



IPS WEEKLY

NEW SOLIDARITY International Press Service

P.O. Box 1972, G.P.O.
New York, New York 10001
Editorial (212)279-5950
Customer Service (212)564-8529

Vol. III Issue 2

January 10, 1976

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U.S. POLITICAL
NEWSLETTER

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FORD'S OPEN DIPLOMACY

Jan. 10 (IPS) -- Through a series of public statements and related diplomatic moves, President Gerald Ford this week took steps to take control of U.S. foreign policy from the Secretary of State Henry Kissinger and Vice President Nelson Rockefeller and to firmly ground that policy on the basis of continued detente with the Soviet Union.

By the end of the President's first significant week of international statesmanship of his administration, Ford had clearly distanced himself from the Rockefeller-Kissinger confrontation policy and had emerged the most significant U.S. spokesman for detente.

In an exchange of public declarations on a possible Angola settlement, both the President and the Soviet leadership continued to bypass Kissinger and his raving threats about a nuclear confrontation with the Soviets over a Popular Movement (MPLA) victory.

Speaking before the American Farm Bureau convention in St. Louis Jan. 5, Ford categorically ruled out the use of food as a weapon against the Soviets over their Angola policy. Instead, he called for a cease fire, an end to all foreign intervention, and asked for an "Angolan solution" to the Angola conflict.

"The linkage (of Soviet grain sales) with the diplomacy would mean disruption and hardship for you, the farmer, a serious increase in tensions between the world's two super-powers and have no effect on Angola whatsoever," the President declared.

The Rockefeller-controlled press played up the President's pandering to his conservative audience with promises to take "the appropriate limited measures necessary to block and stop Soviet actions which we find unacceptable," thereby completely distorting the actual significance of the Ford's statements. First, the President's refusal to accede to policy proposals emanating from Kissinger loyalists in the State Department and elsewhere that the U.S. use of food blackmail, is both a strong affirmation of detente and a statement of commitment to cooperative economic relations with the rest of the world.

Second, Ford had once again publicly contradicted policy positions taken by his Secretary of State. His actions raise the question of how long Kissinger will be allowed to stay in office as an opponent of a President who is determining U.S. Foreign policy. An attempt to paper over the profound differences between Ford and his Secretary of State lay behind the spate of press coverage that portrayed the President's speech as "echoing Kissinger."

The Ford speech, the third in the last week which has stressed a pro-detente policy, came only two days after an editorial in the official Soviet Communist Party newspaper, Pravda which called for "a termination of foreign armed intervention in Angola ... (and for) the people of Angola to be given the right to decide for themselves the questions of building a new life on the conditions of peace and freedom." Pravda further stressed that the Soviets seek "neither economic nor military gain" in Angola.

Reflecting the rift between the President and his Secretary of State, a Ford spokesman reported that the White House was "encouraged" by the Pravda editorial, while a Kissinger spokesman expressed "extreme caution" over the Soviet overture.

Significantly, the Chicago Sun Times, a paper linked to the industrial faction that has been backing Ford, made the Pravda statement its banner lead article Jan. 2, reprinting whole portions directly from the Soviet paper. The article also played up the White House assessment of the article as "encouraging."

The Ford-Soviet "open diplomacy" aimed at difusing the Kissinger-created "Angola issue", began last week with a New Year's Eve Presidential press conference. The President -- in direct contradiction to Kissinger, announced that detente was not based on what the Soviets did in Angola.

This in turn was followed by the aforementioned Pravda article.

Ford wasted no time in responding to the Soviets. Choosing an NBC interview taped Jan. 3 as his forum, the President emphatically swept aside the cold war rhetoric of GOP Presidential pretender Ronald Reagan and other Rockefeller creations on the right, declaring that detente was irreversable and that to pin its future on Angola or the outcome of the Strategic Arms Limitation Talks (SALT) was foolish. The Secretary of State had repeatedly and emphatically made pronouncements to the opposite effect over the last several weeks.

Clearly rejecting Kissinger's "Angola is of strategic importance" line, the President indicated that the U.S. might just have to accept an "end result" which may not be what the administration wants at the present time -- a statement which lends itself to the interpretation that the U.S. would in fact accept an MPLA government-regardless of what Kissinger says.

In addition Ford announced that he will campaign on a pro-detente platform pointing out that "those who abandon detente will eventually be the real losers."

Indicating that he is continuing his personal diplomacy to diffuse the tense situation in the Mideast -- where Kissinger's capability to provoke a war is now the greatest -- Ford delivered a thinly veiled attack on the Kissinger dupes of the "Israel lobby" in the U.S. A President has to ignore pressure groups and "look for a broader perspective," he stated. The President has already endorsed a return to the Geneva Mideast Peace Conference -- a move long supported by the Soviets.

Kissinger who was holding a war council in Jamaica with Israeli warhawk and Ambassador to the U.S., Simcha Dinitz while Ford began his moves, returned to Washington this week and immediately began work on subverting the President's initiatives. Meeting with Soviet Ambassador to the U.S. Anatoly Dubrynin on Jan. 5, Kissinger, according to the Baltimore Sun, warned "directly or indirectly of consequences in bilateral relations unless the Soviets eased off in Angola."

Such maneuvers by Kissinger point to the danger in Ford allowing him to continue in office. At this point there is nothing for the President to gain by "letting Kissinger stew," for the Secretary of State will most emphatically refuse to "but out." On the contrary, to the extent that he is allowed to represent the U.S. on any foreign policy matters, Kissinger is given an unnecessary opportunity to create the provocation which both he and his boss, the Vice President, seek in order to trigger a nuclear confrontation.

KISSINGER: HOW MUCH LONGER CAN HE LAST?

In what Chicago Sun Times columnist Thomas Ross speculated was a "trial balloon" for the President, Illinois Republican Congressman Edward Derwinski this week called Secretary of State Henry Kissinger a "political liability" and demanded his immediate resignation. "Dr. Kissinger," Rep Derwinski stated on Jan. 5, "has reached the point where his resignation would be beneficial to the country." Derwinski's call has since been given prominent coverage in regional press around the country.

The New York Times attempted to portray Derwinski as a "supporter of Ronald Reagan" and thus mask the real source of the attack. However, in an IPS interview, the Congressman, the ranking Republican on the House International Relations Committee, declared, "I'm for Gerry Ford even though I wish he had a different Secretary of State." Giving support to Ross' speculation in his Jan. 7 column, an official of the President's Campaign committee told IPS that many congressmen, "were angry at Kissinger...They are free to do whatever they like." Such statements make it clear that the Ford camp does not see the attacks on Kissinger as either an attack on the President or his policies. They therefore feel no compulsion to offer any defense.

Similarly, a Sun Times editorial, published the same day as Ross' column, urged the President make a formal and complete break with Kissinger. The Sun Times is known to reflect the thinking of the President's Chicago-based backers.

The press, meanwhile, escalated its attack on Kissinger policy in Angola and Europe -- demanding the Secretary's head on both counts. With no one save CIA agent and columnist William F. Buckley, Jr. daring to support the Kissinger-ordered intervention in Angola, column after column lambasted the Secretary of State, with several calling him a liar. The Christian Science Monitor, previously a trust worthy policy conduit for Kissinger, again reported that the U.S. was recruiting mercenaries to fight for the CIA backed National Front (FNLA) and National Union (UNITA). Last week, the Monitor reported that the CIA was recruiting Special Forces troops (Green Berets) on extended leave from the U.S. army and training them in the U.S. bases for deployment in

Angola. The heat from the story had apparently forced an abrupt halt to such operations. Now, the Monitor revealed that the CIA had shifted its recruiting of mercenaries to Europe through U.S. embassies and embassies of those nation's friendly to the U.S. State Department. At least 300 American CIA mercenaries were still in Angola, fighting, the paper reported. Where last weeks charges produced a prefunctory denial from the White House, this time around Presidential press spokesmen hinted that the report was in fact, true, repeating only that "no U.S. nationals were involved."

Then, coinciding with the collapse of the Italian government late in the week, the New York Times and the Washington Post ran front page articles indicating that the CIA was conduiting funds to anti-Communist political parties in Italy and in Western European countries. Kissinger, the stories pointed out, was behind the operation. The stories, which contained news that was first broken in the Chicago press two weeks ago, were conduited into major papers around the country.

