masotti who selected Patrick V. Murphy (former head of the Ford Foundation's Police Foundation) as the mayor's choice for Chicago's Superintendent of Police.

But that is jumping ahead of our story by a few years.

With Ramsey Clark as Attorney General, the University was not particularly alarmed at the fact that the McClellan Committee had turned its thousands of pages of sworn testimony on the gang experiment over to the Justice Department.

There was probably not even a sigh of relief at the University of Chicago when the Justice Department returned its indictments. A few Black P Stone Nation gang leaders were shipped off to Leavenworth.

Before the gang leaders had served their four year sentences, Edward Levi had been sworn in as head of the Justice Department, so untainted was his record in the Woodlawn gang experiment.

And in a more sophisticated fashion, Edward Levi continued on a national level the kind of work his students—the legal counsel for the Blackstone Rangers—had conducted on a local, Chicago level.

In an October 13, 1976 *Chicago Tribune* article, a Justice Department official was quoted as saying, "Under the pretext of cleaning up the FBI, [Levi] damned near destroyed it."

July 26, 1976, columnists Evans and Novak noted that Levi's legal rulings on intelligence were more in keeping with "a Teddy Kennedy administration than

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with Gerald Ford's."

The columnists noted the general Ford administration cabinet hostility for Levi's imposition of "dangerous curbs" on the intelligence community. "[Levi] has crippled our intelligence effort," one high ranking official told the columnists.

According to the Secretary of the Treasury William Simon, Levi's rulings had put President Ford's life in jeopardy. Simon wrote President Ford: "The restrictions imposed by Attorney General Levi had impaired your protection by the Secret Service."

With a crippled intelligence community, counter-gangs such as the Legion of Justice, the Blackstone Rangers, the Black Liberation Army and the Sym-bionese Liberation Army could have a virtual field day.

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## July 11: Money and good lawyers available to members of local street gangs

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The supply of money available to the gangs for bail bond and "the best criminal defense lawyers in the Chicago area" was virtually unlimited.

Like First Presbyterian Rev. John Fry, and the University of Chicago's Theological Seminary, lawyers played the role of gang controllers.

In sworn testimony before the McClellan committee, Mrs. Annabelle Martin, a mother of eight Blackstone Rangers, told of gang lawyers—appointed by Rev. Fry—offering her money to change her testimony in a murder case, and of offering her money to leave town, and of passing on threats against her and her children if she testified against gang leaders.

Martin's testimony concerning the lawyers was corroborated—before the McClellan committee—by Chicago policeman Det. Stephen Cooner, who had posed as Martin's deranged husband after Martin had decided to break from Fry's lawyers.

The money for the lawyers was supplied by the Kettering Foundation, an agency which also acted as a money conduit for other, more mysterious "philanthropic" agencies.

Two lawyers were particularly important: Marshall Patner and Kenneth L. Gillis. Gillis took over legal defense when Patner left in 1969.

"Patner is paid by the Kettering Foundation to provide legal counsel for the Rangers in general and Jeff Fort in particular," a May 1969 *Atlantic Monthly* article noted.

"A 1956 University of Chicago Law School graduate, Patner quit his job as head of the appellate and test case division of the Legal Aid Bureau of Chicago to help William Brackett, who served as counsel for the Rev. John Fry..."

Asked by the magazine writer if he did not feel he [Patner] was contributing to gang crime, Patner responded: "As a lawyer, I don't see my function as looking over a client to see what he's doing."

During this period of intense gang activity, Patner brought four suits against the police department—on behalf of the Black P Stone Nation—against Mayor Daley, Captain Edward Buckney (head of the Gang Intelligence Unit), and Winston Moore (warden of Cook County jail).

It was Patner who advised Jeff Fort to remain silent before the McClellan hearings, for which Fort went to prison on a contempt of Congress charge.

Patner provided Fort the legal rationale: he would not allow his client to answer any questions unless he [Patner] were given the right to cross examine all witnesses who had "defamed" Fort in previous testimony.

