



Vol. III No. 36

September 7, 1976

\$5.00

Featured This Week:

## **Europe Set To Back Third World's Colombo Demands**

*full report on aftermath of Colombo featuring world press reaction  
plus exclusive interviews*

## **Kissinger Counterattack Against Debt Moratorium**

*features excerpts from U.S. speeches, plus reports  
on the Secretary's targets: Mexico, Mideast, Gulf States, Southern Africa*

## **Youth Slave Labor Draft Set To Roll**

*special report on the Carter-Mondale ticket to Auschwitz*

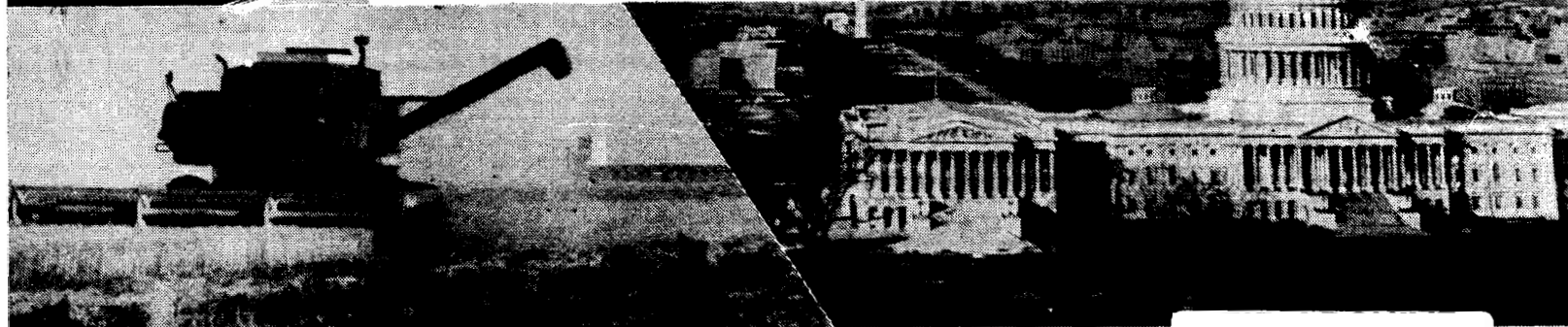
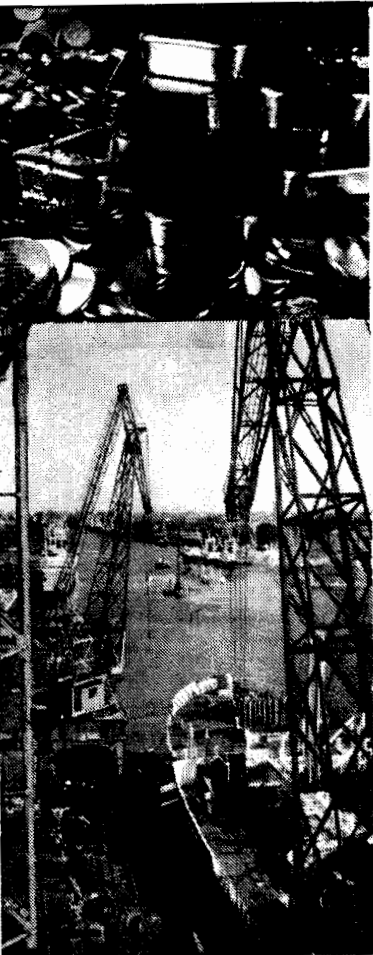
## **McCarthy Runs Interference For Carter**

*special report on U.S. Labor Party's Battle Against Carter Vote Fraud*

Also:

**What U.S. Banks Will Go Under  
When Eurodollar Market Collapses**

**Wall St. Reactivates Its Terrorists**



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## *The Battle For Debt Moratorium*

# Europe Set To Back Third World's Colombo Demands

GENEVA, Sept. 1 (NSIPS) — Informed sources close to the "Group of 19" developing countries participating in the Paris Conference on International Economic Cooperation (CIEC) revealed here today that the developing sector is moving rapidly towards the establishment of a new international economic order as outlined in the resolution of the Colombo Non-Aligned summit. Specifically, the group of experts drafting the developing sector's position paper for the upcoming Paris talks not only demanded a moratorium on developing nations' external debt but developed the guidelines under which a post-debt moratorium system should operate.

The experts emphasized that the problem of debt could not be dealt with on a "case-by-case" basis since it is now a result of the "malaise" of the world monetary system. The extension of credit is inherently connected to development and not to the sanctity of an arbitrary monetary system favoring a few countries, the experts stated. The experts recommended that an "International Debt Court" be instituted to replace the various so-called Creditors Clubs: the functions of this court would be to ensure that the process of a debt moratorium is an orderly one, that the countries involved would not be penalized for being unable to pay their debts. It would also ensure that further credits for production be made available immediately to provide for increased world development. This clear-cut differentiation between the old debt owed to Wall Street looters and future credits based on technological development is a crucial aspect of the U.S. Labor Party's International Development Bank (IDB) proposal, which formed the basis for the Non-Aligned movement's Action Program.

The Group of 19 will meet Sept. 11 to vote on this and other proposals. Swift passage is expected, making the proposal the "position paper" for the Sept. 15 meeting of CIEC. Although some opposition is expected from various countries within the group, sources pointed out that a rejection of the proposed expert document would "go against the spirit of the Manila and Colombo declarations," and was thus considered unlikely.

The hegemony of the Third World hardliners such as India, Pakistan, Algeria, etc... is now such that even former Atlanticist satrapies like Zaire have become zealous organizers for debt moratorium. The West Europeans, including major portions of the Atlanticist machine, have read the signs and are behaving accordingly.

The West European central banks have already prepared contingency plans to deal with what now is almost certain to be a declaration of unilateral debt moratoria on \$250 billion in foreign debt by the Third World. This information, which was revealed by high level sources within leading West European financier and political strata, is systematically substantiated by the

composite of political events inside the leading West European countries.

The central banks of Belgium, the United Kingdom, Switzerland, Italy and France are involved in preparations for negotiating a smooth transition of their own and the Third World economies after debt moratorium has been declared. In France and Italy, where the respective governments are in the hands of staunch pro-development factions, overall government policy is itself being dictated by a commitment to an alliance with the Third World hardliners.

The French and Italian governments announced in unison over the past week that they intend to withhold public announcement of their economic programs until... Sept. 15. This announcement follows on the heels of repeated signals from the ruling forces in both countries to the effect that they consider their countries' proper position to lie within the Non-Aligned camp.

### **Italy vs. NATO**

The Italians are not only saying this, but have initiated steps to redefine the country's international alliances. With the implicit support of Prime Minister Giulio Andreotti, the Italian Socialist Party (PSI) has undertaken a "Watergate" operation to demonstrate criminal collusion between Kissinger's State Department and Italian Atlanticists in active subversion of the Italian Republican Constitution.

As reported in the magazine *Tempo Illustrato* this week, this "Watergate to end all Watergates" will "force" the Italian government to reconsider the nature of its current alliances with NATO. Italy's overall international relations, said *Tempo*, will be affected. Earlier statements by Andreotti-linked spokesmen in the PSI had already proposed at the time of the Sri Lanka summit that Italy's proper role was at the head of the Non-Aligned.

As with the Italians, the new French Foreign Minister Raymond Barre is a figure with historical ties to the Third World and is known to favor a French alliance with the Non-Aligned nations as a break with the Atlanticist-controlled NATO.

Virtually encircled and facing the imminent ruin of a highly-developed industrial machine checked by the worthless dollar, even the West German (BRD) goosestep has begun to falter. Factional murmurings have begun to emerge from among BRD industrialists, erupting this week at the government level with a letter by Economics Minister Friderichs. In a public letter issued to notorious Atlanticist Otto Wolf von Amerongen over the weekend, Friderichs pointedly defended East-West trade while issuing an unprecedented attack on the worthless Eurodollar market whose threatened collapse is "the real source of the government's headaches."

# Europe Reacts To Colombo

## European IMF Official:

### Europe, Ford Will Accept Colombo

*The following is an interview conducted this week by NSIPS with a top-ranking European official of the International Monetary Fund.*

**NSIPS:** Is your government informed about the Third World's plans for unilateral debt moratorium?

**A:** Yes, I think the point is to put this into effect before the (Oct.4) Meeting of the Fund.

**NSIPS:** How do you see the Europeans responding?

**A:** I would envisage a French and British proposal for a concession on the debt issue, giving in to some aspects of debt moratorium.

**NSIPS:** But hasn't the debt issue already been settled unilaterally?

**A:** Yes, that's true, but it is not possible for my government to publicly endorse the resolutions from Colombo. The point of such concessions is to let it be known that we want to see how some things can be resumed, afterwards.

**NSIPS:** You mean a new international monetary system?

**A:** Well, yes.

**NSIPS:** Do you believe that Ford is willing to go along?

**A:** I would guess that Ford is willing to do this.

**NSIPS:** Will the Europeans wait for the Eurodollar market to break down to begin negotiations?

**A:** It is hard to say. Even before a collapse, some of the countries might be willing to negotiate. There have been some studies done at the (—) central bank and elsewhere, about how to go about this. But I don't think it would be realistic for my government to endorse anything of this sort just at this point. We will have to wait and see.

**NSIPS:** How does the state of mind of the U.S. financial community impress you?

**A:** I don't believe they have taken this situation much into account. I am thinking now of the typical banker. I have not seen even one serious piece in their press on this problem.

## Italians, Soviets:

### Three-Way Trade For Development

Avanti, the daily of the Italian Socialist Party (PSI), excerpted Aug. 29 an "interesting article by Soviet economist Nkrashov" on the potential for the Soviet Union and Third World to collaborate on development of energy resources in Western Europe. Nkrashov is quoted: "... One of the possible roads for resolving the energy problems of Western Europe... is that of pan-European cooperation in the development of high consumption energy plants... of the construction of large industrial energy complexes...

"... The traditional relations of Europe with the developing countries of the Mideast and northern Africa will be maintained. These relations assure to Western Europe the import of millions of tons of crude oil, natural gas, and ferrous and non-ferrous metals and other raw materials...

"The forms of participation of the Western countries in all the spheres of cooperation with the East can be various: from granting credits for machinery or technology to the construction of complexes and factories on a compensatory basis; a vast array of reciprocal contracts could be represented by co-production in exchange for technical experience..."

Avanti comments on the offer for expanded trade: "The evaluations of the Soviet economist are without doubt in-

teresting... and it is interesting to note the co-involvement of Yugoslavia in... The general scheme of development approved in the course of the recent meeting of the Comecon countries at Berlin... the energy link represents the further development of national economies in these countries..."

## French Employers Support Colombo

*The following statement was made exclusively to NSIPS by a monetary specialist for the French Employers Association, the CNPF:*

The CNPF is not against the Colombo perspective. On the contrary, due to its concern to stop inflation, of which the dollar sector is the number one culprit, the CNPF is willing to support a debt moratorium coming from the Third World... It would even be positive... The CNPF wants a return to gold as a standard, which is the only rigor we think is immediately available from a monetary standpoint. The CNPF discounts the ability of SDRs (Special Drawing Rights —ed.) or the U.S. dollar to hold up against the crisis any longer. We need a consolidation, or debt moratorium, if you insist, call it what you will: something to sponge up the excess liquidity... It is unfortunate if some New York banks have to go down... If they were so foolish as to overlend to the Third World... But I am confident that these banks do not represent the whole U.S. banking system, Trade could still go on.

## BRD Press:

### Credits Are Gifts

*The following article, appearing under the title "Foreign Credit: The Creditor's Illusion — The Impotent German Lender", in the Sept. 2 edition of the Suedutsche Zeitung, signals the discovery by the stunned editors of that newspaper that many debts held in the post-Colombo world will not be paid.*

**"Foreign Credit: The Creditor's Illusion —  
The Impotent German Lender"**  
by Walter Wannemacher

Leaving aside emergency aid following catastrophies, the sole purpose of political foreign credits is to cover up temporarily the consequences of bad government. Otherwise, governments would not have financed any Potemkin villages with their printing presses, and the free interplay of market forces would have then soon taken care of an adjustment in the balance of foreign exchange payments. But if such Potemkin villages are financed with foreign credit, then the deficit in output balance, and consequently in the foreign exchange balance, will become regularly larger for the borrower.

Looking back over the past two decades, not one exception can be found to this rule. To be sure, foreign credits do effect temporary relief from uncomfortable necessities; but they subsequently make the problem even worse. Such a problematic future has already begun for a whole number of developed industrial nations — Italy, England, Denmark — and no one has the courage to stop and think about the hardships which a solution to the problem will demand...

If there is no currency available to maintain imports, they must be borrowed from somewhere. The present run on foreign credits is completely outstripping the last orgy in un-blissful memory, that of the 1920s. The traditional creditors' potency is being continually undermined. Only Saudi Arabia is growing into its role as the world's super-creditor.

### Cavaliers of Currency

Industrial countries can certainly give commodity credits by doing without payment on their exports for a while. If these

credits are to be paid back when due, the debtor must have recourse to finance credits. The volume of the Euromarket — this gigantic product of the currency cavaliers — nonetheless remains crucial in the end for the question of how long the debtor's solvency exists, at least as a fiction. The only remaining real sources for the maintenance of the necessary fictitious growth of the Euromarket are the assets of the oil sheiks (petrodollars) and the money smuggled into anonymous accounts by tax frauds and political bosses... As long as oil sheiks, tax frauds or political bosses pay in to the Eurobanks, this expectation holds true, ... i.e., the Euromarket lives on its own

growth. But no one dares think about what would happen if, one day, this growth is stalled...

Credit can only make sense when it is connected to a tit-for-tat political guarantee. If we finance productive progress as a consequence of a new technology which the debtor himself does not possess, then we have contributed to the increase of the "achievements" which the government in question can parade before its subjects, and on which it can support its reputation. It is only fair to also demand another political service in exchange. The latter can justify its internal write-off, since in reality this only represents a gift.

## Chicago Reacts To Colombo

Sept. 4 (NSIPS) — The temporary shock of Colombo is beginning to wear off among critical layers of the Chicago industrial-financial faction. There have been sharp signals from this layer in the few days since the Mexican peso's devaluation that, after all, a "new world economic order" might not be the worst of all possible worlds.

The indecisiveness and wishful thinking of this layer of capitalist leaders, more than anything else, has been responsible for the lack of initiative regarding the Non-Aligned movement's development proposals by the U.S. White House since the Ford administration's victory over Rockefeller forces at the Republican National Convention. Now, however, leading spokesmen for Chicago corporations, including the nation's largest accounting firm, are reporting that, in their view, there is just no alternative to an International Development Bank arrangement which would include the Third World, the OECD countries and the Comecon in co-development efforts at the conclusion of generalized, orderly debt moratoria.

Similarly, regional banks in Illinois and Wisconsin, and many medium-sized industrial firms in the Chicago area have expressed the view that the large commercial banks in the East are simply over-extended; they are willing to conduct study and negotiation with U.S. Labor Party spokesmen over the future of the world economy. A general pro-growth perspective has also been advised by leading Republican Party spokesmen from southern California, the Rocky Mountain states, and such oil-belt states as Texas, Oklahoma and Louisiana, involving support for massive transfer of technology to the Third World.

On the other hand, the new reality is being sharply resisted by the large commercial banks in the Midwest, the First National of Chicago and Continental Illinois, whose spokesmen still insist that the Colombo conference resolutions were insignificant. These banks, which have a stake of their own in the Euro-dollar financial bubble, were supported by the Chicago Tribune, which this week lashed out at the Colombo Non-Aligned conference, without even a mention of that meeting's call for general debt moratoria.

*The following are a few of the responses of leading corporate executives in the Chicago area to the Colombo Non-Aligned movement's development proposals, the Mexican peso devaluation, and general prospects for a new world economic order.*

### **Member, Board of Directors, Sears-Roebuck:**

"The reason for Echeverria's devaluation of the peso was to preempt a series of destabilizations against Mexico during the North-South meetings (Sept. 15 — ed.).

I was at the State Department for five years and I can tell you that there are many people at the State Department that would agree with your assessment that Mr. Kissinger is responsible (for the events in Mexico).

We've had the new world economic order under assessment for a good period and we are aware that the only alternative to it is panic and nuclear confrontation.

Over the past few weeks we have been searching for alternatives to generalized debt moratoria and we haven't been able to come up with anything... In general, we are in agreement with the new world economic order... It looks like the new world economic order is the only way to save democracy in the U.S.