A front page column in the Jan. 8 Chicago Tribune by Jack Mabley blasted Kissinger for his authorization of U.S. covert activities in both Angola and Italy and his general conduct of foreign policy.

Mabley's column, entitled "Six Million Dollars for Arrogance" opens with a searing attack on Kissinger's involvement in funding anti-communist political factions in Italy. "Kissinger's latest idiocy," writes Mabley, "is to persuade Ford to okay the CIA's sending a courier to Italy with Six million in his attache case to give to Italian politicians. The diversion of our tax dollars to elections in Italy is not a contentious issue. Maybe 200 people in the U.S. think that it's a good idea. Unfortunately two of them are Kissinger and Colby, plus their flunkies."

"Kissinger's philosophy seems to be that American money can buy anything," Mabley continues. "He demonstrated at appalling cost that money and american lives couldn't overcome the communists in Southeast Asia ... He didn't learn there so he is pushing us in Angola.

Also, yesterday, nationally syndicated columnist Hobart Rowan, who is linked to the Congressional Black Caucus, fired a salvo at Kissinger for losing the Third World through his confrontations.

Backed by these editorial attacks, some Congressional leaders have begun to activate the machinery that could lead to putting the noose around the Secretary of State's neck.

Sens. Tunney (D-Calif) and Clark (D-Iowa), the two key supporters of the Senate ammendment that cut off CIA "slush funding" of Kissinger's Angola operations, have announced plans to hold hearings on the U.S. involvement in Angola when Congress returns from its recess Jan. 19.

Meanwhile, spokesman for the House International Relations Committee announced their intention to hold hearings on the Kissinger-directed CIA intervention into Italian politics.

IPS found this week that many Congressmen are incredibly blind as to who is behind the drive to get Kissinger and why. For example Congressman Railsback of Illinois in a discussion with IPS, at first defended Kissinger, accusing his colleagues who attacked the Secretary of State of "jealousy." When he was informed, however, of the contempt in which the Secretary of State is held by Chicago corporate and banking circles for his sabotage of trade and development, Railsback quickly reversed field. "Oh," he said, "then I guess I must have been absolutely wrong about what I said about Kissinger. Actually, Kissinger is condescending and arrogant."

Meeting with several Congressmen two days ago revealed, that even among those Congressmen who have gone after Kissinger on first Angola and now the CIA-Italy issue, there is an hysterical blindness on how close he is to triggering a war in the Middle East and on the urgency of getting Kissinger out of office immediately.

The Ford camp, while aware of the support throughout the population for Kissinger's removal, is equivocating. One Ford spokesman hinted early in the week that there "may be big changes" before the President's Jan. 20 State of the Union address, strongly implying that Kissinger may be given the boot. However later in the week, one top Ford campaign aide demurred at the idea of dismissing the Secretary of State on the grounds that "Kissinger is an important intellectual (!) and they're hard to come by."

Sources close to the Kissinger family, meanwhile, told IPS this week that they expect the Secretary of State to step down before next month's New Hampshire presidential primary. The sources would not elaborate.

REAGAN: THE BUBBLE BURST ALREADY

Over the course of this week, most of the nation's press turned its fire on the Rockefeller right wing creation Ronald Reagan. Only two weeks ago, a poll released by Rockefeller linked pollster George Gallup had suddenly showed the former movie actor and Borax salesman leading the President. Several Rockefeller linked columnists proceeded to devote reams of copy to explain Reagan's new-found popularity. In an effort to destabilize Ford and advisors, the press hyped Reagan into "a major threat" to the President.

Reagan's equally sudden demise reflect the increasing factionalization within the Rockefeller cabal and especially within the press over the policy of nuclear confrontation. Media outlets have rallied to support the President, and the Reagan candidacy a creation of the media, is now being cut to shreds.

In a Jan. 7 column New York Times columnist James Reston termed Reagan's recent proposal for an "eyeball-to-eyeball confrontation" with the Soviets on Angola and other issues "grotesque" and indicated that if Reagan kept this up he may wind up being Ford's "best ally and secret weapon."

For three days running the Washington Post, which two weeks

ago devoted much copy to the "Regan boom," raked the GOP candidate over the coals for his proposal to slash the Federal budget by an incredible \$90 billion.

Both the pro-Ford Chicago Tribune and the middle of the road Baltimore Sun declared that the Reagan plan would wind up bankrupting most small states (including New Hampshire, site of the nation's first primary next month) by forcing them to pick up the tab for the cut in federal programs. Reagan doesn't stand a ghost of a chance of unseating Ford, the papers flatly stated.

While all this was going on, Reagan was taking his travelling road show to the backwoods of New Hampshire. According to reports on national media, the candidate wasn't doing very well -- even in these conservative areas. Everywhere he went, Reagan was barraged with hostile questions about his proposed budget cuts, with the astute voters pointing out that his plan would mean a drastic increase in taxes.

"Look I don't see how your plan is worth anything," one voter asked him as the national media recorded the interchange. "It seems just plain bad." The networks showed that Reagan's fumbling response didn't seem to satisfy anyone and reported that many people were leaving his campaign appearances as Ford supporters.

There are also indications that some of the people who have been duped into supporting Reagan for one reason or another are having second thoughts. One of Regan's biggest boosters in New Hampshire, an editor of a major paper, was extremely open to the suggestion that his candidate may in fact be controlled by Rockefeller and said that he was supporting Reagan because he thought that he was against the Eastern banking establishment.

The broadcast media also reported that President Ford's state campaign staff had put out a warning on the Reagan budget proposal and that it was this warning that had surprisingly created the hostile environment for Reagan. Such reports, which indicate that the President has been able to put together a solid campaign staff -- despite attempts to sabotage such an effort through press reports that the President was a sure loser in the Feb. 24 primary. If that is the case, Ford will likely win in New Hampshire. The entire Reagan bubble would then quickly burst once and for all.

Faced with this abrupt downfall for his trojan horse within the Republican party, the stage is thus set for a massive Rockefeller vote fraud against the President.

PRESS HITS ROCKY'S PERJURY; EXPOSES ILLEGAL WIRETAPPING

The publication Jan. 4 in at least five major national newspapers and similarly by more than 35 regional papers, of charges and massive supporting evidence that Vice President Nelson Rockefeller committed perjury in his 1974 Congressional confirmation hearings, has established the political climate required for the House Judiciary Committee to immediately begin impeachment proceedings against the Vice President.

The evidence was contained in a lengthy article by two reporters for the Long Island papers, Newsday on illicit surveillance and eavesdropping by the New York State Police during

Rockefeller's term as Governor, received front-page banner headlines in the Boston Globe, Chicago Sun-Times, Hartford Courant, and the Newark Star Ledger.

Noting that Rockefeller had told the Senate that all wiretaps and bugs "are done with appropriate authorizations by judges," Newsday reported that Rockefeller's office had suppressed a state auditor's investigation into faked State Police vouchers which were used for the purchase of illegal bugging equipment, by confirming that the money obtained through the vouchers had been used "to obtain confidential information for the Governor's office."

Newsday also revealed that Rockefeller's first appointee as State Police superintendent had aided FBI agents to bypass eavesdropping restrictions ordered by President Lyndon Johnson by conducting eavesdropping activities for the FBI. The paper charged that the State Police had illegally installed wiretaps for use in "non-criminal" investigations, and had wire-tapped leading political opponents of Rockefeller.

Such accounts of illicit state police eavesdropping, the paper reported, are "contrary to sworn testimony during this confirmation hearings for the vice presidency."

Newsday thus provided significant additional supporting evidence for charges of Rockefeller's perjury that have been pressed by the U.S. Labor Party, which accumulated evidence of the perjury seeking to obtain "discovery" of the State Police files on USLP members in New York.

The article strongly implies that the information gathered in the wiretaps had been used in developing the more than one million political file dossiers -- the so-called Rockefeller files-- compiled by the State Police mostly during Rockefeller's 16 year tenure as the state's governor on individuals and organization which had committed no crime. Under pressure from the U.S. Labor Party, the Human Rights Subcommittee of the New York State Assembly is now beginning an investigation of the files and the methods by which they were compiled.

A careful examination of the Newsday article, indicates that it was at least in part based on information in these files, with supportive information supplied by state investigators.