Confronted with this, McClellan said he would "take the request into consideration," then proceeded with the questioning, to which Patner responded: "I'm sorry, Mr. Chairman. I cannot permit my client to answer without the right to cross examine..."

McClellan: Just a minute. We want to ask your client about a federal program in which he participated. I'm going to insist that he answer.

Patner: It is our position that the hearing cannot be a fair one without the right to cross examine....

McClellan: If you advise your client to place himself in contempt of Congress, that is up to you. [To Fort] What is your place of residence?

Patner: I'm sorry we cannot answer that question (The lawyer and his client then left the room).

McClellan: (shouting) Under these circumstances, both of you are in contempt [of Congress]!

But, of course, only Fort would be charged; Fort was expendable.

Outside the courtroom, the gang leader told the press: "This is an unfair thing. This is what they've been doing to black people all the time, you dig?"

Fort was right, in a way—if he could only define

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who 'they' was—but he didn't have the foggiest notion of what was going on.

The "Atlantic Monthly" article had noted: "Jeff Fort preferred Marshall Patner over a black lawyer."

But by the 1979, the gang experiment was over—or rather, it had moved into a new phase, wrecked as it was by the McClellan hearings—and Charles Kettering had pulled out.

Patner moved on to other projects; by late 1971 he had linked up with the Center for Urban Affairs (CUA) at Northwestern University and the CUA-based Chicago Law Enforcement Study Group (CLESG).

Funded by some of the same foundations which had poured money into the various gang projects (the Wieboldt Foundation, the Field Foundation, the Community Renewal Society, and with help from the Ford Foundation and the Law Enforcement Assistance Administration (LEAA), CLESG pursued a new attack on the police, issuing highly publicized reports charging police brutality and their use of fatal force in Chicago.

Responded the Chicago Patrolmen's Association: "The reports leave no room for the real truth behind the deaths—failing to point out how many of the deaths were due to aggravated felonies...."

"Sure, there was police brutality," a GIU member told the Defender. "And the guys who created the conditions for it were the same foundations that attacked the police. Their idea was to bring in the LEAA—a federal police!"

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## July 12: Gang leaders as pulpit orators

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Many people saw the Blackstone Rangers as a force that could be exploited for their own purposes, noble or otherwise.

Criticized for his relationship with the Blackstone Rangers Rev. Jesse Jackson (then of Operation Breadbasket) said: "Yes, I am an opportunist—for justice—because I seize every opportunity to try to right a wrong, whether it's in the schools, stores, or anywhere black people are being disrespected...."

At issue—in 1969—was the Red Rooster hamburger chain, which was a target of Operation Breadbasket and the Blackstone Rangers—for serving inferior food and price gouging.

Red Rooster was finally driven out of business; one of the factors which bankrupted the fast food chain was the padding of salaries. Twenty-two members of the Blackstone Rangers were given sinecure—phony—jobs with the chain; 15 of those jobs went to Main 21 members.

Notes Barbara Reynolds in her book, "Jesse Jackson the Man, the Movement, and the Myth," the Rangers had forced their way into the hamburger business under the auspices of Operation Breadbasket and the Coalition for United Community Action.

Reynolds notes that gang leaders often addressed audiences from Operation Breadbasket's pulpit.

Likewise, Rev. Jesse Jackson addressed the Rangers from Jeff Fort's pulpit at First Presbyterian Church.

Such were the times.

But it was the University of Chicago's Theological Seminary that was most in the thick of things.

Quick at spotting potential leaders, the Chicago Theological Seminary had accepted young sociologist Jesse Jackson as a Seminary graduate student—backed by a Rockefeller Foundation scholarship—at a time when it was also providing safehouses and writing position papers for the Blackstone Rangers.

And it was the Seminary that provided Rev. Martin Luther King its facilities in 1967 to hold a national conference of clergymen—a factor which conservative Chicago clergy insist further isolated King from middle class blacks in Chicago.