We're Ford supporters and we don't like Carter. Carter is a product of Wall St., and those wise guys... I mean "wise men," are ready to do to the dollar what they did to the peso.

The business community is now political. Sears is organized politically vis-a-vis Colombo.

### **Sr. Partner, Arthur Anderson (accounting):**

I know Echeverria personally, and I know that he is committed to debt moratoria... The peso devaluation was a necessary tactical maneuver.

Debt moratoria is nothing new, it's happened before. I'm not opposed to it, and I'm in general agreement with the outline of the International Development Bank... But you have to put together a general cost-benefit sheet... who's going to be affected, who isn't, etc.

I've spoken to a lot of economic experts and they agree with me that the 50 per cent devaluation of the peso was insane... it was crazy.

### **President, large Chicago-based corporation:**

The debt has reached astounding proportions... the larger banks are well overextended... If I were them (a Third World country), I would have done the same thing... The banks we're talking about involve North-South and East-West trade. It sounds workable.

### **Treasury Department: No Comment On "Rumors"**

*The following are excerpts of a telephone interview with Robert Pelican, an official of the U.S. Treasury who conducted the Nairobi debt negotiations for the U.S. under the direction of Assistant Secretary Gerald Parsky, and who will be the Treasury negotiator in the Paris meeting of the Conference on International Economic Cooperation. During the UNCTAD IV Nairobi negotiations Pelican was instrumental in postponing the debt talks and diverting them to CIEC as that as considered by Kissinger as a "safer" and more "controllable forum".*

**NSIPS:** Your success in continuing "negotiations" in which nothing happens seems to be coming at an end...

**Pelican:** You have said nothing that is new. You can trace all these demands (Non-Aligned and Group of 19 demand for debt moratorium — ed.) back to the Manila declaration. They

presented us with their position then and we are still in the process of talking about it...

**NSIPS:** Now they are threatening with a unilateral debt moratorium if the U.S. continues to refuse to negotiate...

**Pelican:** I have not yet seen the document that you are talking about and I am not willing to comment on the basis of rumors; if they present us with new demands we will discuss them.

**NSIPS:** But the context is changed now from the beginning of the summit. The supposedly controllable Group of 19 demands an International Debt Court, credits linked to development, everyone has realized that you cannot continue paying your debt while you divert resources from development and industrialization to pay back a debt...

**Pelican:** I don't agree with you... I do not see a move away from development in order to pay debt. As a matter of fact a number of countries that were experiencing difficulties are now in very good shape; look at Korea, India...

**NSIPS:** Let's take the countries involved alphabetically. Argentina...

**Pelican:** I don't know what is happening in Argentina...

**NSIPS:** Brazil...

**Pelican:** I do not know about Brazil...

**NSIPS:** Chile...

**Pelican:** There you go again, talking about individual countries that I don't know anything about... Why don't you look at the worldwide recovery, the Third World will be able to increase their exports...

## Collapse Of Eurodollar Near

### "Green Slime" Invades Japan

NEW YORK, Sept. 4 (NSIPS) — Wall Street bankers have released hundreds of millions of worthless Eurodollars onto the Japanese stock market in the last month in a final effort to latch onto some equity — paper linked to real productive wealth — before a Third World debt moratorium sends the entire Euromarket down the drain. The assault on Japan, which has as its ultimate objective the forced revaluation of the yen and the elimination of the huge Japanese trade surpluses, was redoubled this week when a similar invasion of "green slime dollars" into West Germany was beaten back by that country's central bank.

The West German Bundesbank announced Sept. 2 that it would fight "tooth and nail" against the hyperinflationary effect of the dollar inflow, which has been forcing the West German government to print up 2.5 deutschmarks for every dollar presented. The New York banks had hoped to force an up-valuation of the deutschmark. On the same day, the Ruhr-based newspaper Deutsche Zeitung informed West German bank participants in the Eurocurrency markets that their loans to the Third World must be regarded as "grants," since there is no possibility that they will ever be repaid. At best, Deutsche Zeitung wrote, the loans might result in export orders for depressed West German industry. The Deutsche Zeitung commentary shows how close the West German "Junior Yankees" are to joining the rest of Western Europe in junking the Eurodollar markets and supporting the Colombo Non-Aligned Summit's call for debt moratorium and a new world economic order. According to a leading Swiss banker, West European bankers have been liquidating their short-term exposure in the Euromarkets over the last month in anticipation of a collapse — leaving the New York banks holding the bag.

#### Zeroing In On Japan

Defeated in their efforts to revalue the deutschmark, a panicky Wall Street is now focusing its speculative offensive almost exclusively on Japan. With Western Europe and the Third World already bled dry, Japan is one of the few remaining countries outside the socialist sector with wealth left to loot. "Japan represents the only international investment we have left," admitted a top economist at a leading New York investment bank. One New York commercial bank alone has bought \$100 million in Japanese securities in the past week.

With the anti-Atlanticist faction led by Prime Minister Miki still in power, Japan is even less likely than West Germany to tolerate dollar inflation. "The Japanese can always take their dollars and buy gold," said one Wall Street source.

The Atlanticist offensive has left the West Germans and Japanese with *no other choice* but to break with the dollar. Wall Street has demanded: "Either revalue your currencies and destroy your industrial exports, or allow our green slime to hyperinflate your economy." It is an offer that both countries must reject.

#### European Payments Crisis Fuels Break with Dollar

The worst payments crisis in modern European history is now staring both Wall Street and Europe right in the eyes. This week, Italy agreed to repay the West German government \$500 million of its \$4 billion gold-collateralized loan. The loan had been given Italy last spring to prevent the lira from collapsing and Italy defaulting on its debt payments. But the Italians' willingness to repay is based on their perception that a new monetary system will soon be created, rendering such agreements meaningless. According to the Italian economist Vitangeli, writing in the financial daily Il Fiorino, said, that the anti-Atlanticist Andreotti government did not mind paying in dollars — as long as they did not have to give up any more of their gold holdings. The dollar, Vitangeli had written last week, will soon be worth less than toilet paper.

European capitalists need only look to Britain to discover "what policy not to follow." The Bank of England has spent an astonishing \$5.6 billion in supporting the faltering British pound since the beginning of this year. Meanwhile British borrowing abroad has risen 9.5 billion, for a total foreign debt of about \$80 billion: A special study release by the British National Institute for Economic and Social Research this week reveals that, as a result of the gutting of British labor power to repay the debt, British labor productivity is now even lower than in Italy.

Wall Street's list of European victims does not stop there. It includes Belgium who was forced to spend \$565 million of its reserves in currency support last month; Denmark, where government economists are pleading for continued Bundesbank support of their beleaguered currency, kroner; and the Netherlands, whose guilder, once one of the world's strongest currencies, is now classified as "weak" by foreign exchange traders.

In France, the population has been hit by double-digit inflation — consumer prices rose 2.5 per cent in the month of July alone — while Atlanticist French President Giscard d'Estaing's Wall Street-ordered credit squeeze has produced soaring interest rates and shrinking money supply.

Is it any wonder that all of Western Europe is on the verge of breaking with the New York banks and their Dollar Empire?



NSIPS Exclusive Report

# Kissinger Launches Counterattack Against Debt Moratorium

*Sept. 4 (NSIPS) — In a Philadelphia speech Aug. 31 U.S. Secretary of State Henry Kissinger demanded that the developing countries "cooperate" with Wall Street's genocide, and flatly rejected the historic resolutions of the Colombo, Sri Lanka summit of Non-Aligned nations.*

*Initial attempts to simply ignore the Colombo declaration for debt moratoria and implementation of the new world economic order having failed, a desperate Kissinger is now offering the Third World the choice of, in his own words, "cooperation or chaos" (see speech excerpts below). And to put teeth in his threat, he is further heating up four crucial world hot spots — Mexico, the Mideast, the Persian Gulf region, and southern Africa — to blackmail and bludgeon his opponents into line.*

*In Mexico, Kissinger's forces have forced the devaluation of the Mexican peso and opened up that country to attack by Wall Street, amid a range of open insurrectionary moves against Mexican President and Non-Aligned leader Luis Echeverria.*

*In the Mideast, Israel, Syria, Jordan, and the fascist Lebanese Falange are joining forces for a second "Black September"*

*massacre of the Palestinian left in Lebanon. As this goes to press, reports are that Israel has invaded southern Lebanon.*

*In the Persian Gulf, the Kuwaiti coup and Kissinger's attempts to turn that region into one gigantic U.S. military base are fueling a war crisis there and represent a further undisguised provocation of the Soviet Union.*

*And in southern Africa, a dual military crisis has erupted around the puppet states of Rhodesia and Namibia, and outlaw South Africa itself — which Kissinger insists must be recognized as a legitimate "African country" (see speech excerpts in the Africa section of this report) — has been engulfed in waves of provoke rioting which have left hundreds dead.*

*Kissinger's Philadelphia speech and concurrent efforts to snuff out international motion toward the new world order by force are exemplary of the fact that, despite the tremendously significant efforts of major forces in the U.S. and Europe to join with the Non-Aligned in moving toward realization of an International Development Bank program of peace and development, the fight will not be won until Kissinger and the rest of the Rockefeller machinery is cleared out of the way.*

## Kissinger Says No To Colombo

*The following are excerpts of the Secretary of State's Aug. 31 speech in Philadelphia:*

One year ago, at the Special Session of the United Nations General Assembly, the United States presented a comprehensive series of proposals aimed at responding in a cooperative spirit to the needs of the developing countries. We have followed up these initiatives with major efforts at the Paris Conference on International Economic Cooperation, at the United Nations Conference on Trade and Development in Nairobi, in many other international institutions.....

Substantial progress has been made in the past year in shaping the long-term economic relationship between the nations of the northern and southern hemispheres. The initiatives which now form the agenda for discussion are, by and large, proposals made by the United States....

We are prepared to address the crushing balance of payments problems and debt burdens which are of special interest to Africa.

We are seeking authorization from Congress to make an initial contribution of \$15 million to the African Development Bank's Development Fund in order to foster industrialization....

But we must be frank to say that rhetorical assaults and one-sided declarations undermine the conditions for such cooperation. They weaken public support for development in the industrial democracies whose effective and sustained role is crucial. No other group of countries — least of all the Socialist countries — is able to provide the technology, the managerial expertise, or the resources.

Many of the resolutions of the just concluded non-aligned conference in Colombo were clearly anything but non-aligned in content or phraseology. We reject such one-sided proclamations and warn that to be effective non-alignment must be true to its name. It cannot — indeed it will not — be taken seriously if it becomes nothing more than a rigid grouping aimed at producing automatic majorities and rhetorical attacks against the industrial democracies.

The choice that all nations face is between cooperation and chaos.

# Wall St. Forces Float Of Mexican Peso

*But Echeverria Won't Impose Austerity*

Sept. 3 (NSIPS) — On Aug. 31 the Mexican peso was taken out of fixed parity relation with the dollar, a de facto devaluation of that currency for the first time in 22 years. The measure was announced by right-wing Finance Minister Mario Ramon Beteta in the midst of a battle intensified by the pro-development government of President Luis Echeverria to insure that Mexico will play a leading role in building the new international economic order. The "floating" of the peso is the direct result of six months of economic warfare against Mexico by the Wall Street banks and Rockefeller's Invisible Government within Mexico.

Although Echeverria was forced into this move by a Wall Street-inspired flight of capital, the timing of the action, and Echeverria's assurances it will not lead to austerity measures signal a continuing offensive by his forces. Since the move was first announced by Beteta, Echeverria has made it clear that the decision to float the peso rather than to devalue it by a fixed amount in relation to the dollar was motivated by the tenuous situation of the dollar, especially in light of the Third World's determination to declare a unilateral debt moratoria and create a new universal monetary system, as announced in the final resolutions of the Colombo Non-Aligned Conference last month.

The timing of the floating of the peso — on the eve of President Echeverria's sixth and last State of the Union Address — was programmed to be just the beginning of a fierce two week onslaught against progressive forces in Mexico. A Chicago corporate executive with extensive connections in Mexico today indicated that Echeverria's action was in fact a preemptive strike against a coming round of Wall Street destabilizations to force a devaluation. Sources in Washington said that they expected the devaluation during the Sept. 15-16 Mexican Independence day holidays at the earliest, after a heightened scare campaign similar to those which had been conducted since March of this year. The onslaught against the peso, these sources revealed, was planned to coincide with the post-Colombo strategy planning meetings which Ministers from the Group of 77 are scheduled to conduct in Mexico City from Sept. 13 to 21.

Mexican press reports also indicate that U.S.-backed coup plans were in the works for later this month. A Mexican newspaper yesterday quoted International Monetary Fund sources who noted that the action was taken to "maintain political stability" and expressed disappointment over the fact that Mexico had not gone the way of "Brazilian political stability." On the same day an Agence France Presse wire in the Mexican press reported statements by Swiss banking sources to the effect that it is improbable "that the U.S. would allow a popular democracy to install itself on its border."

## **The Campaign Against the Peso**

The economic warfare against Echeverria's pro-development policies dates back to March 1976 when Wall Street press outlets including Barron's, Money Manager and the Wall Street Journal among others, ran lengthy and numerous articles pushing for devaluation of the peso.

At the end of March, articles in Money Manager and Barron's appeared under scare headlines such as "Devaluation Threatens Yanqui Dollars." Money Manager demanded "more exports and jobs to keep creditors and masses calm," and accused Echeverria of "ignoring economics in his last year in office." In a piece entitled "Down Mexico Way, Robbing the

Gringo Remains the National Pastime." Barron's warned investors that "the monetary rumblings are ominous." An April 13 Wall Street Journal article suggested that the Easter holidays "would be a handy time for the (Mexican) government to effect the mechanics of devaluation."

On April 13 Echeverria directly answered the bankers at a press conference remarking that some U.S. newspapers still seemed to believe in "Glorious (Easter) Saturday." Since Mexico devalued at Easter time 22 years ago people, "who don't like us very much" say every Easter week: "Now they'll do it, now they'll do it," he said.

Following Echeverria's counterpunch Wall Street broadened its U.S. based offensive through Rockefeller networks in the Democratic Party and moved in Mexico through the Rockefeller-linked "Invisible Government." Attack after attack on the Mexican economy and President Echeverria has come from the U.S. "left wing" agents around the terrorist Institute for Policy Studies, including a Jewish tourist boycott, and phony "freedom of the press" campaigns. Meanwhile "right wing" Congressman Larry McDonald (R.-Ga.) — a friend of Jimmy Carter's — sponsored full-page ads in the major national press warning of Mexico's "slide towards communism." These campaigns provoked the massive flight of capital from Mexico which Echeverria identified as responsible for this week's "floating" devaluation, and created a domestic red scare environment in which Invisible Government forces could move against Echeverria's stated economic policies.

Despite scattered protestations about the "suddenness" of the announcement that the peso would be floated, business and banking circles in Mexico and in the U.S. greeted the measure as necessary and courageous, provided it is accompanied with appropriate austerity measures. This view was summed up by the former head of the National Chambers of Commerce, Jesus Vidales Aparicio who said Sept. 1 that the float would not have any adverse economic effects "as long as imports are rationalized, if we promote foreign investments... (and) more rigorous control of public expenditure." Vidales and a group of other business leaders emphasized, "what has to be avoided now is a wage demand drive by the labor movement," reported the Mexico City daily Novedades. As for the U.S. press, the Sept. 2 Baltimore Sun erroneously reported that the devaluation was part of a complete austerity package including wage restraints.

Bankers reached for comment in New York yesterday, however, expressed concern that the measure would not provide the "background and follow-up" which they demand.

## **Watch Your Dollars**

In his State of the Union Address President Echeverria announced strict "follow-up" measures to the devaluation, designed "to protect the buying power of the people." The measures will include wage increases retroactive to Sept. 1 for state workers, army personnel "measures to compensate the salaries of the rest of workers." and price controls on staple food items and on raw materials. In a strong rebuff to right-wing calls for a reduction of public investment Echeverria announced that "the level of public investments in infrastructure (and) in productive and social welfare activities... won't be reduced."