The article appeared on the eve of the Jan. 7 reconvening of the New York State Legislature, which must consider further moves in the Assembly inquiry into the Rockefeller files, and will simultaneously be faced with intensified austerity demands from the Rockefeller banks.

To date, no leading Democratic political figure in the state has picked up the Newsday charges. Governor Hugh Carey, who is embroiled in an "anti-corruption" investigation being led by a Rockefeller-appointed hatchetman Maurice Nadjari, the New York State special anti-corruption prosecutor, is in fact, apparently seeking to appease Rockefeller by continuing to promote the Rockefeller austerity plans that he became identified with in the New York City crisis over the summer and fall.

Similarly, Democratic State Chairman Patrick Cunningham, who is expected to be indicted by Nadjari on "corruption" charges, has thus far chosen to fight a defensive battle against the Rockefeller gestapo instead of going after the gestapo's boss, Nelson Rockefeller. And while the Democratic party leaders are coming under fire from the gestapo, the Democratic-controlled Assembly is currently foot dragging on its investigation into the files.

The evidence of Rockefeller's perjury has also been received cautiously by Rockefeller's opponents nationally. A campaign official for President Ford, commenting on the Newsday revelations, stated: "We'll see what we can do with it." Rep. Chris Dodd (D-Conn.) has committed himself to a personal investigation of Nelson Rockefeller's perjury, while Rep. Robert Duncan (D-Ore.) declared that he too would start an investigation if the evidence against Rockefeller is strong enough.

THE ADMINISTRATION FUMBLES ON DOMESTIC POLICY

Meanwhile, with the economy collapsing around it, the Ford Administration continues to drift aimlessly on domestic policy matters. As is apparent even to the casual observer, the President and his advisors seem to be converging on a policy of bone crushing austerity and confrontation with the working calss. At this point, one could hardly say that the way that such policy is being decided is deliberative; it instead appears to be the instinctual response of a conservative bullethead to economic questions.

Ford balked at the Chase Manhattan draft of his State of the Union message which called for broad corporatist austerity schemes presumably because it called for the infamous \$100 billion Rockefeller-sponsored, Project Independence boondoggle.

Yet Office of Management and Budget Director James Lynn warned this week that Ford's Jan. 19 State of the Union message will propose bone crunching austerity of the type articulated by pro-Rockefeller Govs. Carey (NY), and Brown (Calif.). Ford has thus reacted to Rockefeller's big spending schemes by proposing simple, brass knuckle austerity. Austerity, however has been, is and always will be, Rockefeller policy.

Similarly, Ford this week vetoed the so-called Common Situs bill (the Construction Industry Collective Bargaining Act), which would have allowed construction unions striking against one contractor to close down an entire construction site, because he feared this would lead to increased labor strife. By so doing, the President chucked out the window an elaborate corporatist swindle worked out by his Rockefeller-linked Secretary of Labor John Dunlop which would have set up machinery to effectively turn the construction industry into a model of Mussolini's fascist corporation and defacto outlawed all strikes.

Reflecting his bullet-headed thinking, Ford indicated in his veto message that he liked Dunlop's scheme and hoped that someday it would find its way back to his desk minus the "common situs" provision.

The President thus revealed that he has no intention of playing along with the Rockefeller "carrot and stick" policy to control

the labor movement. Ford, the conservative, will simply demand that labor knuckle under to austerity.

It is the realization that Ford can't play and won't play along in Rockefeller social control schemes that has prompted Dunlop to throw in the towel and threaten to resign.

The Ford veto has quickly produced a total collapse of the corporatist machinery that in the Construction industry Dunlop had so-carefully set up -- dating back to 1971. Nine labor leaders walked off the government's collective bargaining committee this week in protest over Ford's action. In a press conference, the construction industry representatives, who had easily been duped into accepting Dunlop's new fascist board in exchange for the meaningless common situs "carrot," declared that they had been double crossed.

DEBT MORATORIUM DEBATE RAGES IN CHICAGO

While the Administration drifts toward austerity, a raging debate over the question of implementing an international debt moratorium -- is underway among Chicago industrial layers.

A source close to leading Chicago bankers said this week that there are three "rough" factions on the issue: 1) The hardliners -- connected with New York based-Rockefeller interests who want the debt structure maintained; 2) Those who want a total debt moratorium and a transfer ruble-based economy; 3) Those who straddle the fence and are considering case-by-case debt moratoria. The second faction is led by major agricultural implements producers, the source said, while the third is characterized by Chicago banks.

A vice-president for one major industrial firm told IPS this week that he and his colleagues were astonished that the Communists -- the U.S. Labor Party -- had developed the debt moratoria-International Development Bank perspective while all their hired economic specialists could not. "This means the situation is very serious. There's been some progress on debt moratoria..." "I don't want to say this is corporate policy," he continued, "But there are private individual initiatives going on ... What do the banks think?"

A ranking economist for the tractor industry confirmed the picture. "You have a good reading of the pulse of the tractor industry on the debt moratorium," he told IPS. "The banks may be hesitating, but we're trying to work out a solution." In another interview, a professional man with close corporate ties in the midwest reported on debt moratorium: "Oh yeah. That used to be discussed occassionally, but now everybody's talking about it... some settlement has to be made ... International Monetary Fund austerity schemes won't work."

Labor Party Presidential candidate Lyndon H. LaRouche returns this week after two months of meetings and consultations with Third World, European, and industrial and political leaders in Western Europe. Meetings with Mr. LaRouche have already been scheduled for Mr. LaRouche with several American industrial, political and financial leaders.

Yesterday, IPS was telephoned by a spokesman for a major midwest industrial concern, who announced: "Hi, I'm your liason. Just thought you'd like to know. Your proposals have received wide attention ... Now what's Mr. LaRouche's background?"

Three Congressmen also scheduled consultations with LaRouche, while others are now engaged in exploratory talks with other USLP spokesmen.



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INTERNATIONAL MARKET
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ROCKEFELLER'S FINAL QUARTER: BANKRUPT IMF: NEW YORK BANKS SELL ROPE FOR THEIR OWN HANGING

NEW YORK, Jan. 10 (IPS) -- This week's meeting of the International Monetary Fund (IMF) in Jamaica has finally sealed the fate of that institution and with it that of Rockefeller's entire dollar-based banking empire. The refusal of Europeans and oil-producing nations to destroy their own currencies to allow the Rockefeller brothers to collect their dollar-denominated debts has strengthened the position of the leading Third World nations who are demanding the immediate implementation of an International Development Bank-type "New International Credit Institution."

Two definite results came out of the Jamaica meeting. The first and more immediately significant result is that, contrary to outright lies in the Western press, there was in fact no compromise whatsoever on the important issues. While the Third World representatives had asked for a trebling of available loan monies in the relatively condition-free "first tranche" of the IMF, the result was a pathetic increase of 45 per cent in all the tranches combined as IMF leadership effectively told the Group of 77 to "go to hell!" Treasury Secretary William Simon's bluff that an increase in the "first tranche" only would lead to a credit cutoff by the private banking network "which lends on the basis of IMF-imposed conditions," only bared the direct connection of Rockefeller's banking network and the IMF for those credulous enough in the Third World to still maintain the illusion of IMF "independence."

Secondly, the universal rejection of the U.S. position was that other IMF members must "share the burden", i.e. hyperinflate their own economics and currencies in order to bail out the Third World.

This position brought out into the open Rockefeller's concern for the collapse of the dollar should the U.S. be forced to hyperinflate alone in order to postpone a run on the New York banks. Needless to say, the oil-producing nations refused to "share the burden." Meanwhile, West German's Economic Minister Hans Friedrichs made it clear in a speech at Mainz University yesterday that the Bundesbank is definitely not adopting an expansionary monetary policy.

Rockefeller's economic policy spokesmen, both in this country and in Europe, have persisted in this effort to get the Europeans and oil producing nations into line on the question of an

integrated hyperinflationary approach, for otherwise the dollar will collapse.