That Operation Breadbasket would cozy up to the Blackstone Rangers—in the effort to realize justice—should come as no surprise.

As we have seen, the Chicago Theological Seminary had played a key role in the development of the Blackstone Rangers. And they also played a key role in the development of Operation Breadbasket.

As Reynolds' book reveals, the staff for Breadbasket consisted—from the outset—of Chicago Theological Seminary students or professors: Gary Massoni, Dr. Alvin Pitcher, Jesse Jackson, and David Wallace (Wallace, along with Don Rose, was to serve as a speech writer for Rev. Jackson until 1973).

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Commented one South Side observer: "It warms the cockles of your heart to know that so much good—so much justice— can come from one place."

Commented another, a *Defender* source in City Hall, "The folds at the Chicago Theological Seminary must be vary familiar with Brig. Gen. Frank Kitson's book, "Gangs, and Countergangs: Low Intensity Warfare."

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### July 13: Levi withdraws: Credit Defender gang series

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Edward H. Levi, president of the University of Chicago from 1968 until he was tapped to become U.S. attorney general, has asked Mayor Byrne to withdraw his name as a candidate for chairman of the Chicago Police Board.

Levi was a target of an 18-part *Chicago Defender* series on the creation of the South Side gangs.

The series had alleged that with Levi's apparent approval, the University of Chicago had played a key role in the development of the Blackstone Rangers.

The series noted also that while many of the gang members went to prison following the gang experimentation, Edward Levi was promoted and selected to head the Justice Dept. where one of his key activities was to impose strictures on the U.S. intelligence agencies (strictures which prevented them from monitoring the growth of gangs and cults.)

Recently, Levi was tapped by Mayor Jane Byrne to head the Police Board. The University of Chicago professor has refused to discuss the reasons for his resignation, though a spokesman for the mayor confirmed that Levi withdrew his name for the Police Board position in a letter to the mayor's office.

Bill Griffin, the mayor's press secretary, has stated that he could not remember Levi's stated reasons for withdrawing.

Commented State Rep. Douglas Huff Jr. [D-20], "The *Defender* series (on the gangs) really demystified who and what put the Blackstone Rangers together."

According to *Defender* sources, Levi, especially sen-

sitive to criticism, withdrew his name as a candidate because of the *Defender's* exposure of the University's participation in the gang and other social experimentation on the South Side.

Levi's associates reportedly insist that Levi backed away from the Police Board position because of the "shabby treatment" of his brother, Julian Levi, by Mayor Byrne.

Since 1973, Julian Levi had been chairman of the Chicago Plan Commission, until he was dropped July 11 by Mayor Byrne. Responding to that action, Julian Levi stated: "I bitterly deplore the manner in which this was done. It is totally lacking in consideration or courtesy or any degree of class and breeding."

Reluctant to approve the mayor's choice of former Law Enforcement Assistance Administration (LEAA) head, Patrick V. Murphy, as Chicago's Superintendent of Police, the City Council's Police Committee, headed by Ald. Edward M. Burke (14th) has moved slowly on the Police Board confirmations.

With the withdrawal of Edward Levi, a second University of Chicago nomination, that of Norval Morris, dean of the Law School, is also in doubt.

Currently teaching at the University's Aspen Institute in Colorado, Morris told reporters that he will consult with Edward Levi before making a decision regarding his nomination on the Police Board.

Morris, a nationally known advocate of the legalization of so-called "victimless crimes" (including the sale of drugs, prostitution, statutory rape, pornography, incest between consenting adults, etc.), also came under the scrutiny of the *Chicago Defender's* series on gangs.

Morris, a native of New Zealand, was recommended by Professor Levi in 1968 to head up the LEAA, though was rejected during Senate confirmation hearings. At those hearings, Sen. Orrin Hatch (R-Utah) had stated that the promulgation of Morris's views would "destroy the LEAA."