President Echeverria made clear that he has taken the highly risky course of floating the peso with the looming international monetary crisis and its aftermath in mind. He cited the "economic turbulence... (of the) post-1971" international monetary order and referenced the speculative flows in Europe



which broke fixed parities there. Against this disorder, he contrasted Mexico's firm solidarity with the Third World, and to the drive for a "qualitative transformation of the determining foundations of international life." Stressing that "large public resources (had been) used for the amortization and payment of interest" on Mexico's \$23 billion foreign debt, Echeverria explained that "it is absolutely unacceptable to allow excessive increases in the public foreign debt...in order to finance speculative flight of capital."

Echeverria's confidence in the Third World's ability to bury the dollar empire in the weeks ahead through debt moratoria was best expressed today by Mexican Labor Minister Carlos Galvez Betancourt who warned, "If you hold dollars, convert them soon, before it collapses."

## Excerpts From Echeverria's State Of The Union Message

*Sept. 4 (NSIPS) — The following are excerpts from Mexican President Luis Echeverria's State of the Union Address delivered Sept. 1.*

The efforts of the public sector should be increasingly complemented by an attitude of real initiative by the private sector. Those who limit investment and the creation of jobs to what they call guarantees of stability severely contradict themselves....

It is the nation that must direct the income of foreign investments and use them for modernizing productive capacity, revolutionizing technology and generating items for export....

However, we must remember that these efforts have been seriously impeded by the difficulties stemming from the international economic situation. The current global conjuncture has been highly unfavorable to us and has constantly put our will to advance on the line — although it has not won....

Coinciding with the beginning of this administration, in 1971, there began the most grave monetary, commercial, and financial crisis that the world has suffered in recent decades....

In August, 1971, the United States took a series of measures that gravely effected our economy. Besides imposing severe restrictions on its imports, the U.S. government, in December of that year, abandoned the convertibility of its currency to gold and began floating the dollar in relation to other international currencies....

The U.S. dollar and currencies of many middle-income and developing nations dropped in value with respect to those of various European countries. This collapse of the international monetary system provoked an excessive growth in liquidity and generalized inflation at rates unheard of in the last 30 years, with international trade prices doubling during the 1970-74 period....

This economic turmoil generated, in turn, a precipitous drop in world economic activity. In 1974 economic activity in the United States decreased by 1.8 per cent, and by 2 per cent in 1975. ... These years have been the most negative for the world economy during the past 45 years, and they are characterized by the dramatic combination of inflation and recession....

The economic crisis has been accompanied by war between nations, impositions of the powerful over those who seek political and economic liberation, starvation covering vast regions, inflation and unemployment, two devaluations of the U.S. dollar, generalized flotation of all types of exchange — in short, international chaos and crisis....

The deficit of current balance of payments accounts, which rose rapidly to 3.643 billion dollars in 1975, continues at high levels. This obligates us to seek increasing financing abroad and to allocate sizeable public resources to amortization and payment of interest....

... Strict control over imports has also been applied; to step it up any further would effect the vital supplies of raw materials, equipment and machinery that are required by our productive activities, would reduce the number of workers holding jobs, and take a toll on our endeavors for development. Further, it would tend to aggravate the limitations already applied on the issuing of credit....

It is justifiable to obtain foreign financing to support the nation's productive apparatus and to increase our efficiency. It is somewhat less justifiable to get credits from abroad to finance on a permanent basis various shortfalls in consumer goods or raw materials. But it is absolutely unacceptable to permit excessive increases in the public foreign debt or to use the basic gold and exchange reserves of the Bank of Mexico to finance speculative flights of capital abroad....

It is not convenient to immediately set up a new type of fixed (monetary) exchange. The grave distortions in the parities of the most important currencies continue. The worldwide inflationary tendencies persist and the prices of the food products and raw materials we need are still subject to severe fluctuations....

The regulated flotation of the Mexican peso is a measure that present monetary practice recommends. It has been duly thought over and evaluated. Many nations have floated their currencies as a result of imperative external circumstances, as the world monetary crisis of 1971, the oil crisis and the phenomenon of inflation with recession arose suddenly. We do it when it is most convenient for the national interest....

The problem of the exercise of liberty in society and the sovereignty of nations is being debated. On one side (of the debate) is the aspiration of all humanist and revolutionary undertaking: that all men deserve their own destiny (a right which) ought to be fully exercised. And, on the other hand, the attitudes of those, who by various political methods and terminology advocate a dictatorial organization at the heart of every state and in the brotherhood of nations of the world....

The fundamental assumptions of our international policy are defined in this way — the creation and the search for new alternatives to push economic and social development of the country and the creative, responsible and united action with the progressive forces of the countries of the Third World, in the battle to fight irrationality, exploitation, and injustice....

Mexico has raised its voice in all international forums and in the most important decision making centers, to protest against colonialism, against intervention into the internal affairs of states, and against violations perpetrated against the sovereignty of states and the rights of nations and men.

This, our firm resolution of opposing the hegemonic attitudes of the left and the right, drives us to act closely in conjunction with those countries that today advocate the movement away from a paternalistic guidance towards collective agreement on world affairs.

Despite its evident limitations, the United Nations presents itself today as the only institutional option for the preservation of peace and international security....

... In the international sphere, we rather believe that terrorism comes from the other (right-wing -ed.) side, because terrorism is fascist. And we say that it comes from the other side because of the type of victim it has chosen, persons worthy of esteem, among them some foreign consuls, the present governor of Guerrero who is transforming the state, that great Mexican, Margarita Lopez Portillo (the sister of the Mexican President-elect, Lopez Portillo-ed.), good people, forward looking people. This makes us think that they (the 'terrorists') want the next government to unleash what is called a witchhunt....

This is not going to happen in Mexico.

The deficit of the balance of payments of the peripheral (developing-ed.) countries, who imported approximately \$12.2 billion in 1973, increased to \$33.5 billion in 1974 and to more than \$40 billion in 1975. In accordance with the prevailing tendency, this deficit will reach \$112 billion in 1980. The foreign debt of these countries which rose to over \$100 billion in 1973 will have doubled by the end of 1976.

That is why the currencies of many countries of the Third World are floating, as ours will beginning today. It is an extremely important factor and a common one to all our countries. It derives from the fact that we continue importing agricultural and industrial machinery and some raw materials at inflationary prices, and that there is a real international exploitation in the payment of our natural resources, and our export products in general.

That is the key to the whole business — to speak with all simplicity.

The present yearly deficit of 20 million tons of grain for the feeding of the peoples of the Third World, will increase to 100 million tons by the year 2000, if there is not sufficient channelling of agricultural production in these nations.

We have stated at all moments, that the solutions to problems and questions which the world confronts can only be reached if we dedicate ourselves to focus them from a global perspective, ... recognizing the value that it implies and the role it fulfills to denounce the injustice and the pointing out of the deficiencies, we decided to participate with other nations in an arduous and complex task, that of proposing the ground work and mechanisms for the establishment of a new world economic order.

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The resolutions adopted and the interventions of numerous heads of state and government at the recent conference of Non-Aligned nations held in Colombo, picked up this document as a fighting banner to forge ahead in the task of implementing the new world economic order.

... With this same intensity with which it has acted in the definition of policy ... Mexico is participating creatively in the task of designing those mechanisms to organize international cooperation.

### Echeverria Demands Unity In The Face Of Danger Of "Nuclear World War"

Aug. 30 (NSIPS) — In a major speech foreshadowing his final state of the union address to be delivered on Sept. 1, Mexican President Luis Echeverria today called for national unity around President-elect Jose Lopez Portillo in order for Mexico to move beyond "a period in which nuclear war could break out any day." The Mexican President called for strengthening the ruling Revolutionary Institutional Party (PRI) "in the midst of grave international vicissitudes," and for contributing "to the defense of the country in the face of foreign threats, by serving the country in one way or another."

Speaking before the annual meeting of the Veterans of the Mexican Revolution in Mexico City, Echeverria blasted domestic right-wing forces by pointing out that "a meeting of this nature, we know, in these days could only take place" in a democracy. This meeting, he continued, signifies the unity of Mexicans around Lopez Portillo, "the wisdom of our social movement, the message of the Constitution, the loyalty of our armed forces, an instinct to become united in the face of prevailing differences which become unrestrained in the struggle between the (world) powers."

After a historical account of the struggle for Mexican independence, which he emphasized comes "from the best ideals of the French Revolution," Echeverria delivered the most devastating attack to date on Mario Moya Palencia, the right wing's candidate to continue in his post as Interior Minister under Lopez Portillo. Without mentioning his name but making clear he was speaking about Moya, Echeverria attacked "the tired ones, those who carry unworthy ambitions, and the short-sighted who have mistaken politics when they had their go at it." These individuals, Echeverria stated, will be swept away by "the ascending march" of the revolution, "insofar as our new generations continue being loyal to our constitution."

## Syria, Israel Set For Showdown In Lebanon In Joint War Against Left, Palestinians

Syria, Israel, Jordan, and the fascist Lebanese rightists openly prepared this week for a bloody showdown with the left and the Palestinians in wartorn Lebanon. Operating in closely coordinated fashion, Kissinger's Middle East enforcers intend to break the resistance of the left-PLO forces before Sept. 23, the date on which Lebanese President-elect Elias Sarkis is scheduled to take power. The decision by Kissinger to proceed with the genocidal plot in Lebanon has set the region on a collision course with the Soviet Union and its Arab allies, including Iraq, who have vowed to defend the Palestinians.

On Sept. 4, Syria announced officially that it would seek to establish a "federation" to include Jordan and Lebanon, at a summit meeting among Sarkis, Syrian President Assad, and King Hussein of Jordan. The Syrian plan, an exact replica of the fascist "Greater Syria" scheme of British Intelligence thirty years ago, officially commits Syria and its allies to the military destruction of the left and the Palestinians. The decision was taken after successive visits to Damascus by Sarkis and butcher King Hussein, the director of L. Dean Brown's 1970 "Black September" massacre of Palestinians in Jordan.

Israel has given its full military and political support to the Syrian plan. Israeli troops have already begun a creeping occupation of southern Lebanon. According to *Die Welt* Sept. 2, Israeli tanks and armor rolled into the southern Lebanese town of Ein Ebel this week, and, from other sources, it is reported that Israel has strongly reinforced its troop concentrations in the north along the Lebanese border.

Statements of Israeli leaders confirmed the danger of an Israeli invasion, in force, of southern Lebanon. Said Yigal Allon, Deputy Prime Minister: "Israel will never again accept the presence of Palestinian people in southern Lebanon." Moshe Dayan, the former Defense Minister, said that the massacre of Palestinians at Tal Zaatar "opens up new possibilities" for a settlement in the Middle East. Dayan and his ally, Defense Minister Peres, have collaborated with Lebanese fascist leader Camille Chamoun and the Falangists to transport rightist militia-men through Israel into the Lebanese south to serve as a pretext for a full-scale Israeli occupation of the area — to "defend the Lebanese." Both the Lebanese left and the PLO strongly warned against any Israeli military moves in southern Lebanon.

Meanwhile, Syria has begun to deploy huge military forces in the Bekaa Valley and the north of Lebanon. On Aug. 30, the Syrian military forces in Lebanon were placed on alert and substantial reinforcements were sent. Then, on Sept. 1, Syria officially rejected demands that its troops withdraw from Lebanon.

Several days before, *Pravda* had for the first time called publicly for a Syrian withdrawal. "For the settlement of the Lebanon crisis, the withdrawal of Syrian troops from Lebanon and likewise the cooperation of Syria with its natural allies in the imperialist struggle — the Palestinian resistance and the national patriotic forces in Lebanon — would have important significance."

—U.S. LABOR PARTY PRESIDENTIAL CAMPAIGN STATEMENT—

## Israel Backs Nazi Falange In Lebanon

by Lyndon H. LaRouche, Jr.

The hideous spectacle of official Israeli collaboration with the murderous Lebanese Falange contains a bitter historical irony which must now be brought to the attention of particularly the Israeli public and leading Israeli political figures, and the American Jewish community.

Israel, a state whose foundations are steeped in the unspeakable atrocities suffered by the European Jewish population at the hands of the National Socialism in Germany, now finds itself aiding and abetting the very same forces — and, in some cases, such as Pierre Gemayel and Camille Chamoun, the very same individuals! — who actively participated in the Nazi cause during the Second World War. It is a historical fact, thoroughly documented, that the current leadership of the Lebanese Christian extremist forces is directly descended from the Nazi *Abwehr* and its famous Arab Legion, or Brandenburg Division. Gemayel, a known admirer of Adolf Hitler, was inspired to found the Kataeb, or Lebanese Falange, in association with British Intelligence circles and Admiral Canaris after a visit to Berlin in 1936!

Active Israeli support for the Falange, while having operated quietly for years through the Atlanticist "invisible government" run by the Israeli military and intelligence establishment and Moshe Dayan and Defense Minister Shimon Peres, has recently

surfaced openly, according to published accounts in *Corriere della Sera* and elsewhere. Israeli newspapers this week published photographs of Israeli officers greeting Falangist militiamen in southern Lebanon.

I am confident that the vast majority of the population of Israel, including important elements of the Labour and Mapam parties, reject with horror such cooperation. I am confident that the bulk of Israel's population would support my stated policy toward Henry Kissinger's Falangists — a complete liquidation of this fascist nest. Therefore, I call upon the Government of Israel to denounce the Nazi Falange and to investigate and arrest those outlaw circles in Israel, such as Dayan and Peres, who support such criminals.

In conclusion, I must emphasize that the continued pursuit of Israel's current policy toward Lebanon carries risks for the existence of Israel itself. The eruption of another Arab Israeli war, under present circumstances, could easily result in the total destruction of the Israeli state. I am certain that the survivors of the Hitlerian holocaust, whose parents, brothers and sisters died in the hellish confines of Auschwitz and Buchenwald, will not permit the continuation of the current tragedy in Lebanon — where Rockefeller and Co. are seeking to implement the "Final Solution" to the problem of the Palestinian Arabs.

## **“PLO: We Fear A New Black September”**

*The following are excerpts from an interview with Abu Ayad, second in command of the Palestine Liberation Organization which appeared in the Italian daily Corriere della Sera Sept. 1:*

### **The Fedayeen: “If Pushed to Desperation We Will Carry Guerrilla Warfare To the Four Corners of the World”**

West Beirut — Ayad offers Syria and the Lebanese right the final concessions beyond which would be the suicide of the Fedayeen movement: if these are not sufficient to unblock the negotiations, he says, “we will resist to the last man.” The PLO launches an appeal to the European countries and to Italy in particular, to do everything possible to prevent the massacre of the Palestinian people and at the same time to put the great powers and the Arab enemies on alert: “If they do not stop their war machine, if they push us to desperation, if they wish to transform the last patriot into the last terrorist, there will be an explosion of guerrilla activity at the four corners of the world, with actions we have never before carried out....”

“... We are ready to drop our weapons and to make all concessions which are compatible with the survival of the Palestinian resistance, but Damascus does not wish even to discuss.... We are ready to withdraw our forces from the mountains, from most of Beirut, from the stronghold of Jezz in the south. We accept the peace plan of the Arab League. We are ready to reenter the refugee camps and to respect the text of the accords signed at Cairo with the Lebanese government. These are all the conditions posed by our adversaries. But the Syrians must withdraw as well....

“... The world must realize that if the reactionaries put our backs to the wall, there will be a tremendous explosion of terrorism.... We could not control our comrades, even if we wanted to.... Your people have always supported the just causes. We appreciate the political and material aid which has come from Italy in the past days to the Lebanese and Palestinians. We also know the Vatican is in Italy. We know what influence could be exercised over forces which are doing, under the cross, everything the Christian religion condemns.”

### **Corriere Bares Secret Plan Between Syria And Christians For Partition Of Lebanon**

Sept. 1 (NSIPS) — Lebanese President Franjeh and Syrian President Assad have signed a secret protocol which calls for the partition of Lebanon and makes that country a protectorate of Syria, reports today's Italian daily Corriere della Sera. “We must tighten relations between Syria and Lebanon,” say Syrian newspapers close to the Assad government, Corriere reports. And at the same time, in Beirut, the Maronite Christian leadership is openly speaking about a federation between Syria, Jordan and Lebanon, with Lebanon partitioned into a Christian state and a conservative Moslem state.

“Karim Pakradouni, who is in charge of foreign affairs for the Falange, showed us (the Corriere reporters —ed.) a plan for a secret pact between Syria and Lebanon, which will be represented by the new Sarkis government,” Corriere charged. Pakradouni revealed that the pact has already been signed for a three-year period by the current Lebanese President, Suleiman Franjeh.