Since the foreign exchanges opened to full trading activity in the new year, the dollar has come under considerable pressure from Europeans and Arabs alike -- only to be bailed out by Swiss and West German central banks. The line coming from Professors Triffin, Tobin, and Cooper -- all of Yale University -- is "Europe must inflate along with the U.S." This time these traditional hyperinflationists have been joined by Chase Manhattan's chief international economist and Leonard Silk of the New York Times. Both advocated the old Citibank line for a "multi-currency reserve system" to support international debt structures. However, judging from the contempt shown by European spokesmen for Belgian Prime Minister and NATO-agent Leo Tindemanns' report this week demanding hyperinflationary conversion of European industry for armaments production, no responsible European politician will go along.

While the IMF meeting, as expected, turned out to be a clown show, the nineteen developing nations meeting in Paris this week to hammer out a common strategy vis-a-vis the industrialized countries for the January 26 reconvening of the North-South Talks (Conference on International Economic Cooperation) agreed to push for a "New International Credit Institution." Ignoring the meeting chairman, planted Rockefeller-agent Perez Guerrerre of Venezuela, the Iraqis, Algerians and the Mexicans demanded Soviet participation in future deliberations. Mexican representative Carlos Fuentes warned that should these conditions not be acceptable to the industrialized countries, then the agenda would be taken to the United Nations for immediate action.

West German Social Democratic Party (SPD) parliamentary fraction leader Herbert Wehner's joint-communique with President Gierek of Poland, in which he called for a "nuclear free zone in Central Europe -- including West Germany" is a major indication of European moves away from the dollar and has electrified the French Gaullists, who correctly perceive that it leads to a breakup of NATO and hence the removal of the last obstacle to a European gold-backed currency zone.

This highly significant communique -- is the first major indication that Western Europeans, are ready to move on the IDB. The Soviets and Third World are already fully committed.

ROCKY'S BANKS SPECULATE ON THEIR OWN FUNERAL

Last week's unprecedented \$3.5 billion outflow from New York into the Eurodollar market is as clear an indication as any that there is no way to support the rollover requirements arising out of the \$72 billion of expected Lesser Developed Countries (LDCs) balance of payments deficits on current account in 1976, except a widely hyperinflationary monetary policy in the U.S. This would especially be so if the Arabs and the Western Europeans stick to their guns and refuse to hyperinflate to support the dollar, continuing a pattern that began in mid-December.

At least until late February, loan demand in the U.S. is expected to be flat enough to allow New York banks to concentrate solely on the refinancing of Third World debts on the Eurodollar market via Fed Funds at 4.75 pc. Currently, the differential between Fed Funds and 6-month Eurodollar interbank rates is 1.5 per cent, with the added advantage of greatly reduced reserve requirements in the "free-for-all" Eurodollar market. Come March, the refinancing pressure of U.S. corporations added to the \$45 billion projected financing needs of the U.S. Treasury for the first half of 1976, will turn into a full-fledged hyperinflationary upward spiral.

In the interim, with zero ability to generate operating income domestically, the massive pumping of funds into the highly-risky Eurodollar interbank market to the most illiquid banks in the world, is tantamount to Rockefeller speculating on his own funeral.

Such developments have made it all the more necessary that a Soviet Transfer Ruble-based International Development Bank be established without delay. The alternative is holocaust austerity in the Third World and a chaotic collapse of production, trade, and credit networks in the industrialized sector.



DOMESTIC MARKET
NEWSLETTER

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THE BOTTOM HAS ALREADY FALLEN OUT

Jan. 10 (IPS)-- The virtual shutdown of Copper Range's copper mine and mill at White Pine, Mich. -- the weakest link in the U.S. copper industry -- together with other ominous developments in the primary metals industry, underscores the breakdown of the capital goods and construction industries. In the immediate period ahead, this will have further, widespread impact on employment levels and on the economy's reproductivity capability.

These developments predictably follow from the dwindling of orders for new machinery -- highlighted by a 13 per cent plunge in orders for machine tools in November -- and a 25 per cent plunge in contract awards for construction of new plant and equipment in November, on top of the continuing downturn in residential construction.

CONSTRUCTION: NO SIGNS OF RECOVERY

The construction industry, a bellwether of the standard of living as well as industrial expansion, did not show even momentary signs of recovery during 1975. At the end of the year, construction employment was off by more than 700,000 jobs since its early 1974 "peak." Even during the month of December, when employment in other sectors held steady because of pre-Christmas credit infusions, the decline continued.

Developments in the construction industry have had a devastating effect, in particular on the southern economy, whose (1960s - early 1970s) boom period was premised on unprecedented growth in construction and related industries. The hardest hit states have been Florida and Georgia. Florida has an overall unemployment rate of 12.9 per cent and a huge stock of empty houses, condominiums, and office buildings. There will be no help from the public sector, because states and municipalities are under the gun to slash their budgets like crazy.

DISINVESTMENT PATTERN

The announcement by American Telephone & Telegraph's manufacturing subsidiary, Western Electric, that it was closing its wire-making plant near Buffalo, N.Y. putting about 2,500 people out of work, and reports that it may be phasing out its Greensboro, N.C. plant, are further evidence of the pattern of disinvestment through out U.S. industry.

A vice president of the Communications Workers of America alleged that in 1970 the union agreed to accept a lower piece-work rate in return for "a strong commitment from the company that would stay open": he recalled the the company had told the union that the plant "was old and not competitive." Apparently even this cost-saving move on the part of the company could not help it weather the depression. Due to the slump in its business -- directly tied to the collapse of construction and, behind that, the general downturn in industrial and business expansion plans and standard of living -- Western Electric has reported a three-month operating loss for the first time in 25 years.

North Carolina's big drop in government contracts is apparently one cause of the Greenboro plant's idled capacity. The New York closing together with Western Electric's plans to move much of its administrative facilities out of New York State's revenues. The announcement came one day after Governor Carey's appeal in his State of the State address to businesses to stay in New York!

PRIMARY METALS DOWNTURN

All of this has rebounded with a vengeance on the primary metals industry. The closing of White Pine Copper, the largest employer in the upper peninsula of Michigan, is exemplary of a pattern developing throughout U.S. industry: after a year or more of depressed business activity, the weaker, liquidity-strapped companies have reached the point where they can no longer operate even at reduced capacity. As a high-cost producer, operating deep underground mills in contrast to the surface pits of the other producers, Copper Range soon found depressed copper prices and volume cutting disastrously into its slim profit margins. Copper Range's fate was sealed when the Federal Trade Commission, master of corporate triage operations, failed to approve its acquisition by Amex, a less marginal producer.

The shutdown of its mining facilities to 20 per cent capacity leaves 2,100 out of a workforce of 2,900 unemployed, with the possibility that operations will resume March 1 if the copper market rebounds -- unlikely indeed.

The entire primary metals industry is marked by similar, if not as dramatic, developments:

- * Most of the large copper producers have shut down capacity. Anaconda and Inspiration Consolidated are operating at a loss. Last October Kennecot switched its pricing method from the traditional one-month price, in effect date of shipment contracts, to three-month contracts, giving the customer the option to fix the price -- and hedge against a possible price increase. The leeway offered the customer, however, had done little to curb the company's falling orders.
- * The International Nickel Company of Canada (INCO) is engaged in similar price acrobatics, offering long-standing customers the present price if they maintain their delivery levels. However, as with copper, companies have been finding it impossible to get desired price increases to stick!

- * Most zinc producers have recently cut prices to remain competitive with one another. Although demand in 1975 was at times less than 50 per cent of 1974 levels, producers held the line on prices and cut production. In the first 11 months of the year, while U.S. smelters cut production to an average of 37,000 tons a month from an average of 49,000 tons in 1974, inventories never the less rose to 61,000 tons from 43,000 tons. Now prices have broken.
- * In recent weeks Japanese aluminum companies have pulled out of several projects, including the expansion of Revere Copper's Jamaica alumina plant and possibly the expansion of its Alabama plant has been operating at only 67 per cent capacity and the Jamaica plant has been closed down since August to work off excess inventories of alumina.

STEEL AND AUTO: GETTING WORSE

The steel industry is clinging to the auto "recovery" on the one hand, but slashing capital spending plans on the other. The consensus at the start of the year is that things couldn't get worse than 1975, therefore they might get better ... albeit slowly! Things can and will, of course, get much worse; industry observers and spokesmen base their projections of an improvement in output by as much as 20 per cent in 1976 on the absurd assumption that their customers will quickly complete their own inventory liquidation. Otherwise, all agree that steel companies will further slash outlays on new equipment and facilities this year.