Stated Sen. Hatch: "Outside of some of the economic difficulties that this country is presently undergoing, I do not think that there is any other area that could cause more discontent and more distress than some of your personally-held views."

To this statement, Prof. Morris responded: "I think that is right."

# Congressional Calendar

## **O**mnibus crime bill pushed by Kennedy

The criminal code reform bill of Senator Edward Kennedy is again before Congress, and Kennedy's intent is to see it rapidly through both houses. The bill would rewrite the criminal laws to allow for increased prosecution of both labor unions and corporations on various grounds and establish sentencing guidelines judges must adhere to. One provision of the bill is that any violence in labor disputes may open a union to federal prosecution for extortion. However, drug-abuse would be decriminalized by a provision that calls for possession of small amounts of marijuana to carry a maximum penalty of only \$500 and 5 days in jail.

The bill passed the Senate last year but was stalled in the House where the conservative-leaning Judiciary subcommittee handling it refused to deal with any omnibus bill. This year, however, the House subcommittee's membership has been changed. It is now headed by a Massachusetts collaborator of Ted Kennedy, Congressman Robert Drinan. On Sept. 7, Kennedy introduced his S.1437, or Omnibus Crime Bill, as well as a slightly different version similar to the House bill. His co-sponsors were the key Republican conservatives on the Judiciary Committee, Senators Thurmond, Hatch, DeConcini and Simpson. Congressman Drinan in-

troduced the legislation last week into the House.

Hearings on the bill began in the Senate Judiciary Committee headed by Kennedy last week. According to a staffer for the House Judiciary subcommittee, "We expect to have it out of subcommittee by early October and the chairman wants to have it out of committee by the end of the session in December. We are moving as fast as we can."

## **S**ubcommittee takes on drugs

The Senate Judiciary Committee's Subcommittee on Criminal Justice held two days of hearings Sept. 11 and 13 to review the international narcotics trafficking problem and the U.S. government's response to it. Pressure for action against drugs has been building in the country, in connection with the founding of the National Anti-Drug Coalition in Detroit this coming Sept. 29.

Subcommittee chairman Joe Biden (D-Del.) announced that he and Senator Sam Nunn who chairs the Permanent Subcommittee on Investigations, under Nunn's direction engaging in quiet but extensive probes of organized crime and drug-running, will be coordinating the activities of their subcommit-

tees in an effort to tighten up Congressional oversight and investigations in this area.

Testifying on Sept. 11, Nunn said, "The permanent subcommittee intends to work extensively in the field of narcotics, primarily because drug trafficking is a hotbed of organized criminal activity... Organized crime is no longer limited to any one ethnic group. Today, it is a well-orchestrated, highly sophisticated, businesslike design incorporating many individuals, groups and associations. It no longer is confined to the streets, waterfronts, and back alleys... A large part of this cost can be traced to the organizations which smuggle narcotics into America and distribute it. Not only are we paying overseas producers of illicit drugs, we are seeing an economic drain through large sums of money—most of it profits from drug sales—being laundered through foreign banks and never returned to the U.S."

Also testifying were Peter Bensing, Drug Enforcement Administration chief, Lee Dogoloff, White House Drug Abuse Advisor, and House Select Narcotics Committee Chairman Lester Wolfe (D-NY) who strongly attacked former HEW Secretary Joe Califano and the Carter administration in general for its cut-off of aid to Latin America for the use of paraquat to destroy marijuana.

Capitol Hill sources do not expect much from Biden. His close relationship to Sen. Frank Church, whose connections to the Zionist lobby include connections to drug-runners, will probably preclude a serious effort, they say. But Sam Nunn's subcommittee, operating without publicity, may engage in some serious investigative work.

### **E**nvironmentalists squashed on snail darter

The environmentalists who have stalled a \$100 million Tennessee Valley Authority project on grounds that it would wipe out the "snail darter" and violate the Endangered Species Act were handed a defeat Sept. 10 when the Senate voted 48 to 44 to order completion of the project. Last year a review committee of Congress created to look into the matter recommended the project be halted.