The Corriere article continued: “A Syrian protectorate, according to a number of Moslem and Christian leaders, is an inevitable solution for Lebanon given the mass military buildup of

Syrian troops in northern and eastern Lebanon. This idea has also been accepted by Sarkis, who may very well officially ask the Syrians to prolong their armed presence in Lebanon at least for one or two more years with the aim of guaranteeing order and reconstructing the country....

“The ‘Greater Syria’ project finds the opposition of the progressives (referring to the left —ed.), but the leaders of the Falange here in Beirut are confident of a turnaround of relations of the leftist front with the right,” Corriere states. “The first step, says a member of the Falange Politburo, ‘will be the de facto rupture of the PLO from the left. At this point the left will find themselves weakened and Sarkis’s loyalty to Syria will provide for increased Syrian presence to force the moderate currents in the PLO.’”

### **Soviet People Condemn Criminal Interference Of Israel In Lebanon”**

Sept. 2 (NSIPS) — The following is an extract of the complete statement on the Lebanese situation which appeared in the Aug. 27 edition of Pravda, the Soviet Communist Party newspaper.

In the past days, armed units of Lebanese reaction have begun a new escalation of military actions against the Palestinian resistance movement and the Lebanese national-patriotic forces. Under conditions of a prolonged blockade against the Palestinians and Lebanese patriots, the rightist forces, with great support from aggressive NATO circles, undertook massive attacks on the positions of the Palestinians and Lebanese patriots and committed new bloody misdeeds in the territories they seized.

The barbaric treatment of thousands of Palestinian and Lebanese patriots, peaceful citizens of Nabaa, Tal Zaatar and other regions, has provoked dissatisfaction and severe condemnation on the part of the Soviet people and pain in the hearts of all those to whom the ideals of peace and freedom of peoples are dear.

The situation was worsened by the actions of Israel off the Lebanese coast, which resulted in a virtual shut-down of supplies of food and medications sent by international and national democratic organizations to help the Lebanese population....

The Soviet people decisively condemn the criminal interference of Israel and the imperialist forces supporting it in Lebanese affairs, and view this as a new act of aggression by Tel Aviv against the Arab peoples....

In the Soviet Union, as is known, there are strong convictions that the Lebanese conflict can and ought to be settled peacefully and democratically by the Lebanese themselves in the interests of protecting the territorial integrity, independence and sovereignty of Lebanon. Soviet people actively support the stand of the UN and the Lebanese national-patriotic forces, who advocate settlement of the Lebanese crisis. It goes without saying that normalization of the situation in Lebanon would be significantly facilitated by the cooperation of Syria with its natural allies in the anti-imperialist struggle — the Palestinian resistance movement and the national patriotic forces of Lebanon. This would undoubtedly help to repair and consolidate the front of Arab forces struggling against Israeli aggression, expansionist plans and aspirations of imperialism and reaction, for ensuring a just peace in the Middle East.

The Soviet Committee of solidarity with countries of Asia and Africa calls on world and national democratic organizations to launch actions in support of the Palestinian Arab peoples and the Lebanese patriots in their struggle to stop the imperialist plot in Lebanon, for immediate cessation of bloodshed and political settlement of the crisis in the interest of the people of that country and all countries in the Mideast.

## **L'Humanité: Falange's Place In The Imperialist Plan For The Mideast**

*The following article written by L'Humanite special Mideast reporter Jacques Coubard appeared in the Aug. 26 issue of the French Communist Party paper, L'Humanite, under the headline "The Real Face of the Falange":*

To read or to listen to the major Western press, there is a religious war in Lebanon opposing "islamo-progressives" and "conservatives," to use the favorite terms of *Le Monde*.

It has certainly been difficult to deny the Tal el Zaatar massacres, but barbarity here is in the nature of things (according to the Western press). This violence, (presumably) has not been deliberately unleashed by the fascists with the aim of splitting Lebanon in two, of sealing the maronites behind a wall of hatred, on the interior of which "a Christian state" would be built.

A distinction is called for between the fascist leaders who disguise themselves behind a faith whose elementary teachings they trample under foot and the totality of Lebanese Christians....

French radio, television and newspapers, refuse to call a spade a spade and Mr. Gemayel a fascist.... The militias of Mr. Gemayel were formed long before Palestinian refugees came to Lebanon, well before they were forced to arm themselves for protection against the Israeli commandos who came with impunity, even to the center of Beirut, to assassinate their leaders....

### **Return from Munich**

The Kataeb (Arabic for Falangist) were born November, 1936 upon the return from the Munich Olympic Games of a young pharmacist, a captain of a soccer team, enthusiast for the Nazi fascists.

"One morning in November 1936, young men dressed in khaki shirts marched in step through the streets of Beirut. The astonished — but already won over — citizens, pressed against the road. A movement was born. Without precedent in the country: a demonstration of collective will based on strict discipline," one reads in "Understanding the Kataeb, Their Doctrine and Their National Policy," department of studies, November 1948 (edited in France by the Falangist party)....

### **The Cult of the Leader**

The glorification of muscle and military training are even today part of the development of young falangists, for the nationalist and chauvinist war they are being prepared for. The organization rests on the cult of the leader. "At the head of the troops and workings of the Kataeb is the commanding leader who insures the leadership of the movement and represents it with authorities, tribunals and third parties. He conducts all nominations and demotions and also decides the measures to be taken in the interests of the Kataeb."

### **Guarantor of Western Interests**

This distribution of responsibilities favors the Christian maronite bourgeoisie. It is starting from this that the falangist representatives intend to take their place in the imperialist plan for the Middle East. "Lebanon is necessary to the west," wrote Pierre Gemayel in a Feb. 25, 1955, memorandum, "It is the interpreter of its culture, of its ideas, of its spiritual values among the Arabs, of the material interests of the West. It furnishes all possible guarantees. Nowhere else does foreign capital enjoy such security." ...

This definition corresponds exactly with the role which the Lebanese big bourgeoisie intends to play in the region and who in the first place, have carved out the base part of "the Switzerland of the Middle East" for itself....

### **The Party of the Big Capitalists**

Pierre Gemayel in fact would not cause the least trouble for

his peers. His political bureau includes a large majority of these "intermediaries" between the West and East, in numerous directing or functionary posts of the most diverse firms. Jean Skaff and Elias Rabibi are linked to the businesses of the Boutrosel Khoury group, the most important financiers in Lebanon. Edmond Rizk, through the refrigerated warehouses of Bicksaya, is tied to the Kittany brothers group and to members of the political bureau. Antoine Jazzar is a member of the Georges Abou Adal group, another Lebanese financier power. Let's add that Hean Skaff's commercial activities are allied with those of the largest real estate owner in the Bekaa valley.

The Lebanese fascist party is directly tied to big capitalists who define all the decisions of the "big chief."

### **Call to the Marines**

Opposed to the movement of national liberation of the Arab peoples, Mr. Gemayel wrote, Aug. 20, 1954, in an "open letter to the head of state" that "the Lebanese are ready to respond to, with all means, the enterprises of subversion. To strikes, they will reply with strikes; to demonstrations, they will respond with demonstrations in order to defend their patriotic and political convictions. They are ready, if need be, to go to hell in order to chase the ambitious, to thwart conspiracies, so that Lebanon remains an oasis of freedom and civilization, in this east which has such need of such an oasis."

At that time, Nasser had just freed Egypt from British tutelage. Two years later, when he nationalized the Suez Canal in 1956, Pierre Gemayel protested.

In 1958, the falangist militias took up their first arms against the popular insurrection which was led by the Moslem bourgeoisie. Camille Chamoun, president of the republic, called on the American "marines" to prevent the swarm from descending, as had been the case in Iraq where a pro-imperialist regime had just collapsed....

### **Falange's Gemayel:**

#### **"We Are Ready To Destroy Beirut, House-by-House"**

*The following are excerpts from an Aug. 31 Corriere della Sera interview with Amir Gemayel, nephew of Pierre Gemayel, leader of the Lebanese Falange party:*

"We are trying to avoid military confrontation. We have made concessions, we are ready to accept a compromise.... Our enemies and foreign powers plot against Lebanon — the war has gone too long and it is too late ... every pressure made on us by outside powers, makes it more difficult to stop the fighting. We seek a compromise which could save the unity of the country. We will not drop our weapons until we have reclaimed all our possessions and the sovereignty of the country. We do not seek partition and we will help the work of our new president, Sarkis, who has support from both Catholics and Moslems. I know the people are exasperated. Lebanon will never be the same. The return to the Constitution of 1943 is inconceivable, instead we look to a cantonal or federal form so the two communities can still live together....

"In Beirut there remains only one foreign ambassador and that is the Soviet Ambassador Soldatov, a KGB agent. Even the Arab states of Libya and Iraq are involved in the plot against us to split our country. The Christians now wish to put an end to the Palestinians — but even the Moslems have had enough: We know that many of them want to dump (Palestine Liberation Organization head) Arafat. The Palestinians are the big losers: ... The Palestinians used to live in their camps and work here at our factories. They have betrayed this hospitality; they will not survive a second Black September....

Q: Do you believe that Damascus will withdraw from the occupied territories?

Gemayel: Unless I have contrary proof, yes...(but) better to

have an official military occupation, at least with Assad we know with whom we are dealing and how to act....”

**Gemayel's Foreign Minister Karin Pakradonni comments on the plot against Lebanon:** “The plot involves the Israelis, the Soviets and the Americans. All these quarters are interested in playing the Palestinian card against Lebanon....”

**Q:** Would you negotiate with the progressives of Jumblatt? ant military commander”: I would negotiate with the Moslems, yes, with the progressives, no: they are the agents of socialism, of communism and of international Zionism. Even the leaders of the Redayeen guerrillas, like Arafat and (Popular Front for the Liberation of Palestine leader) Habbash, are Israeli puppets....”

## Pravda On “The Events Around Libya”

*The following are excerpts from an article in Pravda Aug. 30:*

In the recent period, increasingly alarming reports are being received on the aggravation of the situation on the Libyan-Egyptian border. Egyptian leaders have come out with threat-filled statements against the Libyan Arab Republic and its government. The Egyptian government declared the ambassador of Libya in Cairo “persona non grata” and expelled him from the country.

The official Egyptian media — press and radio — on its part is hitting its readers and listeners with a broad stream of anti-Libyan statements. All of this has been picked up by Western news agencies and spread all over the world. The reactionary western press is striving to pour grease on the fire and by publishing various kinds of falsifications, containing news which misrepresent the real situation.

The development of events around Libya is attracting great attention is all of the world insofar as it manifests the danger of the emergence of a new military conflict in the Mideast region, which is one of the hottest spots on the globe. The emergence of new conflicts would naturally be fraught with a serious threat to the preservation of peace in general.

Why did the Libyan Arab Republic provoke such unhappiness on the part of neighboring Egypt, as well as the imperialist and reactionary forces? Only recently, the leaders of Egypt publicly declared their intention to create a unified Arab republic by fusing Egypt with Libya. What has happened since?

The crux of the matter is that the foreign policy line of the Libyan Arab Republic, above all on the question of a Mideast settlement, directly contradicted the present policy of those Arab countries which seek for themselves a separate understanding with Israel for the satisfaction of the USA.

It is known that Libya, during the last years, exposed all attempts to dictate to the Arab peoples plans for a Mideast settlement which would correspond to the interests of the imperialist states and the Zionist aggressors. This political line of the Libyan government was again confirmed in connection with the recent events in Lebanon. The Libyan public and leadership do a lot to try to extinguish the flames of fratricidal war flaring up between the Arabs on Lebanese soil.

Precisely that is the main reason for the attempts to knock together a united front of the reactionary forces in the Arab world against Libya. All this is going on under conditions of growing tension in the Mideast, in connection with the crisis in Lebanon, where reaction supported and egged on by the forces of imperialism and Zionism is trying to finish off the progressive parts of the Arab National Liberation Movement — the Palestinian resistance movement and the Lebanese national patriotic forces.

The conclusion suggests itself: all these events are part of a general plan by the forces of imperialism and reaction striving to deal a new blow to Arab unity, and to prevent the Arab

peoples from mobilizing their forces and means for the solution of the main task — the struggle against the Israeli aggressors.

The development of events around Libya can not but alarm those who advocate a normalization of the situation in the Mideast, a strengthening of the friendship and unity of the Arab countries.

The progressive forces in the Arab countries and abroad must give the necessary support and aid to the Libyan people in order to prevent the forces of imperialism and reaction from dealing a new blow against the cause of Arab unity, from realizing their aggressive plans which are incompatible with the interests of the Arab peoples, their happiness and aspirations towards freedom, independence, and progress.

The experience of the anti-imperialist struggle of the people shows that the unity and coordination of action by all forces of freedom, peace and progress is that obstacle on which the aggressive plans and plots by the forces of imperialism and reaction break.

## Sadat On The Hot Seat

*Sept. 3 (NSIPS) — Below are comments by a Middle East journalistic source in Western Europe on Egyptian President Anwar Sadat and Egypt's internal situation:*

Sadat is getting increasingly desperate because of the ferment inside the army. The recent moves against Libya, against (Libyan President) Qaddafi, are insane. They are aimed not only at diverting the ferment of the population but also at trying to cut off left-wing elements in the key parts of the armed forces. Did you know that the Fourth Division, the largest and best-trained troops of Egypt, were sent to the Libyan border to rout out and contain left-wing elements who had formed secret associations and literature distribution networks within the division?

Those recent bombings in Alexandria and other cities that were blamed on Libya were aimed at terrorizing the population only and were not aimed at military targets. Sadat is hysterically trying to cover up the real situation in Egypt, claiming wildly inside the country that his pro-Western foreign policy is immensely successful, while whole parts of the bureaucracy are openly in tension about the West German arms deals to the Falange and other issues.

Also, the Kuwait coup last week was organized by Sadat largely. Apparently, he recently gave an ultimatum to the leader of Kuwait demanding the immediate cessation of all publication of Kuwaiti press attacks on Sadat and his policy. Sadat threatened that Kuwait could become another Lebanon if the attacks did not cease. The Kuwaiti press is heavily influenced by the Palestine Liberation Organization and Qaddafi.

US Labor Party  
Presidential Campaign Statement

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## Coup Against Palestinians And Progressives Takes Place In Kuwait

Sept. 3 (NSIPS) — The Emir of Kuwait unexpectedly disbanded all of Kuwait's democratic institutions last week in total compliance with the demands of the ultra-conservative Saudi Arabians whose strings are pulled by Rockefeller's multinational oil companies. The shake up in Kuwait is the first in what is now widely predicted to be further such crackdowns and upsurges of violence in the Persian Gulf. These developments, which are under the overall control of Secretary of State Henry Kissinger, could lead to a nuclear confrontation with the Soviet Union.

Despite strong international criticism — most importantly from the Soviet Union, Kissinger has maintained a stubborn commitment to arm the Persian Gulf States. The area now resembles a U.S. military arms depot. Most recently he has proposed a whopping \$4 billion in additional arms to Iran and some \$500 million in arms to Saudi Arabia. Both countries already have cumbersome military complexes of such sophistication that it requires thousands of U.S. military personnel just to maintain, let alone operate the equipment. This is Kissinger's provocative means of securing for the Rockefeller's tighter control of their Persian Gulf Oil Fields.

All the feudal Gulf monarchies, including the Shah's kingdom, are becoming increasingly dependent upon set-up terrorism — largely controlled out of such Rockefeller supported institutions as the Washington-based Institute for Policy Studies — to maintain themselves. Terrorist scenarios provide the pretext for the

kind of repression represented by the events in Kuwait last week.

Following a personal visit to Iran by Kissinger, the Shah reneged on a far-reaching deal with Occidental Oil. The deal had been favored by his own industrial and elite base, who seek to get Iran out of its economic crisis by expanding trade and development — a move opposed by the Rockefeller family and their retinue. The Los Angeles-based independent oil company, Occidental, had provided these layers with an opening. To hold his opposition in line, the Shah and Rockefeller terrorist controllers enacted a phoney wave of terrorism which resulted in the assassination of three U.S. military advisors. The Shah promptly responded by ordering seal and search operations against the entire population.

The royal Sabah Family of Kuwait was faced with an increasingly politically active Palestinian community which was becoming restive over the Sabah family's support of the Syrian war against the Palestinians in Lebanon. Any attempt to repress such sophisticated layers which run large portions of Kuwait's bureaucracy and the press, could touch off an all out civil war. As the Washington Post described the situation, Kuwait has the potential to develop into a "second hot spot" like Lebanon. If another "Lebanon" is created in the Persian Gulf, the neighboring state of Iraq, a strong ally of the Palestinians and the Soviet Union's strongest ally in the Mideast, would be drawn into the brawl.