Year-end financial reports will be abysmal; in the words of Armco vice president Gordon Hughes, "The fourth quarter was horrible -- you're going to be scared to death when you see it."

Bethlehem Steel is exemplary of the industry expansion plans; it has already slashed capital outlays by \$250 million and halted work on almost every major expansion project, stretching out work on the rest. Its third quarter net income was \$36.4 million -- 66 per cent below the third quarter of 1974. As Chairman Foy said, "A real disaster ..."

A word about the auto industry -- the "bright spot" on the horizon: General Motors is in the process of "provoking an epic auto-market battle," in the words of a front-page article in the Wall Street Journal Jan. 7. It has embarked on an aggressive campaign to capture a larger part of the (shrinking) market, which includes switching to smaller, more economical models and designing medium and large cars that get more miles to the gallon. None of the other auto companies have the financial resources to compete.

The industry finished off the year with the lowest sales in 13 years, despite all the excitement about the year-end pickup over 1974's rock-bottom levels. Nevertheless, General Motors chairman Thomas Murphy has predicted 1976 will be the third best in automotive history.

One further note about the consumer sector: the "high-cost of

labor, taxes, and environmental regulation," according to local press reports, is driving the food industry out of New Jersey. The latest development is the closing of the state's largest food processing plant, Seabrook Farms. The closing means loss of jobs for 500 workers and bankruptcy for hundreds of produce farmers. One farmer was quoted by the Newark Star Ledger as saying: "Unless something is done, you're going to kill agriculture in the state and we'll have to get another name for New Jersey. It will no longer be the Garden State."

In the last few months the relatively buoyed consumer goods industries have been a mere cosmetic on the collapsing capital goods sector.

AUSTERITY VERSUS HYPERINFLATION: THE INSANE ALTERNATIVES

The de facto adoption by President Ford and his circle of advisors of Rockefeller's austerity policy has devastating implications for an economy which has already entered a final tailspin. Rockefeller's commitment to maintaining intact the major categories of domestic and international debt can be carried out only by unprecedented looting of workers' income and production costs. Given the production slide already well underway and the implied contraction in the absolute profit of the economy (the net real expansion of productive output and associated monetary profit), the major categories of debt can be refinanced only through major reductions in the standard of living and actual disinvestment in industry. This means scrapping not only expansion plans but also old plant and equipment which are now too costly to maintain, given the falloff in demand and profits.

Both tendencies are already underway. The refinancing of all outstanding debt through the next six months, however, coupled with a policy of monetary and fiscal austerity would result in a reduction of living standard on the order of an annual rate of 30 per cent and an annual rate of disinvestment of 20 per cent. These percentages were arrived at by taking a gross estimate of the amount of corporate and government debt to be refinanced, assuming a continued downturn in productive output, flat capital investment, and maintenance of ceilings on all government debt, etc., and then deducting it from available funds (personal income, funds earmarked for maintaining flat capital spending, savings normally invested in construction, etc.).

The inconceivability of such a reduction in living standards and production over the next six months underlines in a very dramatic way the insanity -- and sheer impossibility --- of the teeth-grinding austerity which is likely to be the content of Ford's State of the Union speech. The assembly-line turnout of "state of the state" messages across the country over the last week, cutting social services to the bone for the explicit purpose of maintaining state and municipal debt, was a foretaste of Ford's upcoming speech.

Alternatively, Rockefeller will give the go-ahead to Federal Reserve chief Arthur Burns to start frantically cranking the printing presses for the purpose of debt refinancing. This alternative would prove equally devastating to the U.S. economy, setting off massive inflation and bringing the total collapse of the dollar on the international markets in its wake.

New York: Rockefeller's Police State

I: INTRODUCTION

On January 4, 1976, the Long Island paper Newsday reported in an article entitled "Illegal State Wiretaps Reported":

"The New York State Police regularly conducted illegal wiretapping and bugging during Nelson Rockefeller's years as governor...the sources' accounts of illicit state police eavesdropping is contrary to sworn testimony given by Rockefeller during his confirmation hearings for the Vice Presidency."

The Newday article has also appeared in nearly 40 newspapers around the country, including the Philadelphia Inquirer, San Francisco Chronicle and the Chicago Sun-Times.

This national press coverage has intersected support for Rockefeller's impeachment organized by the U.S. Labor Party, thereby putting enormous pressure on Congress to move to initiate such proceedings.

Labor Party delegations have brought the evidence to the attention of members of the House Judiciary Committee and sources close to the committee indicate that the material is now under serious consideration.

In a memo of three months ago William Haddad, head of the NY State Assembly Office Legislative Oversight and Analysis Committee reported to the Speaker of the State Assembly Stanley Steingut, that "the NY State Police have collected and filed over one million index cards on organizations and individuals who have committed no crime and are not suspected of having committed a crime. Included in the files are dossiers on almost all Assemblymen and State Senators, Congressmen, controversial State and local officials, reporters who have criticized the State or the police..."

Every political figure in this state who has ever opposed Rockefeller on any issue, no matter how trivial knows personally the methods used by the Rockefeller machine against its opponents—from smear campaigns and frameups to goon attacks and murders. Many have been driven from public life by Rockefeller's state gestapo.

Now such opponents of Rockefeller have been given a chance to fight back. Following a suit brought by the U.S. Labor Party to enjoin the State Police from destroying those files before they could be used as evidence against Rockefeller, the State Assembly has authorized an investigation of the State Police files.

The current political battle initiated by Governor

Hugh Carey and his supporters to remove Maurice Nadjari as Special Prosecutor must be understood in this context. Funded by the Rockefeller-controlled national gestapo, the Law Enforcement Assistance Administration (LEAA), the Special Prosecutor's office has functioned as Rockefeller's personal black-mail machine—effectively controlling politics in New York City over the last three years through illegal surveillance and wiretaps, character assassinations, extortion and back room deals.

New York City and State political leaders, many of them victims of Rockefeller's operation, right now have a special opportunity—and obligation—to make sure that this gestapo is dismantled completely and that its boss, Nelson Rockefeller is removed from public office.

The following brief outlines Rockefeller's New York police state apparatus and describes how it came to take its present form. Special emphasis is given to the creation of the State Special Prosecutor's office and the qualifications and role of its current inhabitant, Maurice Nadjari.

An appendix to this brief, to be published within the next two weeks, will show how this gestapo apparatus was deployed against Rockefeller opponents and their political machines, including the cases of former New York Governor Averell Harriman, former New York City Mayor John Lindsay, State Assembly Minority Leader Perry Duryea, Jr., former U.S. Senator Charles Goodell, former New York County Democratic Chairman Carmine De Sapio, Rep. Mario Biaggi, and the late Rep. Adam Clayton Powell.

Writing in today's Newsday, columnist Patrick Owens states:

"...it would be difficult to overemphasize the seriousness of assaults on individual liberties and the process of justice committed in Rockefeller's years as governor. The state police operated against critics and enemies of both the governor and the country's socio-economic system. While the whole tale is far from told, we know enough to appreciate that the Rockefeller **apparat** went as far as it thought it could toward creating the trappings of a police state. If this phrase seems excessive, ask what a police state is like and how far toward it New York moved under Rockefeller.

"How many (other) Rockefeller foes within the Republican and Democratic Parties were the recipients of illicit, secret police surveillance? This is something we need to know, and only the Legislature can find it out definitively..."

"Your name may be in the file. If not yours, surely that of a neighbor or acquaintance. How does that

make you feel, knowing that your state government has been spying on you and fellow citizens? What are you going to do about it?"

Jan. 11, 1976

II. THE APPARATUS

From the time of his election in 1958, Nelson Rockefeller made the issue of "criminal justice reform" his personal mission. Clearly foreshadowing the takeover of local police forces nationwide by the Law Enforcement Assistance Administration (LEAA), Rockefeller used the New York method of high-technology social control as the model for the rest of the country. Pioneering the institutions that now comprise the invisible government, in fifteen years Rockefeller built a Gestapo, turning New York into his personal police state.

Unlike most other states, in New York the State Police are run directly out of the governor's office—a fact which the Vice President alluded to during his testimony before Congress. Rockefeller made full use of this fortuitous advantage.