Twice this year the House, which had approved the proposed Tellico Dam which was the part of the project specifically blocked, had sent the matter to the Senate,

where Senator John Culver (Iowa), a close ally and former roommate of Ted Kennedy's at Harvard, spearheaded opposition to the project. This week, the House threatened to veto the entire \$10.8 billion energy and water projects' appropriations bill, which funds projects in every state, unless the TVA program were OK'd. This forced the Senate action.

Interior Secretary Andrus has said that he would recommend that President Carter veto the bill if it contained funding for the Tellico Dam.

### **C**arter synfuels program suffers setback

The month-long Congressional recess has substantially cooled Congressional enthusiasm for President Carter's synthetic fuel program. Recognizing the loss of support, the administration accepted a compromise proposal Sept. 11, which cuts his proposed 80 to 90 plants down to 20 or 30 in the initial stages. After mark-up hearings in both the Senate Energy and Finance committees, during which aspects of the original proposal

were torn to shreds, two things became clear: Senate Finance Committee Chairman Russell Long is not going to approve a crude oil windfall-profits tax which would yield revenues as large as that demanded by Carter, nor will Long turn such revenues over solely for the financing of synfuels. Also, the Senate Energy Committee is balking at the magnitude and speed with which Carter wants to construct his plants.

By cutting the initial size of the project by one-third, Carter hopes to avoid a direct confrontation with Long, which he would lose, and to garner support from the Energy Committee. Whether his compromise fares any better than the original remains to be seen.

### **E**lection laws shift

The House by a voice vote on Sept. 10 passed legislation changing the 1971 Federal Election Campaign Act to simplify reporting by Congressional candidates. Under new regulations, the candidates would only have to file 9 reports over a two-year time span. Those candidates spending less than \$5,000 would not have to file. At the same time, state and local political committees were given the authority for unlimited purchases of campaign materials for volunteer activities such as buttons and signs.

### Saudis back Lopez Portillo energy plan

Saudi Arabia's Oil Minister, Sheik Ahmed Zaki Yamani, who visited Mexico for two days at the end of August on invitation of the Mexican government has endorsed Mexico's global energy proposal. The "principal topic" of his talks with Mexican president Jose Lopez Portillo, Yamani confirmed, was the Mexican proposal to establish a global energy policy which Lopez Portillo will personally present to the United Nations General Assembly Sept. 27.

The thrust of the proposal, aimed at countering the confrontationalist energy policy of the United States administration, is to establish international agreements reordering production, distribution and consumption that link energy with a strategy of promoting development of the Less Developed Countries (LDCs) to prevent otherwise certain economic collapse and war.

Yamani, speaking as a representative of OPEC nations, endorsed the Mexican idea that energy must be considered as the "common responsibility of all nations," and said that the Mexican president's U.N. presentation "could be the watershed in the history of our energy problems." He described his discussions with Lopez Portillo, saying that "we dealt with the problems of developing countries regarding energy, raw materials, technology transfer, and we dealt with energy problems from a global point of view; I believe that Mexico's position is identical to that of Saudi Arabia and I can also say that it is very similar to that of the greater part of the oil producing countries."

This is the first such endorsement of the Mexican initiative from an OPEC nation, and should add considerable weight to Mexico's U.N. call for action. The energy proposals had already been endorsed by a broad range of countries including the U.S.S.R., France, West Germany, Cuba, Norway, Czechoslovakia, Bulgaria, Poland, and the 26-member Latin American Energy Organization. The U.S. is now the only major oil importing nation to withhold support, with the claim that "there is no proposal."

\* \* \*

Sheik Yamani also threw cold water this week on any speculation that Saudi Arabia would drop its production of crude oil back to the old 8.5 million barrels a day level beginning in the third quarter. Yamani announced that his country would continue to pump out at least 9.5 million barrels a day (mbd) of crude through the end of the year. According to oil industry sources, since the early summer the Saudis have been pumping over 10 mbd of crude.