### "The Threat In The Gulf"

*The following is excerpted from an article on the Persian Gulf appearing in the Aug. 31 Italian daily, Corriere della Sera.*

All these facts are indications of a state of discontent and unrest spreading throughout the region (the Persian Gulf) which provides most of the oil used by the Western economies. If for reasons of war or revolution the flow of oil were discontinued, it would be an incalculable disaster.... We are therefore forced to strongly hope that in the interest of survival, long-term order reigns in the Gulf.

The defenders of order must never forget that all the recent revolutions of the Arab world were the product of Arab wars — the Israelis and the Palestinian problem (included)....

All this brings one to conclude that in order to guarantee a stable peace in the Gulf, international police measures which the Shah is in the position to take are not enough. (There is rather) a need for a broad policy which eliminates the near and distant causes of the confrontation at the roots of the present discontent....

### "Palestinians Have Their Warning" Says State Department

Sept. 3 (NSIPS) — The following interview was conducted two days ago with a leading U.S. State Department specialist on the Middle East, who wished to remain anonymous.

**Q:** Could you give me your estimation of what caused the sudden move by the Kuwaiti Royal Family to disband the Parliament, the Cabinet and parts of the constitution?

**A:** One quarter of Kuwait's population are Palestinian, many of whom hold many powerful positions in the country. With the marked deterioration in Lebanon over the past weeks the Kuwaiti royal family thought that the Palestinians in Kuwait were taking too radical a view in supporting the Palestinians in Lebanon. They fear a similar thing happening in Kuwait as there are also a lot of pressures from sympathizers of the PLO ... and the ruling family wants no part of it. As well there was an increasing divergence of interest between the Palestinians and the royal family, who fear that such radicalization might invite an "Entebbe style" raid. There have already been isolated

instances of terrorism which the Royal Family sees as tainting Kuwaitis' reputation internationally.

**Q:** What will the Kuwaiti government look like now?

**A:** Well there will be a complete cabinet reshuffle and there will be no parliament for at least four years. There will also be decisive amendments to the constitution mainly involved with limiting the rights of the Kuwaiti press. All of Kuwait's press except for one newspaper was run by the Palestinians. The Royal family was upset with the outspoken nature of the Parliament.

**Q:** What will happen to the Palestinians in Kuwait now?

**A:** This move is to essentially give the Palestinians notice that they cannot move in Kuwait the way they moved in Lebanon. If the Palestinians don't like it then they can emigrate. They have their warning now.

**Q:** Do you mean that this will open the door for repression against the Palestinians?

**A:** At this point I have no indication of what measures will be taken in that respect. Suffice it to say that the Palestinians have their warning now.

## Izvestia Hits U.S. Arms In Gulf

*Sept. 3 (NSIPS) — The following is an excerpt of an article which appeared in the Aug. 27 edition of Izvestia, the official Soviet government newspaper.*

... The danger of accumulating arms in the Persian Gulf region is compounded by the fact that the Middle East remains a hot spot and the traces of Israeli aggression have not been liquidated. The accumulation of such a huge arsenal so close to the Middle East "tinder box" cannot fail to cause alarm.

The reaction in the U.S. to the Pentagon's plans to build up the military potential in the Persian Gulf has been varied. On the one hand, aggressive circles are trying to justify the accelerated arming of Iran and do not hide their desire to create an enclave of "friendly states" in the region. American imperialism stands by its traditional goal of "divide and conquer."

But at the same time, there is concern even in the U.S. that large amounts of modern weaponry are being shipped into explosive areas of the world, and that the sale of U.S. arms to foreign states could "lead to a situation with uncontrollable consequences..."

## New York Banker: The Saudis Ordered Kuwait Coup

*Sept. 3 (NSIPS) — The following interview was conducted with the officer for Persian Gulf affairs at a leading international bank based in New York.*

**Q:** What do you think was behind the sudden change of government in Kuwait?

**A:** It has a lot to do with closing of relations between Kuwait and Saudi Arabia. The Saudis have been making demands on the Kuwaitis. I think you could say that this latest move was influenced by the Saudis.

**Q:** What do you think is envisioned for Kuwait right now?

**A:** You see the Saudis do not believe that the Arab world is yet ready for democracy and at the same time, the Saudis are vigorously vying to become much more dominant throughout the Middle East. They want to convince Arab governments to adopt the very conservative Saudi way of life.

## Expert On Persian Gulf: "The Whole Area Could Blow Up"

*Sept. 3 (NSIPS) — An investigative journalist passed the following interview with Alvin Cottrell on to NSIPS several days ago. Mr. Cottrell is a leading strategist and advisor on matters pertaining to the Persian Gulf, and is presently associated with the Center for Strategic and International Studies in Washington, D.C.*

**Q:** How do you view the recent clamp down in Kuwait?

**Cottrell:** I've always been watching Kuwait and I am not surprised what is happening. The Sabah family is losing control of the country. It was inevitable what they did. They had to stop the radical Palestinians from gaining the upper hand. You see, the Palestinians controlled the major institutions of the country and the Sabahs had to do what they demanded to remain in power.

**Q:** How much of what happened was instigated by the Saudis?

**Cottrell:** Of course the Saudi royal family sees its interests as those of the royal Sabah family and maybe they had a small part to play in Kuwait in the interests of stability in the Gulf. The Palestinians want to move into some other area in the Gulf. They will be doing more of this type of thing. This is what the Sabah family is worried about. But there are still problems. Who knows if they have their army under control? And if they don't, then who will be able to tell?

**Q:** Are you saying then that as things stand now, all is not under control within Kuwait?

**Cottrell:** This is correct. All is not under control; the radical forces could seize the government any time.

**Q:** If what you say is true, then couldn't the Shah intervene, and what would the Iraqis do in such a case?

**Cottrell:** I'm sure that the Shah, though he hates the Sabah family, would intervene if asked because there is a threat to the traditional rule in the Gulf. The Shah doesn't want to go to war. He might be forced to. If Iraq decides to act, that too is a very dangerous situation. Of course, that would upset the Iran-Iraq settlement. If the revolutionary party were to attempt to overthrow the government and the Sabahs were to request that the Shah help, Iraq could move into some of those islands at the mouth of the Euphrates, or some other place. This would put the Shah in an agonizing position. If some of his oil fields were blown up, and he blew up some of Iraq's fields, that would seriously hurt them both economically.

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# Kissinger Blackmails Third World With Chaos

*Below are excerpts of sections of Henry Kissinger's Philadelphia speech Aug. 31 on southern Africa.*

As long as these conflicts fester, Africans of all races will be caught up in a widening and escalating cycle of violence. Until these wars are ended, Africa faces a future of danger, anguish and growing risks of foreign intervention.

This is why I will leave on Friday to continue discussions on the President's behalf with the Prime Minister of South Africa. This trip will be the next step in an intensive diplomatic effort ushered in by my visit to Africa in April. Undersecretary of State Rogers and Assistant Secretary Schaufele have just returned from a mission to Tanzania, Zambia, Mozambique and Zaire where they met with the Presidents of those African nations most affected by events in southern Africa — the third such mission in three months. In close collaboration with Great Britain, a serious effort by this country is now underway.

Nearly a third of the world's some 150 sovereign nations are on the continent of Africa. Africa's independence — now barely twenty years old — has transformed the character and scope of international affairs...conflict in Africa has political, security and economic implications that reach far beyond the continent itself.

The United States is the only country which can speak to all sides in southern Africa's current conflicts...Our ability to act effectively in Africa reflects in large measure our standing in the world....

Within recent months southern Africa has faced an imminent, seemingly inescapable prospect of widening violence, economic disarray and a virulent new form of colonialism. The Soviet Union and its Cuban surrogate took upon themselves the right of massive military intervention. Time has been running out fast for negotiated solutions...

The sudden collapse of the Portuguese colonial empire wrought fundamental changes in southern Africa. The remaining outposts of colonialism were now in a untenable position. But civil war within the liberation movement in Angola, Soviet-Cuban intervention, and the continuing massive Cuban military presence in Angola, raised the danger that foreign powers acting for their own ends would seek to impose solutions to all the problems of southern Africa.

New efforts to find negotiated solutions for the racial conflicts in Rhodesia and Namibia failed. The forces for moderation in black Africa risked irrelevance. The peoples of southern Africa were menaced by a mounting spiral of action and reprisal. A course of violence from which no nation was safe had been set in motion.

Worldwide recession and the sharp rise in oil prices had a drastic impact on the poorest nations, many of them African. Development plans were crippled by the fall of export earnings and by the surge of prices for fuel, fertilizer, and other key imports. New cycles of drought and famine halted economic progress and intensified the suffering of hundreds of thousands of people...

There is no guarantee that our current diplomatic effort will succeed. It would be naive to suggest that a peaceful solution to issues so surrounded by passions is inevitable...

Most urgent has been the mounting racial conflict of southern Africa — in Rhodesia, in Namibia, and in the Republic of South Africa itself.

The white minority regime in Rhodesia, representing only some four per cent of the population, is not recognized by a single government — not even by neighboring South Africa.

Early this year, negotiations between the illegal white minority regime and moderate black nationalist leaders broke down. Guerrilla action intensified; rapidly escalating violence threatened to engulf the region. While Rhodesia is the most immediately dangerous problem, Namibia is also of urgent concern...

Namibia, like Rhodesia, contains the seeds of greater conflict. There, too, time is running out. With thousands of foreign troops north of the Namibian border and with intensifying warfare in Rhodesia, a volatile situation is emerging.

And in South Africa itself, the recent outbreaks of racial violence have underscored the inevitable instability of a system that institutionalized human inequality in a way repugnant to the world's conscience.

The white populations of Rhodesia and Namibia must recognize that majority rule is inevitable. The only issue is what form it will take and how it will come about. Will it be through protracted and bloody conflict that will leave a heritage of bitterness and destruction for generations?

As for conditions within South Africa, itself, the world, and most black African leaders, recognize South Africa as an African country. Its white settlers have lived on African soil for centuries. No one, including the responsible leaders of black Africa, challenges their right to remain there. Unlike Rhodesia and Namibia, South Africa cannot be regarded as an illegitimate government, as an outside colonial intrusion...

## **African Independence: Precondition for Progress**

Africa's development will be impossible if the independence and integrity of the continent are not maintained. Africa must not again become an arena in which outside powers contest for spheres of influence. This is why the United States agreed with the Presidents of Botswana, Mozambique, Tanzania, and Zambia that non-African nations should not deal directly with the liberation movement of southern Africa — to avoid the divisions and the competition which led to the tragedies of the Angolan civil war...

There is no better guarantee against foreign intervention than the determination of African nations to defend their own independence and unity. Let us, therefore, not minimize the importance of the security problems that some African nations face...nations which have to defend themselves against recognized dangers — especially when they perceive serious and imminent threats from nearby nations which have been heavily armed by the Soviet Union. We are determined to avoid unnecessary arms races. But when friendly and moderate nations like Kenya or Zaire make modest and responsible requests for assistance to protect themselves against belligerent neighbors possessing substantial quantities of modern Soviet weapons, we owe them our serious consideration....

# Kissinger, Vorster Vie For Control Over Fascist Squads In South African Gang War

Sept. 3 (NSIPS) — U.S. Secretary of State Henry Kissinger's drive for a superpower confrontation over southern Africa has led to a contest with South African Prime Minister John Vorster for control over the fascist "black consciousness" networks and gangs. These gangs had been organized earlier by Kissinger operatives with the connivance of substantial elements in Vorster's secret police.

Through this Kissinger-instigated "gang fight," Rockefeller linked forces hope to isolate the Vorster regime and thereby unleash it as a "break-away" force to trigger a race war in southern Africa.

In an attempt to create conditions for a takeover of the country by the South African Army, Kissinger ordered a three-day-stay-at-home in Soweto, the Johannesburg black ghetto township of one million. The Aug. 23-25 "stay-at-home" was organized through the black consciousness movement, which sent out gangs of youth to assault and rob workers who set out for work, and who threatened to fire the houses of workers who got past them. Among the most enthusiastic supporters of the move was the CIA's International Confederation of Free Trade Unions (ICFTU), which in a statement from its Brussels headquarters Aug. 25, declared itself "completely behind the general strike of South African workers." Atlanticist-controlled newspapers such as the London Times and the New York Times emphasized the reported success of the strike, and claimed it showed that workers could organize to cripple the economy.

Under siege from this Kissinger "left" deployment, Vorster's fascist police unleashed about 1,500 Zulus for rape and murder in random attacks on other Soweto residents. These attacks continued into the third day of the stay-at-home.

Rockefeller-linked sources wasted no time in "attacking" the deployment of the South African police's Zulus. According to the Aug. 27 New York Times, the rural Zulus were driven around the township in trucks "provided by their employers." The Times reported the account of Nat Serache, a reporter for the Rand (South African) Daily Mail, who "said he had hidden in a coal box at a dormitory and listened to a policeman in camouflage uniform addressing residents through an interpreter. Mr. Serache quoted the policeman as having told the Zulus not to damage houses in the township, most of which are government

property, but to concentrate on attacking demonstrators. ... 'You have been ordered to kill only troublemakers,' the policeman was quoted as having said."

The Rockefeller-controlled South African Financial Mail charged Aug. 27 that "militant" Homeland Chief Gatsha Buthelezi's black nationalist Inkatha Zulu cultural movement had conspired with the police to arrange the terror attacks. "The Mzimhlophe hostel (the area of Soweto in which the Zulus live) is known to be a strong Inkatha constituency," reported the Financial Mail, which has reported favorably on Buthelezi in the past. On arriving in Johannesburg Aug. 26 to rein in this thugs, Buthelezi charged that the rural Zulus had armed themselves only after being attacked, but were joined by a group of men wearing red police boots, who first passed out marijuana under the eyes of the police; following this the police gave the order to attack, the Aug. 29 New York Times reports. Buthelezi strongly denied that Inkatha had formed an alliance with the police to stop the unrest, according to the weekly Johannesburg Star Aug. 28. He stressed that the objectives of his Inkatha movement were the same as those of the CIA-funded black consciousness movements such as the South African Students Organization (SASO) and the Black Peoples Convention (BPC), the star reported. Buthelezi is a friend of South African Rockefeller agent and banker Jan Marais, according to a source in the American Committee on Africa in New York.

In another move to break interpenetration between the Rockefeller-controlled "opposition" machine and the Vorster regime, the Progressive Reform Party (PRP), a synthetic political opposition party controlled top-down by close Rockefeller ally Harry F. Oppenheimer, jettisoned a known agent of Vorster's secret police Aug. 22. In a "dramatic confession," Keith Mathee, vice-chairman of the PRP's youth movement, told a Sunday newspaper that he had submitted his last report to the Bureau for State Security (BOSS) as a spy at the University of Natal, Durban, in August 1975, according to the Aug. 29 Star. "However," the Star commented, "it became clear this week that Mr. Mathee had confided in some of his colleagues in the party about his role as a campus spy."

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## African Leaders Charge Kissinger With Double Dealing In Southern Africa

Sept. 2 (NSIPS) — Operating in coordination with the Non-Aligned movement's Colombo offensive against political forces now blocking capital intensive development of the Third World, the presidents of Mozambique and Zambia have both launched strong attacks against the Atlanticist support for apartheid in southern Africa. The entire Non-Aligned movement had voiced its support at its Colombo summit conference for an offensive against all countries who support South Africa and Rhodesia. The conference approved a resolution calling for an oil embargo against France and Israel which have been supplying South Africa with sophisticated weaponry and nuclear reactors.

Following his talks last week with Secretary of State Henry Kissinger's two "shuffling" diplomatic envoys, Under

Secretaries of State Schaufele and Rogers, president Kenneth Kaunda of Zambia denounced Kissinger's "unprincipled double dealing" in southern Africa. Referring back to Kissinger's "African policy speech" in Nairobi last May, Kaunda denounced the U.S. for claiming to support black majority rule while continuing support for the minority governments of South Africa and Rhodesia. The angry attack on Kissinger's shuttle diplomacy follows a turn in Zambian government policy away from its previous denunciations of Cuban and Soviet involvement in southern Africa.

Sources at the State Department expressed their dismay at these and other statements by the Zambian leader. Kaunda was one of the "U.S. friends" in Africa — a near extinct species.