In 1961, as the FBI was heavily involved in extensive illegal COINTELPRO operations, Rockefeller appointed Arthur Cornelius, Jr. a former FBI agent, as Superintendent of the State Police, in an effort to "modernize" the agency. Cornelius immediately reorganized his command structure, filling many of the key posts with fellow FBI agents.

As the Jan. 4, Newsday article points out, it was during this period that the State Police fed information from illegal electronic surveillance to the FBI. They then falsified their own records to cover up violations of direct orders from President Lyndon Johnson and then Attorney General Ramsey Clark which barred such operations. These actions were carried out in defiance of the Supreme Court of the United States which had ruled against the New York State Laws which legalized wiretaps and surveillance, finding them unconstitutional.

Testifying before U.S. District Court judge Charles L. Brieant of the Southern District of New York, William Haddad, head of the Office of Legislative Oversight of the New York State Assembly, established that:

- * there exist one million 5x7 index cards on individuals and organizations;
- * these cards reference back-up material stored in manilla envelopes containing the results of surveillance, investigations, etc.;
- * these are "non-criminal" files distinct from files compiled during criminal investigations;
- * some of this material was obtained through wiretaps;
- * the State Police "had files on most members of the Legislature."
- * the files contain "political profiles" of individuals;

* that 160,000 names of individuals who signed nominating petitions of political parties had been in the police files (Haddad later identified these names as from petitions of socialist political groups);

* that, in violation of State law, no records had been maintained showing who has used or taken material from the files.

According to Haddad, these files were almost entirely compiled during the time when Rockefeller was governor of New York, from 1958 to 1973.

During questioning in his confirmation hearings, Rockefeller denied that he had used the State Police for personal reasons or for investigations other than those pertaining to background checks on potential state employees.

Judge Brieant, at the conclusion of the hearing on the U.S. Labor Party motion for a preliminary injunction barring the destruction of files, made a formal "finding of fact" that there do exist non-criminal files on one million individuals and organizations.

New Gestapo Units

During this period of time, Cornelius set up two new units to augment the detectives in the Criminal Investigation Bureau, the Special Investigations Unit (SIU) and the Special Services, which was directly responsible for maintaining and centralizing the one million illegal files. The SIU operated outside the regular chain of command, directly reporting to State Police headquarters. It was primarily involved in the so-called fight against organized crime, and under this pretext, it made extensive use of wiretaps and bugs — some with court orders and some without, according to sources cited by Newsday. The unit thus "accumulated" evidence linking Rockefeller political opponents to underworld figures. Some of this evidence (much of which was "manufactured") was then mysteriously leaked to the press for "political smear" campaigns.

The Special Services branch, concentrated on gathering intelligence on political groups suspected of "subversive" activity, developing a system of paid informers and infiltrators. Information revealing the breadth of these COINTELPRO-type operations is also in the files.

Under the personal direction and control of Gov. Rockefeller, this entire New York State political surveillance network was computerized and interfaced with its counterparts in other federal and state agencies through the LEAA. The network, the New York State Identification and Intelligence System (NYSIIS) was run exclusively out of the executive branch of the state government and served as the model for the rest of the country, having been the earliest state data base and communications network within the FBI's National Crime Information Center (NCIC).

The computer integration allowed Rockefeller to gain top-down control over all state law enforcement activities by maintaining a centralized control over the flow of information. Cited in the 1967 Report of the President's Commission on Law Enforcement and the Administration of Justice under Lyndon Johnson, the New York State model was the best existing illustration of how technology could be used for social control. Included in the NYSIIS system—which to date has been expanded by the New York State Police Information Network (NYSPIN)), the state system is interfaced with the entire LEAA national communications network and the FBI and has computer terminals in thousands of local police districts. In its information banks are name searches, pattern analysis, social history, modus operandi, scientific and criminology research, handwriting, voice prints, and motor vehicle information of any individual who ever had contact with the "criminal justice system," including those who have been arrested or charged, but never convicted.

Given the standard operating procedures of the State Police which called for the computerization of all bits of potentially useful information, it is almost certain that the information in the "Rockefeller files" has already been logged into the NYSPIN and at this point remains accessible for use by the Rockefeller gestapo.

National Implications

In 1968, the Law Enforcement Assistance Administration was created through the Omnibus Crime and Safe Streets Act, to coordinate national changes in criminal justice procedures — training the police to create a national Gestapo. Under provisions that allowed the LEAA to utilize the expertise of every existing federal agency involved in law enforcement — civilian or military — the door was opened for CIA training and infiltration of local police departments.

In New York, the establishment of a State Planning Agency and a statewide Crime Control Board gave Nelson Rockefeller direct control of future innovations in local governmental subdivisions with the state. Law enforcement experts were immediately deployed to city governments to guide local officials in utilizing the influx of federal LEAA funds for new police hardware, the creation of new units, and what training was necessary. This funding widened the participation in the NYSIIS data bank to include the local courts and the country prosecutors' offices.

By giving the various local courts and prosecutors access to the NYSIIS, they were provided with a detailed criminal and social history of offenders. An individual's right to due process was thus, summarily, circumvented.

Meanwhile, through various "reforms" of the prison system and penal codes, the court dockets became a manpower listing for recruitment into slave labor programs or LEAA-created terrorist gangs like the

Black Liberation Army. Thousands of drug offenders, for example, were funnelled into methadone and behavior modification centers under the guise of being given a more "humane treatment" by the "new" criminal justice system. In other cases, defendants were offered a deal: they could waive their right to trial and be placed into pre-trial diversion programs. Under these programs a defendant agreed to place himself under supervision of a state appointed supervisor for a period of years during which he was little more than a "deployable body."

Rockefeller often boasted that his reforms of the criminal justice system were a model for what was later done (under the auspices of the LEAA) in the rest of the country.

Nazi Drug Control

As the official activities of Governor Rockefeller focused on reorganization of state governmental bodies, the philanthropic efforts of the Rockefeller family concentrated on the most vicious forms of research into social control since the inhuman Nazi Doctor experiments of the Hitler regime. Like the police state hardware, Rockefeller-financed innovations in behavior modification and methadone maintenance became the model for urban centers in the rest of the country.

In 1965, the Rockefeller Institute published the earliest studies on the application of methadone in dealing with drug addiction. Methadone is a highly addictive synthetic heroin substitute developed by doctors in Nazi Germany. It was originally called "dolphine" for Adolph Hitler. In 1968, the pilot project status of the Vera Institute for Criminal Justice, a New York City-based think-tank funded by Standard Oil of N.J., the Ford Foundation and various federal agencies, was expanded through the LEAA to a city-wide program and exported to other cities.

In 1972 Rockefeller's new drug laws establishing life imprisonment for narcotics offenders immediately made methadone rehabilitation very popular among addicts. There was no lessening of the drug addiction problem, merely the substitution of legal Rockefeller-controlled and sanctioned drugs for heroin.

The significant difference for Rockefeller was an economic consideration — the Vera Institute's ten years of pilot programs showed conclusively that methadone addicts are dependable and work hard — though somewhat sluggishly. This docile workforce, totally dependent on Rockefeller's methadone pushers, replaced municipal workers wherever possible through projects like Wildcat Services, a Vera Institute creation.

The underside of the Rockefeller police state is the ever-present capability for immediate terror deployments — the existence of political hit squads. Within NYC, the so-called Black Liberation Army was actually deployed to carry out assassinations of police.

The Black Liberation Army operation, run out of Lincoln Hospital in the South Bronx, provided an immediate excuse for turning police into a civilian counterpart to the Green Berets.

The brainwashing of methadone addicts was carried out in Lincoln Detoxification Center in the South Bronx, a project of Albert Einstein School of Medicine attached to Yeshiva University. Following a 1970 investigation in the New York City Health system, ex-CIA agent Gordon Chase, a veteran of the Bay of Pigs invasion and the Agency for International Development (AID) was appointed to head the New York City Health Services Administration. He proceeded to insure ample funding for the largest methadone center in the city, Lincoln Detox. Simultaneously Lincoln was taken over by an amalgam of CIA countergangs and black and Puerto Rican nationalists from the South Bronx.

Shortly after this, marathon political education classes were instituted at the center — these classes defined the primary enemy as “white racist cops” and created the zombie cop-killers of the BLA.