This latest Saudi move is only one of many actions taken by the OPEC producers to insure that the world oil markets have sufficient crude in light of recent reports of an Iranian export cut of 1 mbd from a level already considerably below what Iran was producing at this time last year.

At the same time many of the OPEC producers are taking greater control over marketing their crude, diverting it into state-to-state deals away from the multinational oil companies. Most recently, Iraq announced that it was

cutting sales to British Petroleum and Royal Dutch Shell by 200,000 barrels a day, without any commensurate decrease in overall output. Like the Saudis, Iraq's total oil output has climbed dramatically this year to a record 4 mbd output, an increase of 900,000 barrels per day.

Shortly before the Iraqis announced the cutback in sales to the majors, Baghdad signed a state-to-state oil sale contract with Ireland.

Following its own cut of sales of crude to British Petroleum by 300,000 barrels per day last month, Nigeria has signed two state-to-state deals, one with the Swedish state oil company and the other with Portugal. Only this week the newly elected president of Nigeria offered to increase Nigeria's oil output from the current 2.4 mbd level (itself 600,000 over Nigeria's production this time last year) to meet increasing demand from the consuming nations in return for development assistance from the advanced sector. According to the Wall Street Journal Sept. 12, Nigeria is even offering to expand producing capacity in order to meet future market needs if the industrial nations are willing to reciprocate with technology for development.

Latest production figures from Kuwait indicate that the Persian Gulf emirate is presently pumping out 600,000 barrels per day above Kuwait's own production ceiling! Oil industry sources indicate that Kuwait is also considering reducing the amount of crude it sells to British Petroleum and Gulf oil through long term contracts, once those contacts come due.

In the last four months, Saudi Arabia, Iraq, Libya, the United Arab Emirates and Qatar have all announced new finds which could dramatically up the total of world reserves.

—Mary Goldstein  
and Judith Wyer

## FACTS BEHIND TERRORISM

### Eyewitness report: environmentalists plan violence on Oct. 6

*Last week, we reported in our cover story that violence was going to be a key part of what the environmentalists are planning for the Oct. 6 demonstration at the Seabrook nuclear power plant. On Sept. 9, the coalition which is organizing the demonstration held a semisecret meeting on a Massachusetts campus... and we were there. Here are excerpts from the affidavit prepared by our undercover reporter who was on the scenes.*

I ... do swear that the following is true:

1. On Sunday, Sept. 9, 1979, I attended a meeting of the Coalition for Direct Action at Seabrook (hereafter referred to as CDAS), at Mt. Holyoke College, in South Hadley, Mass....

4. The meeting of CDAS was attended by approximately 125 people, who said they represented the following organizations: Greater Newburyport (Mass.) Clamshell; Boston Clamshell Coalition; Merrimack Valley Clamshell; New Haven (Conn.) Clamshell; Rising Free (Binghamton, N.Y.); October 6th Organizing Committee (New York City); Rhode Island Clamshell. Other individuals identified themselves as being from Vermont; Maine; Washington, D.C.; Albany, N.Y.; Cape Cod, Mass.

5. Chairing the meeting were a man identified as Rudy Perkins, and a woman called Nell or Nella. They were both said to be from Boston, Mass.

6. One man, who appeared to me to have considerable influence on the gathering, was identified as "Harvey." I believe that this individual was Boston Clamshell

leader Harvey Halpern.

7. The business of the meeting was to discuss the logistics and coordination of a planned occupation of the nuclear power plant construction site at Seabrook, New Hampshire.

8. The meeting began with a two-hour discussion of reports on regions' logistics plans.

9. This section of the meeting dealt with various regions' plans for arriving at what were termed the "staging areas" in the area surrounding the Seabrook plant site, and which sections of the construction site each individual region would approach.

10. The most detailed and carefully planned reports were presented by Boston, Newburyport, and Rhode Island. All three indicated that they had done considerable physical reconnaissance of the area immediately surrounding the plant.