*President Kaunda's efforts to stop Kissinger from touching off a race war in southern Africa are paralleled by recent statements by Mozambique President Samora Machel. The issue involved in destroying apartheid, Machel pointed out, is not a race issue, but a class issue — the struggle against capitalist oppression.*

## **Kaunda Attacks West's "Double-Dealing"**

*Sept. 2 (NSIPS) — Speaking at the Aug. 26 opening ceremonies of the United Nations-sponsored Namibia Institute in Lusaka, Zambia, Zambian President Kenneth Kaunda sharply castigated the Western powers for what he called their "double dealing" in the liberation of southern Africa. The following are excerpts from his remarks, as reported in the Western European press.*

This is unprincipled double dealing. I cannot understand this. You (the West) help us build an institute like this (the Namibia Institute in Lusaka, to which the U.S. just donated \$300,000) at the UN but you support South Africa. What sort of people are you? Christian? No. You are simultaneously running with the hares and hunting with the hounds (in southern Africa) ... We talked peace and we have failed to bring independence to Namibia, Zimbabwe and an end to apartheid in South Africa. Now what we want is to fight.

...If you can't be moved by principles, get moved by the fact that SWAPO (the Namibian liberation movement) is going to take over. Tell your governments to get moved by fear that SWAPO will take over and you can't stop it....We in Zambia take strong exception to double-dealing.

### **Kaunda: "South Africa Must Be Cracked"**

*The following is excerpted from an interview with Zambian President Kenneth Kaunda appearing in the Aug. 23 West German newsweekly, Der Spiegel.*

**Der Spiegel:** Mr. President, no one has attempted as much as yourself to act as a mediator between black and white in Africa. You met with South Africa's Prime Minister Vorster, and wanted to bring black and white leaders of Rhodesia to the negotiating table. Now, however, you declare: "War is the only means to end white rule in southern Africa." Have you given up any hope for a peaceful solution?

**Kaunda:** The humanist philosophy of our state party and our country obligate us to seek peaceful solutions....However, do not forget that a South Africa still exists, the citadel of racism and fascism. Compared with it, the Portuguese colonies were lightweights. South Africa is the genuine hard nut which must be cracked — that means the ending of apartheid and fascism there....

**Spiegel:** ...Will you permit Rhodesian liberation fighters — the Zimbabwe guerrillas — to operate in full strength out of Zambia against white Rhodesia? The breaking off of economic relations with your neighbor Rhodesia has already cost you enough.

**Kaunda:** It is true that we are paying a high price for the breaking off of relations. However, for the liberation of a nation, no price is too high to pay. We have opened our country to the Zimbabwe peoples as an escape, and if they are in a position to do this, they can use our territory as a starting point for operations. The only thing which has hindered them up to now is their internal divisiveness....

**Spiegel:** You (earlier) criticized the Soviets ... because they helped Africans to oppose Africans — one liberation movement against another.

**Kaunda:** Correct. For Angola, at that time, a government of national unity was needed. Now, however, the Angolan people

are free to decide which power they would like to invite into their country. I do not see the Cubans as a threat. I have said many times how much I am impressed by (Cuban Premier) Fidel Castro's struggle for freedom and independence from American interference....

**Kaunda:** (on the present situation in South Africa:) Apartheid works like a machine, with which one tests the strength of reins. "One gives ever more pressure, until the reins break, and then says: "Ah, the reins will hold only this tight." This point has now been reached in South Africa. The masses are rising up, are destroying schools and social institutions — just as occurred here in Zambia during the struggle for independence. The government will not now rebuild these schools, but will hastily hand over the responsibility to some black associations. The government will give black organizations more responsibility. They, however, will not have the means to reconstruct the institutions....Many young people will now flee abroad (from South Africa) to Zambia, Mozambique, Botswana, and other places to educate themselves as liberation fighters. They will then return to their country and begin the real war — a form of Vietnam war....

**Spiegel:** If one day in South Africa, the great uprising of the blacks should erupt, will the independent states then come to the aid of their brothers?

**Kaunda:** Oh, yes, oh, yes. We are obliged to do that.

## **Machel Interview: The Problem Is Capitalism-Not Racism**

*The following is excerpted from an interview with Mozambique President Samora Machel done by Wilfred Burchett printed in the Swedish daily Dagens Nyheter.*

An encounter with Samora Machel, the 48 year old President of Frelimo and the People's Republic of Mozambique, is an extraordinary political, intellectual, and human pleasure. Every question which interests him — and there seems to be no question which does not — causes a whole range of brilliant observations....

President Machel's answers to some of today's more burning issues were like an advance reply to the important speech made recently by U.S. Secretary of State Henry Kissinger on United States policy concerning Southern Africa.

**Burchett:** Is it possible to adjust the experiences of Frelimo's armed struggle to countries such as Rhodesia (Zimbabwe) and South Africa, where it is a common argument that they were "colonized from within," that the whites had been born and brought up there, with a great personal interest in maintaining the system and without a "homeland" to go back to?

**Machel:** They are different, but not radically different. Zimbabwe is a colony, where the colonists have taken power illegally. Precisely what the Portuguese colonists would have wanted to do — and actually tried. The question is not where they should go, but whether the country is a colony or not? And the answer is yes.

To pose the question of where the colonists would go, is to pose a false problem. The argument that they were born and brought up there is also not important. Lots of Portuguese "colonists" were born and brought up here (Mozambique). They had never been outside the country. Now they are all leaving for Portugal. Why? Because they don't want to accept the new order. They can't stand equality. So, it's not a question of them wanting to stay because of some ties to the country where they were born and brought up....

**Burchett:** What are the conditions for the liberation movement to achieve the highest possible unity in countries such as Zimbabwe, Namibia (South West Africa) and South Africa?

**Machel:** The question of unity is essential to all countries, especially to colonial countries and countries in struggle. The liberation movements are aware of the fact that their success is premised on unity. But there can be no unity "at all costs." It must be a unity that works, and therefore it has to be authentic and dynamic. When the basis for unity is false, then it doesn't work. Then one can discuss and ratify any number of documents — yet nothing happens.

It is a very tragic fact that there are contradictions between political leaders in Zimbabwe. These contradictions are traditional in the sense that they have existed for almost two decades. They represent internal contradictions between people from the same class with identical interests and identical ideology. These contradictions can become irreconcilable and unsolvable unless patriotism is the principal concern.

The progress of the armed struggle, if properly conducted, can solve this question of unity. It will educate cadres from the masses in representing the interests of the masses — nothing can divide them.

## Pravda Exposes NATO Arms, Nuclear Deals With South Africa

*Sept. 2 (NSIPS) — The following article appeared in Pravda's commentary column Aug. 22 under the title "Sinister Deals" by V. Tyuriin.*

The cooperation of certain NATO members and international monopolies with the racist South African Republic (SAR) in the military and nuclear sphere is acquiring an ever more sinister character. Along with regular deliveries of arms — ships, airplanes, tanks, armored cars, military electronic equipment — from Western Europe and the U.S. to the SAR, also go nuclear equipment of various sorts and corresponding technological documentation. South African atomic specialists are also being trained by NATO.

The Framat company (comprised of) Belgian, French and American capital, has concluded an agreement with the government of South Africa for the construction of an atomic electric power station near Capetown.

To justify their actions in the eyes of the world, Pretoria's western partners sometimes refer to the supposedly peaceful character of the nuclear deals with the SAR. The press of the independent African states, however, notes with alarm that uranium enrichment plants and nuclear reactors already constructed in the SAR by West German and American com-

**Burchett:** What is Frelimo's basic attitude towards the various liberation struggles in southern Africa?

**Machel:** Namibia? We must clearly realize that Namibia above all is a colony under South Africa and leave all talk about "foermynderskap" etc. It is no use to employ power to try to maneuver in the UN. The forces must be concentrated in a clearly defined anti-colonial struggle.

South Africa? Is that an independent nation? Is racism or exploitation the main issue? Despite the differences it is the same struggle — a struggle against capitalist oppression. Racism is only a form and instrument of oppression. Racism, apartheid — however vicious and frightening they may be — is not the principal problem. There is a risk that through the fight against "apartheid" attention is diverted from the main problem, which is colonial, capitalist oppression. The fight against "apartheid" must be seen as part of a general class struggle.

Our basic attitude is that we cannot become free, with colonialism at our borders. Namibia becomes a base for daily attacks on the independent Angola. Rhodesia is a base for daily attacks on the People's Republic of Mozambique....

panies, as well as planned new nuclear plants, are by no means as inoffensive as certain people attempt to represent. South African atomic installations can produce the raw materials for military purposes. As western experts emphasize, the electric power station reactors, which Framat intends to build, are capable of producing every year as much plutonium as is necessary to equip a hundred atomic bombs.

In estimating the possible consequences of nuclear cooperation between the West and South Africa, it is necessary to remember that South Africa is not a signatory of the Nuclear Arms Non-Proliferation Treaty and occupies a leading position in the capitalist world in reserves and production of uranium. This is a country whose highest leaders, including Prime Minister Vorster, have repeatedly declared that South Africa is at the threshold of nuclear weapons and "in case of necessity" could act quickly to create its own atomic bomb. And finally, this country does not conceal its aggressive intentions towards its neighboring states and has more than once demonstrated its aggressiveness. It is the only country with a law legalizing military interference abroad.

Equipping of the SAR in contradiction to UN resolutions on arms and the creation of conditions for South Africa's nuclear arming, pose a real threat to peace and international security. To avoid such a threat, an end must be put to military and nuclear cooperation with the racists.

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## Gaullists Offer Conditional Support For New French Gov't Based On Non-Alignment Policy

Sept. 4 (NSIPS) — Since the resignation of French Premier Chirac Aug. 25, an operation engineered by France's Gaullist "barons," the formation of a new cabinet dominated by the Gaullists has served to consolidate the pro-growth forces in France. The Gaullists have made it clear that their support for the new Premier, Raymond Barre, will be entirely dependent on his adoption of their own policies. At the same time, an array of industrialist and banking circles have joined ranks with the Gaullists, pushing for recognition and agreement with the demand for debt moratoria issued by the Non-Aligned Nations' Fifth Summit, and for a commitment, to a domestic policy of industrial expansion.

In an interview Sept. 2, the monetary expert of the French industrialist association (CNPF) told NSIPS that growing out of their concern over dollar-created inflation, the CNPF will support a Third World debt moratoria, and "out of human motives," greater investment in the developing sector. The Director of economic studies for the Banque de Paris et des Pays-Bas, Jean Denizet, told the French daily *Le Figaro* today in words echoing leading Gaullist Michel Debré that "if austerity means putting men back to work, creating new equipment, then yes to austerity! If this word means to tighten one's belt, to consume less because one produces less, then it is not the appropriate recipe." Outside of a "Malthusian framework," he said, we can provide a real 5 per cent increase per year in the living standard, instead of merely increasing wages to keep up with galloping inflation. Debré himself reiterated this perspective in a guest column written for the daily *Le Monde's* Sept. 5 issue.

These programmatic statements are the content of the repeated warnings by the Gaullists that their support for the new government is conditional.

Claude Labbe, leader of the UDR parliamentary group, summed up this position when he addressed his group earlier this week. "We are faced with a different situation. The Prime Minister does not belong to the UDR any more... In the past, effective and political ties with the Prime Minister (the ousted Chirac, a "revisionist" Gaullist —ed.) led, in general, to the group finally rallying to the position which was presented (by the Premier). This will not happen anymore." The UDR will no longer "cave in in *extremis* following a last minute endeavor by the Prime Minister," Labbe is quoted as saying in *Le Monde* Sept. 2.

As the French press has been quick to point out, Raymond Barre, an economist primarily, is only the "technical" Premier: the real "political Prime Minister" is Olivier Guichard, the new Minister of Justice and formerly De Gaulle's private secretary.

The Gaullists will have the chance to exert their first prerogative against Giscard with the Sept. 15 convening of the North-South conference in Paris, where debt moratoria for the Third World will be the first item on the agenda. The Gaullists' willingness to negotiate a New International Economic Order sharply contrasts with President Giscard's alliance with Secretary of State Kissinger to wreck the North-South conference, with a "no negotiations on debt moratoria" position.

Domestically, Giscard is faced with potential defection by the Gaullists, and some deputies from his own party the Independent Republicans, following a decision made by the outgoing cabinet last week to levy an additional 5 per cent incomes tax to finance relief measures for the drought. Leading Gaullists and members of the IR and all the trade-unions and agricultural organizations are opposed to this tax and instead call for a "national loan" backed by the banks to produce the necessary credit against future production.

### UDR Statement On Barré

Sept. 2 (NSIPS) — The executive committee of the Gaullist (UDR) party at their Aug. 28 meeting issued the following statement of conditional support for the newly appointed government of Premier Raymond Barre:

"The executive bureau of the UDR...offers homage to Jacques Chirac for the work he accomplished during his two years at the head of the ministry, often in difficult conditions, thus for the action which he led in order to preserve the unity and integrity of the Gaullist movement. To the extent that he did not dispose of the means necessary to fully carry out his tasks as head of the government, we understand and approve his decision to renounce his functions. His departure is a politically important event which will lead to profound consequences.

"We approve the decision of our companions who have accepted ministerial functions. However, whereas certain UDR members have responsibilities in the government, we no longer have responsibility for the government.

"We will judge the new cabinet on the basis of its policy and the results it will obtain. We will support it to the extent that it will lead a vigorous actions against the problems of the hour and, first of all, in the struggle against inflation — the only means to avoid underemployment and economic recession, and to the extent that it maintains the line of national independence as well as a policy of real social progress.

"The UDR is conscious that its unity, size, personality and its sense of the general interest, is a determining element of our political life. The sterile agitation among the formations which support the government have never been of its (UDR) making. As for itself, (the UDR) has decided to maintain this attitude, but it expects the same behavior from the other formations. In the interest of France, the UDR hopes for the success of the government's action.

### Debré Statement On Barre

Sept. 2 (NSIPS) — In an interview on national radio August 31, Gaullist Baron Michel Debré repeated his statement of conditional support for the Raymond Barre government and defined the terms for his continuing that support. Debré's interview was excerpted from the Sept. 1 *L'Aurore*.

"The vocation of men (organized) around Gaullism is to make decisions in line with national interest...The role of the in-

dividuals will be set aside and the UDR will support the government if its policy reunites national independence, social progress and economic effort...My friends in the UDR will vote up a rigorous budget if the rigor is located in an overall policy which can give results. On the other hand, if we must return to the games of the (pre-De Gaulle) Fourth Republic, then we will be against (the government.)”

### **New Foreign Minister A “Gaullian” Says Les Echos**

Sept. 2 (NSIPS) — The French financial daily *Les Echos* characterized France’s new Foreign affairs minister, Louis de Guiringaud, in the following terms in an article entitled “Guiringaud and the North-South conference” on Aug. 30:

“Throughout his career, de Guiringaud has distinguished himself by his Gaullist attitude, if not his Gaullist etiquette. He never lost the opportunity to recall that France should be at the

head of western non-aligned nations. He has the reputation of having a stiff back-bone, and... (he) could seek to orient foreign policy in a less Atlanticist and European direction than his predecessor (Jean Sauvagnargues).”

### **De Guiringaud Indicates Freedom Of Action In Carrying Out Foreign Policy**

Sept. 2 (NSIPS) — French Foreign Minister de Guiringaud was quoted in the French Communist Party daily *L’Humanité* Sept. 1 as stating:

“The Minister of Foreign Affairs is associated with the definition of foreign policy which is the responsibility of the President. But this leaves to the Minister very broad responsibilities. There is a very broad area where the President does not enter, and where the Minister is required to give explanations: that is the area of the execution of this policy.”

## Special Report-West Germany

# **West German Election Focuses On Colombo Plan - Because Of The European Labor Party**

Sept. 3 (NSIPS) — Only days into the month-long campaign for West Germany’s Oct. 3 federal elections, the European Labor Party has emerged as the nation’s only public spokesman on foreign policy matters. The other major parties’ deafening silence on the historic Colombo resolution has only been broken when ELP candidates and organizers directly confront national politicians on the campaign trail before constituency audiences. These politicians’ incoherent stutterings have been driving citizens from all social layers to reconsider their ingrained prejudices against “small parties” and vote ELP.