The Labor Party has elsewhere provided extensive documentation of the CIA-LEAA creation of the Symbionese and Black Liberation Armies. Why a federal agency would create zombie teams to murder police can be answered very simply — a police state demands an atmosphere of hysteria in which the population can be induced to accept, even to demand the repression of civil liberties in the interest of public safety.

III: THE GESTAPO COMES TO THE SURFACE: ROCKY'S “SPECIAL” INVESTIGATIONS

Simultaneous with the final organizational changes carried out in the State Police under Rockefeller, critical state investigations were conducted that later provided the basis for targeting localities for LEAA reforms. The State Police handled surveillance and hard-core intelligence while the Governor's commissions — the State Commission of Investigation and the Scott Commission (Temporary State Commission to Investigate Government Operations in New York City) — probed every issue from organized crime to civil employee performance, looking for an opening. Not dependent on such niceties as “hard evidence,” for its propaganda value the Commission's muck-raking laid the basis for future charges. Attorney General Lefkowitz's 1973 indictment for election fraud against former Speaker of the State Assembly, Perry Duryea, foremost opponent to Rockefeller within the New York Republican party, is an exemplary case of this kind of smear operation. The Scott Commission's chief counsel was the present State Special Anti-Corruption Prosecutor, Maurice Nadjari.

Whenever political opposition to the LEAA “reforms” prohibited the implementation of high

technology and counterinsurgent changes in local governments, a well-placed corruption probe eliminated the obstacles. In New York City, it took a two-year publicity buildup from the Knapp Commission and the appointment of CIA-agent Patrick Murphy as the new Police Commissioner to break the strong opposition of the entrenched Democratic Party organization. Under Commissioner Murphy, the Internal Services Bureau and the Intelligence Division of the New York Police Department were vastly expanded, paralleling the changes in the State Police effected by Rockefeller.

The Knapp Commission: The Takeover of New York City

From its creation in 1970, the Knapp Commission was a key element in a national plan by the Rockefeller capitalist faction to use alleged corruption to open the way for massive reorganization of the criminal justice, along the lines already effected by Rockefeller in the state of New York. Using the spectacular corruption stories, the LEAA, which provided a significant portion of the Commission's funding, systematically broke the hold of old-line police and opened the way for creating a national gestapo under the direct control of the National Security Council.

There is absolutely no evidence to substantiate the myth the Knapp Commission conducted a fight against corruption. Carefully planned to win the support of liberal layers around the “corruption issue, built by the New York press, the Knapp Commission also became the key step in a cold coup conducted by Rockefeller to destroy the Democratic Party organization and home rule in New York and in particular, to destroy the political career of Rockefeller opponent, the then Mayor, John Lindsay. The dismantling of the city government and the police department begun with the corruption scandals served as a prototype for similar operations later launched in other Democratic urban strongholds.

Created in April, 1970 by Mayor Lindsay under pressure from a New York Times exposé on extensive corruption within the NYPD, the Commission immediately gained wide recognition. It was staffed by figures of national significance: the Rockefeller-linked Cyrus Vance, former U.S. Assistant Defense Secretary, who worked with MdGeorge Bundy planning counterinsurgency for Vietnam; Whitman Knapp, a Wall Street lawyer; Franklin Thomas, former Assistant U.S. Attorney General, and Joseph Monserrat, then president of the New York City Board of Education. The bloodhounds who provided the evidence for the commission were taken from the undercover rosters of the FBI, the Internal Revenue Service, Army intelligence, as well as informants from the ghetto drug machines.

There was virtually no limit to the illegal methods used in getting the evidence for the Commission's widely publicized scandals. Two of the crucial witnesses were later convicted of felonies — Patrolman W. Phillips was convicted of murder by the late Manhattan District Attorney Frank Hogan, and T. Ratnoff, an electronics expert, convicted of illegal eavesdropping and bribery in gathering the evidence he had provided.

The exploits of a Knapp Commission informer, Frank Serpico, were hyped into a best selling novel and then a popular motion picture — leading one to speculate that the LEAA might have been behind both these ventures.

There was strong opposition within the city government to the Knapp Commission, particularly from the City Council, the Police Benevolent Association, the Sargeants' Benevolent Association and then Police Commissioner Leary who claimed it was damaging to the morale of the police force. But this opposition was no match for the LEAA, which used the Knapp probes to nationally justify the takeover of police departments by the national agency. When the city agencies refused to provide enough funding for more than a few months of operation, the LEAA stepped in with \$215,000 in federal funding, and provided dozens of consultants and advisors from all Federal agencies concerned with law enforcement. Later, the Knapp Commission received contributions for its "war against graft, gambling, etc." from half-score private foundations, many of which are known CIA conduits, including the Fund for the City of New York, a Ford Foundation front; and the New World Foundation, which had previously funded the CIA-controlled Students for a Democratic Society (SDS).

As is obvious from its poor results in obtaining convictions against significant city or police officials, the Knapp Commission concentrated far less on cleaning out corruption, than on creating the atmosphere of political witch hunts — a public relations job which prepared the population for the coming wave of "police reforms."

The Role of Patrick Murphy

In October, 1970, five months after the Knapp Commission's creation, Police Commissioner Leary was driven out of office by the indignant press which carried banner headlines on the Knapp probes. His carefully selected replacement was Patrick Murphy, who had just completed a tour of duty for the LEAA, where he had carried out reorganizations of several local police departments.

Murphy had himself come up through the ranks of the New York Police Department, where he was catapulted into a national role — uncharacteristic of a policeman's career — with the help of the CIA. In 1963 Lt. Murphy left New York, with his later-to-be First Deputy Police Commissioner W. T. Smith, to

reorganize the Syracuse Police Dept. following a corruption scandal. In 1964, Murphy briefly headed the New York City Police Academy, until he joined the Office of Law Enforcement Assistance, precursor of the LEAA.

In 1965, Murphy was discovered by liberal Attorney General Ramsey Clark, one of the authors of the LEAA legislation, who appointed him Director of Public Safety in Washington, D.C., which also made him chief of Washington, D.C. Police.

In 1968, then President Lyndon Johnson appointed Murphy to head the LEAA, but this was turned down by the U.S. Senate. After a brief stint with the Urban Institute, a counterinsurgency think-tank, Murphy was brought into riot-torn Detroit, where he served as Police Commissioner in 1969.

Murphy brought \$6 million in funding to the Detroit police department which turned Detroit into the first city with an actual fascist police system. The LEAA funds were used to create "community relations" patrols and organize the population into a network of neighborhood blockwatchers modeled on the Nazi kapo system, and the STRESS killer unit which operated on the same principles as the Brazilian CIA-trained Death Squads.

After his appointment as NYC Police Commissioner, Murphy immediately set to work decapitating the existing leadership of the NYPD. Under the guise of the fight against inefficiency and archaic police methods, Murphy eliminated a dozen old-line police commanders for "failure to exert leadership."

With the help of the Knapp Commission's sensational headlines, Murphy won support from the liberals for police reform and rid the Department of most of the PBA bureaucracy and the seniority system that stood in the way of the LEAA's plan to create a "professional" police department.

Murphy's reforms created entire new units and a command structure whose only loyalty lay directly with the NSC through the CIA and its domestic arm, the LEAA.

During Murphy's tenure, 14 NYC Police officials received training from the CIA, including his old sidekick, now Deputy Commissioner, W. T. Smith. Murphy reorganized all investigative and intelligence functions directly under the control of Smith and Deputy chief of Intelligence, Hugo J. Massini, another CIA trainee. Smith claimed that this CIA training was absolutely necessary — the CIA was after all the only intelligence agency that had the capability to train police in handling such vast amounts of intelligence. The product of this training is the one and a half million files illegally compiled and kept by the New York State Police and the NYC Police Intelligence Division

In conjunction with the NYC RAND Corporation's creation of local control Neighborhood governments along the lines of Vietnam's strategic hamlet pacification schemes, Murphy created the community control Neighborhood Police Teams. These were headed by Sgt. David Durk, one of the key personnel who triggered the Knapp corruption scandals, and now the Chief of Security at the United Nations

To deal with the alleged escalating problem of brutality and sadism within the police ranks, which was publicized in the press to demoralize the force, Murphy set up the Psychological Services Division run by Dr. Harvey Schlosbert, a graduate of Albert Einstein Medical Center, to profile police recruits for potential psychological problems. Under this guise, the Psychological Services Division introduced brainwashing programs into the police ranks, using the created racial problems among the black and white members as a take off point.