11. The Boston group intends to approach the plant just south of what was described as "the primary target," Core #1.

12. The Rhode Island group intends to approach an analogous area, directly north of Core #1.

13. The Newburyport group intends to enter the site in the northwest sector of the overall plant site, and make its way to the Core #1 through the construction site.

14. All other groups planned to take part in one of these three approaches, especially the Boston and Rhode Island plan.

15. It was stated that preparations began some time ago for the occupation, including meetings with local landowners to persuade them to allow their land to

be used as camping and staging areas.

16. The spokesman for the Newburyport group was a man who was addressed as "Peter."

17. "Peter," in his regional report, said that his group intended to deploy a small force the night before (Oct. 5) to carry out special operations (which were not specified). There was no discussion about what these special operations were, only that they would facilitate the occupation itself.

18. During a discussion about removal of fence-cutting implements, following penetration of the fence, "Peter" said that "some so-called anti-nuclear people" were urging that the cutters be used as weapons on the site.

19. The second session lasted about two and one-half hours, and was broken down into two groups, one discussing "strategy," and the other discussing "communications and decision-making." People from each region attended either of the two workshops. I attended the "strategy" session.

20. During this session, it was decided that "takedown time" of the fence surrounding the primary target area would be 8 a.m. on Oct. 6, 1979. The decision was made by consensus.

21. Approaches by the various regions were confirmed as north and south of the core site, the northwest sector of the overall construction site, and—if numbers of occupiers were sufficient—a fourth area from southwest of the overall site, or from the west of the overall site.

22. Various speakers stressed the importance of the Rhode Island and Boston contingents arriving at their respective fence sections simultaneously or nearly-so.

23. It was suggested by one man, unknown to me, that one group penetrating the construction site could cut tire stems on the waiting arrest buses they expected to be there. There was no discussion about this suggestion.

# WORLD TRADE REVIEW

## New Trade Deals

PRINCIPALS	PROJECT / NATURE OF DEAL	COST	FINANCING	STATUS
West Germany/East Germany	6-year barter agreement of West German coal and crude for East German gasoline and petrochemicals.	\$3.28 bn	NAp	Agreement reached
Brazil from Japan	Aug. 15-18 visit to Brazil of Japanese Chancellor Sunao Sonoda brings agreement to negotiate over \$2 billion of specific projects, largely for export agriculture and related rail transport and for mineral development. Agreement includes ample technology transfer and keeps Japan open for Brazilian exports.	\$2 bn	Mostly Japanese	II
Italy from U.S.	Alitalia (state-owned) purchases five Boeing 747's following cancellation two weeks ago of order for six McDonnell Douglas DC-10s	\$580 mn		I
Saudi Arabia from Japan	Mitsubishi Heavy Industries concludes contracts with Saudi Arabian Saline Water Concession Corp. for thermal power generator and desalinization plant.	\$272.7 mn		I
Saudi Arabia from U.S./Taiwan	Pullman Kellogg awarded preliminary design contract for ammonia-urea fertilizer complex. The award came from Saudi Basic Industries Corp. and joint venture partner, Taiwan Fertilizer Co.	\$250 mn	Nav.	Awarded
Angola from Brazil	Reconstruction of Luanda Hotels by Brazilian contractor	\$210 mn		I
Brazil from Japan	Two Japanese loans: (1) for agriculture in the "cerrado" plains (\$50 mn) and (2) for the Tubarao port expansion, part of a \$2.7 billion joint steel project (\$63 mn).	\$113 mn	Japan	I
South Korea from U.K.	Fluor (U.K.) and Fluor (Korea) will build a 150,000 bpd refinery in South Korea	\$90 mn		I
Senegal, Guinea-Bissau, Mozambique, Angola from Brazil	Brazil opens new credit lines (primarily for agricultural machinery exports) to Senegal (\$12.9 mn.) and Guinea-Bissau (\$5 mn.) and confirms credit lines to Mozambique (\$100 mn) and Angola (\$80 mn.).	\$17.9 mn		Awarded