The critical background to this situation is as follows. Since slightly before the Colombo Non-Aligned conference, West Germany — the servile bastion of Atlanticism — has had no effective foreign policy whatsoever. The Social Democratic government and the political parties have been unable to say anything definitive on Colombo. If it formally rejects the proposals of the Third World for a new world economic order, it is effectively moving to destroy what is left of the West German economy. If it comes out in favor of the proposals, then the government has broken with its Atlanticist-controllers and faces all the repercussions of such a move. And so “official” West Germany buries its head and waits, as one source put it, to see what “the President of the United States will or will not do” about Colombo.

While the government sits paralyzed, the ELP is moving into the leadership vacuum, telling the German people what must be done.

Throughout the eight of the ten West German states in which it is running, the ELP has been holding well-attended rallies, devoting major discussion to the significance and practicability of general international debt moratoria and an overhaul of the monetary system. In Hamburg, Stuttgart, Munich, and the Ruhr industrial district, crowds of up to 100 have surrounded ELP organizers. Disgusted workers from the Social Democratic Party (SPD) or even from the German Communist Party (DKP) have begun to put pressure on their own sluggish networks. In one example, 100 participants at a Hamburg rally passed a bullhorn from questioner to questioner, while a Neo-Nazi who tried to disrupt was picked up and angrily tossed 30 feet.

The national contest between incumbent Social Democrat Chancellor Helmut Schmidt and Christian Democrat (CDU) Helmut Kohl has degenerated into a clown show so vacuous as to embarrass even Jimmy Carter. Last week both Schmidt and Kohl received strict orders from Wall Street to confine electioneering to minor or non-controversial issues such as pension funding — orders transmitted by Richard von Weizsaecker, a liberal CDU politician just returned from a long visit to the U.S. Atlanticist think-tank, the Aspen Institute.

Weizsaecker explained to ELP questioners the exact nature of his instructions: “I spoke with Kissinger.... I know what a moratorium is, it is the breaking of a solemn treaty. You do not fulfill what you promised to do.”

An obedient Helmut Schmidt lost no time in getting the word out in *Der Spiegel* magazine this week. Asked “whether this campaign won’t have any real theme, but will pass a lot of hot air,” Schmidt answered: “Yes.”

Every national politician who has dared show his face before a public audience has had to contend with the ELP’s briefings and persistent questioning. Schmidt himself has taken the easy way out by not campaigning at any industrial sites, but most have appeared to their audiences as reincarnations of the Hapsburg king Philip II of Spain and his banker Jakob Fugger combined.

In Hamburg, top SPD foreign policy operative Hans-Jürgen Wischniewski was presented with a packet of documents on Colombo. “I don’t want to see them,” he gasped. “I know I’m crazy already, but I don’t want to see my death warrant written in black and white.”

Free Democratic Party (FDP) faction leader Wolfgang Mischnick looked no less ridiculous in Frankfurt when he told an ELP challenger, “We don’t have debts which are larger than the national product, so we don’t have any problems.” Mischnick was sharply attacked for his no-growth economic policies by a representative of the powerful Chemical Industry Association.

Christian Democratic foreign policy expert Walter Leisler-Kiep was at least factually correct when he “warned” a Hannover audience “A debt moratorium would mean the expropriation of the Third World’s creditors!” The listeners — mostly farmers — gave their own opinion by roundly booing the CDU

Lower Saxony Minister-President when he announced there would be "no relief" to agricultural debt.

Federal Economics Minister Hans Friderichs has been put under immense pressure during his campaign tour. In Düsseldorf, he simply told the ELP that "I will not show you my cards before Sept. 15," the day of the Paris North-South talks. But the next day in Bremen, he exploded into a screeching attack against the "opportunistic Japanese," and then solemnly warned the audience: "Ladies and Gentlemen, imagine what would happen after a debt moratorium. Do you think that any German bank would give credits following this? They would not."

A member of a "future-oriented faction" in the CDU immediately asked Friderichs about prospects for economic growth in the Bremen industrial-shipbuilding region. Friderichs refused to answer.

Privately, however, Friderichs is already preparing for the inevitable. In a letter to Atlanticist industrialist Otto Wolf von Amerongen, parts of which have been published, Friderichs warns of a "disaster" if trade with the Comecon sector were reduced to a "barter level," and, in phrases lifted from the

Labor Party, blames the bloated Eurodollar market for West Germany's problems.

In Stuttgart, SPD state chairman and zero-growth advocate Erhard Eppler decided to throw politics to the winds and merely clown around. As he was wandering out of the hall, he found two district leaders gratefully shaking hands with ELP spokesmen. Eppler joined in the handshaking.

Finance Minister Hans Apel, in the meantime, is rapidly being shocked out of his professed deep belief in Divine Providence (of the Rockefeller family). State leaders spent the duration of Apel's speech reading ELP literature in full view of the audience of 300. After Apel finished, he fled to his car, burying his face in his hands and muttering "CIA" to an ELP challenger. He had to be reminded of the fate of Bremen SPD official Ernst Waltemathe, who is now threatened with a \$250,000 fine or six months in jail if he ever repeats such concocted slanders.

One of the SPD officials present at the meeting later moaned, "Now we'll hear this new world economic order for the next five weeks — that will be the campaign."

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## Special Report-Japan

# Japan's Power Struggle Will Determine Role In New Economic Order

Sept. 1 (NSIPS) — At this moment, a fierce struggle is being waged between Japanese Prime Minister Takeo Miki and his opponents in the conservative Liberal Democratic Party, led by Deputy Prime Minister Takeo Fukuda, who are trying to depose him from office. Every hour new rumors fly across Tokyo of moves and countermoves by Miki and his factional enemies, in a deadly game of Japanese poker. But behind the byzantine plots being cooked up in the Geisha houses of Tokyo, more powerful forces are on the move — forces prepared to establish Japan's independence from the dollar empire and its participation in the emerging new international economic order.

With the Third World now prepared to carry out debt moratoria and force the implementation of the new world monetary system following the Colombo summit of the Non-Aligned nations, these forces are giving clear signals of their intention to back the developing countries. Their problem remains the government itself and the necessity of quickly resolving the chaos in the LDP and establishing a regime capable of implementing economic development policies. In this context, the outcome of the struggle between pro-development Miki and Fukuda, a proponent of zero-growth austerity and an ally of the dollar interests, will determine in great part whether Japan joins Italy and France to be the first advanced capitalist nations to join the new international economic order.

### The "Resources Faction"

At the core of these pro-growth forces in Japan is a group of powerful leaders of Japan's big business elite, the zaikai, who are known in certain circles as the "resources faction." This group has been pursuing a policy of "economic diplomacy" aimed at expanding Japan's trade with the developing countries — mainly in Asia, the Middle East and Latin America — and the Soviet Union and the socialist countries which will free Japan from its dependence on the United States and on the raw materials controlled by the New York banks and multinational corporations. Japan's economic growth as a high-technology, capital-intensive industrial power, crucially depends on

securing both the sources of raw materials — of which Japan has none to speak of — and the markets for Japanese capital goods in an expanding world economy.

These needs have forced the "resources faction" to forge a pragmatic strategy of cooperations with the developing countries based on Japanese economic participation in development programs. While the New York banks and the International Monetary Fund have used every opportunity to force austerity policies on the developing countries to guarantee the repayment of foreign debt, the Japanese industrialists have continued to extend credit for capital investment in industrial projects and agricultural production. In countries like Indonesia and Brazil, where there are already large-scale Japanese investments, they have countered the austerity moves of Wall Street by continuing Japanese participation in projects for aluminum production, steel production, and the development of oil and natural gas — projects that would otherwise be scrapped. In Brazil, where the New York banks led by Citibank, have instituted a credit embargo to force austerity measures and the collection of debt, the Japanese government and business have moved to aid forces based in Brazil's public sector to keep projects going. Following up the July trip of Japan's Minister of International Trade and Industry, Komoto (a close Miki ally and "resources faction" member), Brazilian President Geisel will go to Japan on Sept. 15 to discuss economic cooperation.

Komoto's visit to Brazil was aimed especially at strengthening joint cooperation between the Brazilian state-controlled steel industry and major Japanese Steel giants like Nippon Steel and Kawasaki. While in Brazil, Komoto worked out an agreement for Nippon Steel to participate in the development of a huge iron ore project in northern Brazil. Until now, Japanese participation in the project had been blocked by Brazil's other main partner in the deal — U.S. Steel.

In other cases like Vietnam, following the end of the war, the Japanese have moved in with economic aid and investment which, in the coming period, will amount to 20 per cent of

Vietnam's reconstruction needs. This month a major Japanese business delegation from Keidanren — Japan's big business federation — including representatives from three of Japan's major banks, Mitsui, Sanwa, and Bank of Tokyo will visit Vietnam to work out plans for expanded mutual economic cooperation. Japanese ships now pick up high grade anthracite coal from Vietnamese mines at Haiphong harbor, accounting for more than one-half of Japan's imports from Vietnam. In return, the Japanese are supplying Vietnam with the trucks, bulldozers and chemical fertilizers, as well as the technical advisors needed to develop Vietnam into a highly productive, capital-intensive food exporter in the future.

Japan's "resources faction", acutely aware that Japan's current overwhelming dependence on American food imports subjects Japan to a potential "food embargo" as well as an "oil embargo" at any time has made the development of joint Japanese-Third World capital intensive agricultural development a central feature of Japan's "economic diplomacy." The imposition during the Nixon Administration of a "soybean embargo" against Japan only served to strengthen Japanese business's commitment to capital intensive agricultural policies.

Japan also continues to strengthen its economic relations with the USSR. Last month, following the Keidanren visit to the Soviet Union, a delegation from the Osaka Chamber of Commerce led by the head of a major Japanese trading company, C. Itoh, visited the Soviet Union to discuss joint economic cooperation. Centered in a major belt of heavy industry, Osaka is the "Chicago" of Japan and industrialists from that region have for many years been the leading proponents of vastly expanded trade with both China and the Soviet Union.

Who is the "resources faction?" While there is no list of names to be found, the grouping is known to be based in the large conglomerates — the zaibatsu — which are mainly engaged in heavy industrial production and international trade. At the center of this group are companies like Nippon Steel, the largest steel producer in the world, the Industrial Bank of Japan, a bank tied to these industrial firms, and giant trading companies like C. Itoh, Marubeni, and Mitsui and Co. These trading companies are a peculiar Japanese entity which vertically organizes the import-export activities of Japanese industry; the top ten of these trading companies control over 50 per cent of Japan's foreign trade. The heads of these firms, men like Nagano and Inayama of Nippon Steel, are major figures in themselves, leading the business delegations who have been conducting Japan's "economic diplomacy."

Nippon Steel itself is exemplary of the close interrelationship of the "state" and "private" sector in formulating policy for the country as a whole. The world's largest steel corporation, Nippon was established in the late 1960's through the merger of two major corporations, Yawata and Fuji Iron and Steel, at the behest of the huge Ministry of International Trade and Industry, currently headed by Miki-ally Komoto. The current president of Nippon Steel, Tomisaburo Hirai, spent most of life as a government bureaucrat and entered Nippon Steel in the 1950s after serving as a high official at MITI. This MITI-heavy industry axis has been the nemesis of zero growth advocate Fukuda and his allies at the heavily U.S. bank infiltrated Ministry of Finance. Not surprisingly, current MITI head Toshio Komoto is also a leading advocate of the development of fusion power in Japan. This same high technology-oriented alliance of "government business" in Japan has also led the search for new energy sources outside the Rockefellers' control such as fission and fusion power. Last month's talks between Japanese businessmen and the Soviet Union revolve around joint cooperation in fission and fusion development. Japan is already

involved in negotiations to help the Soviet Union build major new atomic facilities.

### The Survival Of Miki

The Miki government has been the vehicle of the pro-development forces in carrying out their "resources diplomacy" since the government of Prime Minister Kakuei Tanaka — now indicted in the Lockheed scandal — was forced out of office by a Fukuda-backed Watergate operation in November, 1974. The Lockheed scandal has been merely the cover for a massive destabilization effort against the resources faction by the New York banks and their Japanese allies. Fukuda's current effort to overthrow Miki is the culmination of this drive, which included the destruction of Tanaka, his major rival in the party and the leader of the LDP's largest faction. Fukuda has cynically attempted to portray the chaos in the LDP and the government resulting from the Lockheed scandal as Miki's responsibility, and has offered himself as the man who can restore order to the situation.

There is no question that if Miki survives the present crisis, Japan will be in the forefront of the developed countries joining in the new international economic order. The resources faction is not tied so much to Miki personally as to the implementation of their policies which depend on the restoration of the LDP government's ability to rule. The LDP is the party of the zaibatsu and, in the semi-feudal system of Japanese political influence, it is impossible for the zaikai to even contemplate a government that is not LDP. Their concern in the present struggle within the LDP is therefore mixed with the fear that the LDP itself will split and throw the government into complete turmoil including the possibility of a coalition government, a shattering prospect in a country where the LDP has ruled almost continuously since the end of the Second World War.

The zaikai's growing sense of its key political role in the new world economic order has made Rockefeller-agent Fukuda increasingly desperate. On Sept. 3 Fukuda along with his crony the current Minister of Finance, Masayoshi Ohira, announced that as long as Miki was still premier they would oppose any calling of a special session of Japan's Parliament (or Diet) which big business has been demanding as the only way to pass public works legislation. By so doing, both Fukuda and Ohira went on record as being publicly opposed to an LDP-business compromise plan to get the Diet started which both Ohira and Fukuda a few days earlier had said they both supported. Fukuda realizes his only chance of ever getting into office is now, before the major political shifts occurring in Japanese business circles make his policies totally impossible.

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# Rockefeller-Agnelli Lockheed "Watergate" Of Andreotti Backfires

Sept. 4 (NSIPS) — The Andreotti government of Italy is now in a stronger position to carry out its leading role on behalf of a positive advanced sector reply to the international development initiatives of the Non-Aligned movement. The last effort to weaken and destroy the new Premier, a hoaxed-up "Lockheed scandal" implicating Andreotti himself through FIAT financial emperor Gianni Agnelli, served only to rally support to the new government, and was a completely dead issue within five days of its inception.

The Rockefeller-Agnelli "Watergate" attempt began with the sudden publication of criminal charges against Andreotti in the Agnelli associated magazine, L'Espresso on Aug. 27. L'Espresso claimed to have documents released in the U.S. by a Lockheed Corporation officer in Phoenix, Arizona, showing that, while head of the Italian Defense Ministry, Andreotti had accepted kickbacks associated with Italian purchases of the Starfighter and Orion jet planes.

The charges suffered from a lack of credibility at the start. La Repubblica, a major Italian daily, reported the charges in a front-page Aug. 31 article which asked aloud: "Is this believable? Is it a political maneuver orchestrated by right-wing American and Italian circles?" Even L'Espresso felt compelled to comment on its own initial reports: "we cannot exclude the hypothesis that the documentation might have been held back for a long period of time, and deliberately prefabricated for the purpose of attacking the government...."

On Sept. 1, Andreotti himself replied to the fabrications in an interview with editor Scalfiri of La Repubblica: "I do not doubt the good faith of the journalists who received and published these documents. But let me confirm what I have already had the occasion to say elsewhere: these are pure inventions."

By the next day, "pure inventions" is precisely what everyone knew the alleged documents to be. The Sept. 2 edition of La Stampa featured a report by its Washington correspondent, who related that he, too, had been approached by a "Mr. Hauser" of Lockheed's Phoenix offices who offered to sell him the documents. They weren't bought, because they were obvious fakes.

The same day's edition of Avanti, the Socialist Party newspaper, reported that, indeed, "Mr. Hauser" worked for Lockheed, but for the past 18 years, he had also worked for the Central Intelligence Agency. "Mr. Hauser" also possesses a criminal conviction in the Republic of West Germany for forgery.

Amid broad expressions of support for Andreotti coming from sources as varied as La Repubblica and the Italian Communists, the Lockheed Corporation itself put the "Watergate" campaign to death Sept. 3. In a corporate press statement carried by the Italian ANSA news service, Lockheed labelled the scandalous documentation "false and contradictory."

The outcome of the absurd Rockefeller-Agnelli operation has been a strong consolidation of the Premier's domestic political support and continued, rapid motion by Andreotti to cement Italy's alliance with the Third World around the resolutions adopted at the Colombo development conference. Andreotti's Christian Democratic press announced yesterday that a "think-tank" for global development has been established to promote "technical, economic, and cultural cooperation with the

developing countries." Its headquarters were located in Sardinia "for the profound reasons of the real unity and homogeneity between the Mediterranean peoples and, principally, the Arab countries."