When his role was completed in 1973, Murphy left New York to become director of the Ford Foundation-supported Police Foundation.

IV THE SPECIAL PROSECUTOR'S OFFICE

The most important recommendation to emerge from the Knapp Commission Final Report in August 1972 was the call for the creation of a special prosecutor's office.

Rockefeller, who had closely monitored the work of the Commission, quickly picked up on its well publicized "recommendation." He announced that the Knapp Commission files would be turned over to the new "Super Prosecutor."

The proposal was vociferously opposed by all of the city's elected DAs, the PBA and most city officials. All had had their fill of the Knapp Commission's illegal methods of surveillance, coercion of witnesses and its splashy show trials. Its opponents knew that the new office would mean more of the same — an unlimited chance for political witchhunts of Rockefeller opponents.

Manhattan DA Frank Hogan threatened to bring a lawsuit against Rockefeller, charging that the broad powers vested in the new office represented a clear encroachment on the constitutionally-defined powers of the elected DAs. Not coincidentally, the first vocal supporter of the Special Prosecutor's office within the entire city government was Rockefeller's CIA police chief Patrick Murphy.

Rockefeller, through his media conduits, turned the efforts of these public officials to defend the constitution to his advantage, as the papers ran banner headlines that charged coverup, the opposition quickly collapsed.

With appropriate press fanfare, Rockefeller created the office through executive order on Sept. 19, 1972.

The man chosen by Rockefeller for the new post was one of his loyal gestapo thugs, the go-getter chief counsel of the Scott Commission, Maurice Nadjari.

On Sept. 20, the day after Nadjari was formally posted by Attorney General Louis Lefkowitz, Nelson Rockefeller stated: "I regard my decision to supersede the NYC District Attorneys on handling corruption among the police, prosecutors and judges with the appointment of Maurice Nadjari as Special Prosecutor on Sept. 19 as the single most important act of my 14 years as governor."

Who is Maurice Nadjari?

It is no accident that the choice for Special Prosecutor was Maurice Nadjari, handpicked by Rockefeller: Nadjari is simply an outgrowth of the calculated political aims of Nelson Rockefeller. Until 1968, Nadjari was one of a number of Assistant DAs in the office of Frank Hogan, Manhattan's District Attorney for 30 years. He was then moved from that position, "out into the sticks," in the office of Suffolk County DA Aspland. It soon became obvious why he was transferred. Nadjari quickly earned a reputation as a tough guy no-nonsense prosecutor who was obsessed with "corrupt politicians." In four years, Nadjari won indictments against 19 Republican Party officials in the Suffolk-Nassau area on the basis of alleged illegal real estate deals and the selling of zoning agreements. Most of these were conservatives who represented potential or actual opponents of Rockefeller. One of the targets was A. T. Roth, then a member of the Nassau-Suffolk Regional Planning Board and coincidentally Chairman of the Franklin National Bank. In 1975, Franklin National was one of as a direct result of Rockefeller's banks' international financial policies.

In 1973, most of these leaders were affiliated with then Speaker of the State Assembly Perry Duryea, Jr. of Montauk, Rockefeller's most powerful opponent within the Republican Party. It was Duryea who was thought to be Rockefeller's successor as Republican candidate for Governor if for one reason or another the 65 year old Rockefeller decided to step down. It is likely that Duryea would have moved to clean out the nest of Rockefeller agents that had been implanted in the Party and would move to dismantle the state gestapo.

In 1973, with Duryea set to declare for the governorship, he was tagged by Attorney General Lefkowitz with an indictment for vote fraud in the 1972 election. Some people speculated that Nadjari, then the Special Prosecutor, was behind the indictment. Though he was eventually acquitted of these ridiculous charges in 1974, the Republican Party machine in Suffolk had been so smeared by the Nadjari operation that Duryea was unable to defend himself against a new barrage of

press corruption attacks. Under pressure from Rockefeller agents — including Lefkowitz — he withdrew from the governorship race and thereby turned the nomination over to Rockefeller's hand-picked successor, the then Gov. Malcolm Wilson. (Rockefeller had resigned from the governorship to head his Commission on Critical Choices in Dec. 1973 — after the successful attack had been launched on Duryea).

In 1972, Nadjari was chosen by Rockefeller to serve as general counsel for the Scott Commission, the Temporary New York State Commission to Investigate Government Operations of New York City. Along with the State Investigation Commission headed by former U.S. Attorney Paul Curran, the Scott Commission's endorsement of the Special Prosecutor's Office provided strong political leverage to push through the Legislature's first \$200,000 grant in emergency state funds.

As with the Knapp Commission, the driving force behind the Special Prosecutor's Office was the Law Enforcement Assistance Administration, which guaranteed Governor Rockefeller an initial allocation of \$2 million before the office was ever even approved.

Nadjari's Role

Nadjari was not chosen by Rockefeller for his dedication and expertise in using the law. Legal means would not have been able to accomplish the work Nadjari immediately set out to do in his new post to destroy the existing political machines in the city of New York by any means possible. Nadjari's three years as Special Prosecutor have utilized all the underhanded corrupt and illegal practices his office was supposedly created to end. His methods have paralleled the Nazi prosecutors' under Hitler who initially utilized semi-legal show trials which tried people in the press, to break unions, remove political leaders. Evidence was coerced and manufactured.

Nadjari's admitted Nazi-like fanaticism (expressed in his statement that "next to a sexual orgasm, my greatest thrill is hearing the foreman of a jury say the words 'Guilty as charged' ") further explains his malleability to Rockefeller's aims.

The recent allegations made by Patrick Cunningham, Bronx Democratic Party district leader and the latest target of Rockefeller's character assassination campaigns, that Nadjari offered him a deal provided he would furnish information leading the indictment of Governor Carey, fully coheres with Nadjari's modus operandi. For the past three years, the policy of the Special Prosecutor's office has been to coerce, make deals as long as there is the possibility for going after targets higher up.

Nadjari's most widely publicized cases involved

breaking up the links between organized crime and the courts, where judges allegedly passed out deliberately lenient sentences to over 200 narcotics offenders.

In one of these cases, against State Supreme Court Judge Dominic Rinaldi, a key witness against Rinaldi to the Grand Jury revealed he had been offered official police records by one of Nadjari's investigators that would clear a Mafia-connected associate of his in return for the testimony. Nadjari later claimed that his testimony had nothing to do with the indictment handed down against Rinaldi.

When William Steinman, an aide to the Democratic State Comptroller Arthur Levitt, was indicted for trying to fix a gun case for a friend, he revealed that he was offered a deal by Nadjari's office on condition he would do undercover work to "get" a list of Brooklyn Democrats including Brooklyn Democratic Party leader Meade Esposito, then-Congressman Frank Brasco, two unnamed Brooklyn assistant DAs, and two unnamed Brooklyn judges.

When Frank Guidace was indicted for allegedly buying his position as law secretary, he was let off for providing perjury evidence on Brooklyn Greenpoint Democratic District Leader Frank Creta.

The most notorious case, which was recently thrown out of court, was against Customs Court Judge Paul Rao, Sr. for perjury. The crime that Rao had allegedly agreed to fix was never really committed — it was carried out by a Nadjari undercover agent, the witnesses to the Grand Jury were Nadjari undercover agents, and the woman who was sent to compromise Judge Rao was an undercover agent.

Governor Carey's own statements reflect a full understanding of the extra-legal terror wielded by the Special Prosecutor's office. In a recent interview with Long Island Newsday, Carey stated that he had been concerned about Nadjari's investigating methods ever since his close friend, Queens Supreme Court Justice James Roe, Jr. was indicted in 1968 for allegedly offering a \$10 bribe to two policemen who stopped him for speeding. Later, Roe was killed in a plane crash when his private airplane attempted to land at Flushing Airport.

"Do you know the Roe case?" Carey asked Newsday. "Do you know how Mr. Nadjari handled that case? Do you know why Judge Roe felt he had to take a plane from Shelter Island to Queens the day he was killed? He was afraid Nadjari would have him tailed and try to pick him up on some traffic infraction."

to be continued