**Abbreviations:**

U = Undetermined  
 NAp = Not applicable  
 NAv = Not available

**Status:**

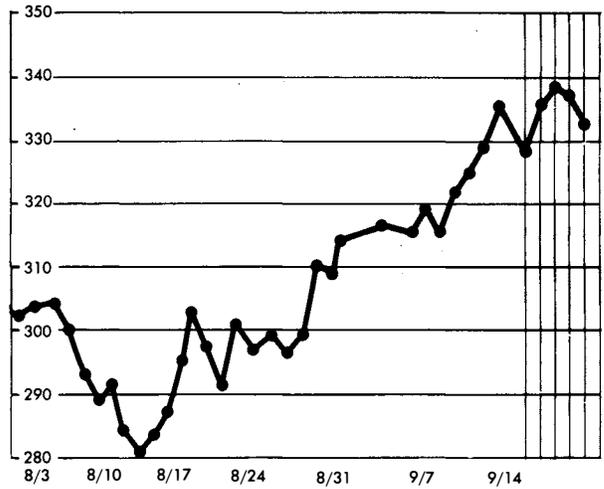
I = deal signed  
 II = in negotiation  
 III = preliminary talks

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## Gold

London afternoon fixing

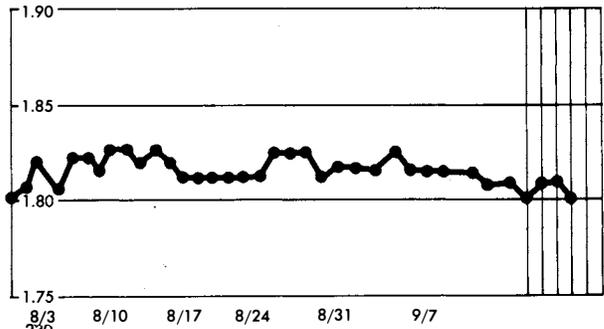
September 7	329.15
10	336.30
11	339.50
12	337.10
13	332.95



## The dollar in deutschemarks

New York late afternoon

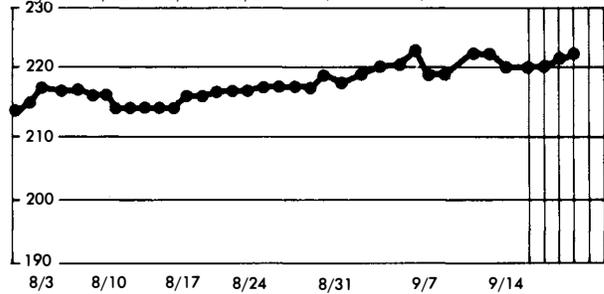
September 6	1.8103
7	1.8070
10	1.8100
11	1.8140
12	1.8095



## The dollar in yen

New York late afternoon

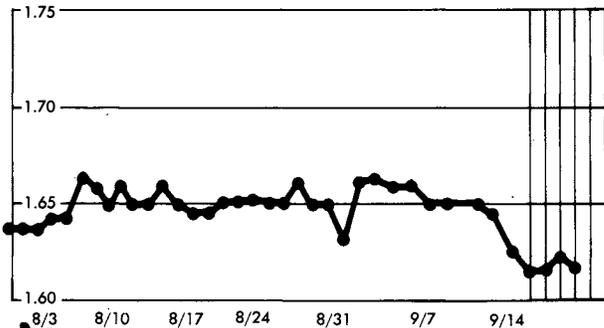
September 6	220.10
7	220.80
10	220.85
11	221.70
12	222.05



## The dollar in Swiss francs

New York late afternoon

September 6	1.6395
7	1.6280
10	1.6285
11	1.6385
12	1.6270



## The British pound in dollars

New York late afternoon

September 6	2.2497
7	2.2490
10	2.2446
11	2.2315
12	2.2232