## Andreotti Too Involved In Lockheed Cyclone?

According to Disturbing Documents Revealed by L'Espresso

*The following are excerpts of an article in the Italian daily La Repubblica Aug. 31 on charges, first published in the news magazine Espresso, against Italian Prime Minister Giulio Andreotti for involvement in the Lockheed scandal:*

From the inexorable Lockheed dossier there comes today a new and clamorous revelation for which the magazine L'Espresso is acting as spokesman: it regards a series of kickbacks involving the American company and Giulio Andreotti, current president of the Council (of Ministers). Is this believable news? Is it a political manoeuvre orchestrated by right-wing American and Italian circles? At present it is difficult to answer these questions, (questions which) on the other hand Espresso itself poses in the article revealing the facts and documentation. One thing is certain thus far: the maneuvers inside and outside our own country which have been intertwined around the Lockheed affair would not have been possible if the Commission of Enquiry (of Parliament) had carried out its duty quickly....

According to Espresso, there exist documents gathered in the United States which reveal the role which Giulio Andreotti played, by accepting kickbacks, in the buying of Starfighter and Orion planes...

L'Espresso maintains that the documents in its possession come from functionaries or ex-functionaries of the American multinational whose identities cannot be revealed. The authenticity of the documents was supposedly established by a handwriting expert, by a comparison of dates, and by tests on the age of the paper on which the documents were written...

In the communique reporting the news of these documents, the Roman magazine advises that "it cannot exclude the hypothesis that the documentation might have been held back for a long period of time, deliberately and prefabricated for the purpose of attacking the government headed by Andreotti who is considered, rightly or wrongly, to be the man of the historic compromise (inclusion of the Italian Communist Party in the government-ed.) by some American circles...."

## Andreotti Answers The Lockheed Scandal

*The following are excerpts of Prime Minister Andreotti's answers to the Lockheed charges through an interview which appeared in La Repubblica Sept. 1:*

by Eugenio Scalfari

**Andreotti:** I do not doubt the good faith of the journalists who have received and published the documents. But let me confirm what I have already had the occasion to say elsewhere: these are pure inventions. If I have any prestige in the Defense Ministry it is because I have always scrupulously respected the

administrative and technical competence of the organs and persons charged with making responsible decisions, especially in the very delicate field of purchases. Imagine then if, especially in the choice of airplanes, I would ever, for whatever reasons, not stick to this point of view. It is not the minister who flies (the planes), but the pilots and passengers. It must therefore be the military who decides (on the choice of airplanes)...

Only once was there a problem — with the F-104 — where there already existed a German-Belgian-Dutch consortium, and Italy adhered to this consortium with some trouble because the others did not like very much to have to expand their consortium...

Only once was there a discordant voice, that of General Pasti, but even he never raised doubts as to the administrative correctness of the entire operation. Maintaining an exemplary rigor in relations with the Americans was also useful in demonstrating that Italy knew how to spend well its scarce resources and budgeted itself in order to obtain notable aid for our industries and in the pricing of military supplies.

**Question:** What you say is self-evident, Mr. President. Misfortune however has desired that these concepts be largely contradicted in practice. If (these principles) had always been rigorously applied, we today would not today be witnessing an ongoing case incriminating two ex-Ministers of Defense and casting suspicion on an ex-president of the Council (of Ministers).

**Andreotti:** I am speaking of myself personally. Do not forget that I have always held a rather unique position in my party. I have never been the head of a large faction or a strong power group. If I had not been, from the standpoint of morality, absolutely unassailable, I would not today after so many years be at this point (in the position of Prime Minister). Thus I have always kept this situation so very much in mind that I have never — I repeat, never — dealt personally with the question of supplies, neither during the period of the F-104 nor afterwards...

**Question:** There can exist blame however in not keeping a close enough watch over things, which is no less serious than actually carrying out illegal acts.

**Andreotti:** Yes, there can exist blame for lack of vigilance. You, if I remember correctly, rebuked me in Parliament over the Sifar affair. However, the presumed actions for which you accused me today have nothing to do with a possible "guilt for lack of vigilance." As to your observations, I can answer that, as it seems to me, there are institutional tasks in the purview of public administration in which the Minister must not interfere except to put an end to eventual abuses. In fact, when I returned to Defense (Ministry) in 1974, I had to change attitudes with respect to the secret services, and precisely because in the interim, there had occurred the Sifar events and the Parliamentary Commission of Inquiry.

## La Repubblica Editorial

*The following are some of the comments of leading Italian press and political figures on the ill-fated "Lockheed scandal" against Premier Giulio Andreotti:*

**by Eugenio Scalfari**

...Andreotti has the Christian Democracy in his hand like no other leader since De Gasperi had. The reason is simple: Were Andreotti to decide to leave his seat for any reason, the Christian Democracy would find itself in tremendous problems and probably would lose the Prime Ministry. His strength comes from the outside, not the inside. Inside he is weak, but outside he is "fortissimo" (most strong). For the Socialist he is one of the few possible people to talk with. For Botteghe Oscure (PCI headquarters-ed.) he is the only one. The Vatican trusts him. The industrialists, too. Cefis (head of state petrochemical industries-ed.) has no other patron. He has enemies, but they are only capable of small disturbances, not out-right battles....Andreotti will be fortissimo and stable for a long time; the eotti era is bound to last...

### **Napolitano: "Maneuvers For A New Crisis Are Absurd"**

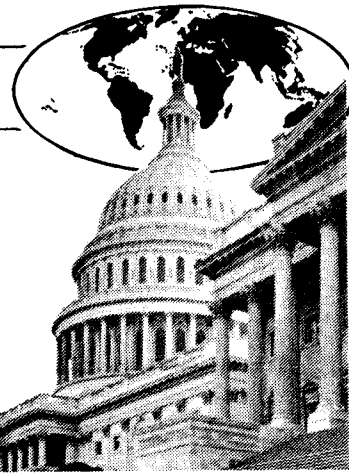
*Corriere della Sera, Sept. 2:*

There are those who say that the government will have a short life. Napolitano (Communist Party Secretariat member) says: "The rumors and maneuvers about a more or less imminent government crisis are pure absurdity. They are part of a design that has nothing to do with the interests of the popular masses and the democratic regime. We want to say most emphatically that it is necessary to face the country's problems without hesitation and in this sense we ask the government to live up to its commitments. Botteghe Oscure appreciates the seriousness that the new Minister has so far shown..."

### **Lockheed Confirms: The Documents Are False**

*Corriere Della Sera, Sept. 3.*

Rome: The documents implying Andreotti in the Lockheed scandal are false. It has been revealed by the company's spokesman, Grover Nobles, who limited himself to read a statement: "Lockheed had never seen the copies of documents published by Italian journals which allegedly were written by Lockheed officials. Therefore the company states that those documents are counterfeit."



## Carter Running Scared

# Campaign In Shambles

WASHINGTON, D.C. Sept. 4 (NSIPS) — Jimmy Carter, Wall Street's Presidential Candidate, is running scared. After weeks of being touted in the Rockefeller-controlled press as a "shoo-in, the next President," etc., Carter's campaign is a shambles, even in the South.

Wall Street's strategy to put Carter in the White House had previously been to run a low profile campaign, to keep Carter out of the public eye as much as possible and use a combination of vote fraud and general voter apathy to win on Nov. 4. Carter's advisors hadn't fully expected President Ford's aggressive performance at the Republican Convention and his challenge to "debate the issues." Wall Street has now been forced to bring its peanut farmer off his farm and have him campaign out in the open. Such a strategy has built in back fire effect: the more Carter "shows himself" to the voters, the more it becomes obvious that no one really supports him.

Last week, a series of polls by various Rockefeller-linked pollsters showed that the gap between Carter and President Ford had narrowed to only 10 percentage points (Rockefeller's favorite pollster, Gallup has since revised his figures upwards to 15 per cent).

But these latest polls and the polls that came out immediately after the July 4 Democratic Convention which showed Carter with a 40 percentage point lead over the President, are totally fraudulent. As most Washington observers know, there is no way that 60 per cent or even 40 per cent of America would vote for Jimmy Carter in an honest election. An accurate voter preference would give Carter somewhere in the order of 20-25 per cent, Ford some 35-40 per cent and the U.S. Labor Party's Lyndon LaRouche between 25-35 per cent.

It is not the new polls that have unnerved Carter's campaign. What is behind the destabilization of Carter are the developments at last week's Colombo Summit of the Non-Aligned nations and the subsequent threat of imminent debt moratorium against the New York banks who control the Carter campaign. Carter is their puppet; when a puppet starts gyrating crazily on a stage, you don't look at the puppet itself for an explanation — you look to the string pullers. Carter's advisors — George Ball, Cyrus Vance and Zbigniew Brzezinski, etc. — his string pullers, have become unglued themselves by Colombo and its impending aftermath.

### **The Hatchet That Cuts Both Ways**

Last week sources here revealed that Carter's advisors had suddenly instructed their candidate to abandon any attempt to campaign on his fascist economic program or related issues, but instead to concentrate on "scandals in the Ford Administration." Carter forces were reportedly assured of complete cooperation from the Rockefeller controlled press sewers including the New York Times and Washington Post, and from several loyal servants in the Congress.

In the space of four days last week, the East Coast press hyped up a major scandal about the misuse of Medicaid funds based on a brave "first hand" investigation by Rockefeller-linked Sen. Frank Moss. Carter picked up his cue and turned the Moss in-

vestigation into a Ford Administration scandal. "Where was President Ford, where were his officials in the executive branch who are supposed to administer the program (Medicaid) — timid, fearful, afraid to lead," Carter told the press. "There are going to be a lot more revelations in the future coming out of Congress or my campaign to provide a true picture of what we are suffering from," said hatchet-man Carter.

And the scandals kept coming.

\* On Aug. 31, Attorney General Edward Levi, a Rockefeller ally, staged a fight with another Rockefeller flunkey, FBI director Clarence Kelley, with Levi's Justice Department investigators accusing Kelley of "misusing government property." One of the principal subsidiary effects of this fight is to give credence to the "Ford administration" corruption story.

\*The next day the Securities and Exchange Commission accused the accounting firm of White House Economic advisor William Seidman of "negligence."

\*The same day a member of Congress demanded that Fordman, Deputy Defense Secretary William Clements should resign because of a "conflict of interests" involving his recent appointment as Treasurer of the President Ford Committee.

Late in the week Carter, the creation of Wall Street, accused the Ford Administration of "collusion" with big business to block "needed tax reform."

The President's Vice Presidential running mate, Sen. Robert Dole tossed the hatchet back at Carter, pointing out that while Jimmy Carter was screaming about the need to do away with the investment tax credit, he had apparently forgotten to tell his own accountant about his feelings on the subject: it seems that Carter used the tax credit to avoid paying some \$40,000 in taxes on his peanut factory. Carter was forced to issue a rather bizarre explanation of a newly "revised" position on the subject.

But Carter is by no means through with the issue of corruption. Late this week, the U.S. Labor Party released information here linking Carter and his campaign to the known drug peddling and smuggling ring of Rock'n'Roll czar Phil Walden, a behind-the-scenes heavy contributor to the Carter campaign. The information plus this week's publication of the U.S. Labor Party Special Report, "Jimmy Carter and the Party of International Terrorism," should give the Democratic candidate his fill of the "corruption and scandal" issue.

### **Labor and Carter**

Carter's advisors have told him that he must have the support of "organized labor" or he is as good as dead. But the labor movement is factionalized: even if some of its nominal leaders endorse the Democratic ticket, the union rank-and-file want nothing to do with Jimmy Carter.

This week a crack in the Carter campaign apparatus developed in Indiana, taking the nominal form of a dispute between Carter and Indiana Senator Vance Hartke. What Hartke was responding to was the news that two major unions in the state, the ironworkers and the electrical workers, are now openly organizing against one of Carter's key platform planks — the Humphrey-Hawkins Full Employment

Legislation. While Carter's advisors have dropped attempts to push the bill in this session of Congress such sections of the labor movement, alerted to the dangers of the fascist bill by the USLP, are taking no chances. Union-supported legislation is now circulating through the Indiana state House to preclude enactment of the Humphrey-Hawkins slave labor legislation.

What has Democrats — both Carter's people and those politicians who count on the working class vote — terrified is their realization that the disenfranchised labor vote is being picked up by the Labor Party's Lyndon LaRouche. In five cities this week, GOP candidates called Labor Party offices to ensure that USLP candidates would participate in local candidates' nights. These Republicans now see the Labor Party as their only hope of wrecking Democratic, Carter-linked opponents.

With no actual labor support for their candidate, Carter advisors attempted to simulate some "organizational" labor solidarity. Carter was instructed to appear before a specially summoned meeting of the AFL-CIO's Executive Board in Washington. There, he would be anointed by the senile 84 year old AFL-CIO President George Meany, with full media coverage, receive the enthusiastic support from the rest of the board members. The planned show was a big flop — even by the estimation of Atlanticist commentators such as the Times' James Reston.

Carter was overshadowed by the senile Meany. The AFL-CIO President, whose physicians have advised him to avoid public places for fear of germ contamination, delivered a blustery attack on the Ford Administration. But George Meany was no ball of fire when it came to talking about labor's saviour, Jimmy Carter. The best endorsement he could muster was that Carter would be better than the Republicans — but for Meany "anybody would be better than the Republicans."

Carter then proceeded to put his audience to sleep. In a rambling speech that was punctuated by silent pausing in anticipation of non-existent applause, Carter sermonized that his programs would make for a happier country and a "more prosperous economy." Those labor leaders who managed to stay awake were not impressed. Carter's backers kept up their attempt to "campaign by mirrors." Several East Coast papers ran stories the next day with headlines, "Big Labor Solidly Behind Carter."

Meanwhile, the candidate's campaign strategists have leaked that their plan is for Carter to carry the South on his own strength and for "big labor to deliver the vote in the industrial states." As several sources have commented, prospects for such developments are extremely slim.

#### The Sinking Ship

While Carter was going through the motions with old men of the AFL-CIO his alleged support in the South showed signs of significant deterioration. The whole South with a few minor exceptions was regarded by Carter strategists as "in the bag." This week, Gov. Edwin Edwards of Louisiana, a spokesman for oil and shipping interests in the Texas Gulf, refused to join a steering committee for the Carter campaign. Texas Gov. Briscoe told reporters at a Southern Governors conference that Carter would have a great deal of trouble capturing Texas. "It will be a tough campaign.... a lot needs to be done."

## Carter-Mondale On The Stump

*The following are summaries of statements made by Jimmy Carter and Walter Mondale at various appearances this week:*

**(Mondale press conference)** — Exults over the President's choice of issues for the campaign — jobs, accelerated home ownership, health and aid to education. If these are the issues, he tells reporters, "the election is over and we have won."

**(Mondale speech before the Commonwealth Club in San Francisco)**—Mondale said that Ford, under election pressure, might try to clinch a last minute agreement on SALT that will "not properly protect our security interests." If elected, he and Carter intend to gain control "over the introduction of new, destabilizing and needless technological development." Under the Nixon-Ford Administration (the Rockefeller controlled) Arms Control and Disarmament Agency had been emasculated and called for its revitalization. He proposed a program of arms standardization for NATO saying this would persuade other suppliers to "dampen arms promotion." The U.S. needs a defense posture capable of doing "whatever is necessary to assume American security and safety."

**(Aug. 30 — at a Plains, Ga. press conference)** — Carter attacked Ford for not investigating the Medicaid scandals: "There are going to be a lot of other revelations in the future coming out of Congress or from the campaign to provide a true picture of what we are suffering from.... When the Senate was investigating the management of Medicaid where was the President, where were his officials in the executive branch who are supposed to administer the program — timid, fearful, afraid to lead, afraid to manage." Said he wanted the first debate to focus on "competence of the present government, leadership qualities of our President," the second debate to be on 'domestic programs, unemployment, inflation, housing, transportation, environmental quality and energy.' The third debate should be unstructured on defense and foreign policy. Attacked Ford for not discussing the issues he (Carter) thinks are important — "government reorganization, tax welfare, urban problems and basic human rights."

**(Sept. 1 Mondale before the American Jewish Committee)** — Attacked Ford for being "apathetic on terrorism," saying that the issue is only brought before the UN General Assembly "whose decisions are not binding." Called for UN Security Council action and sanctions against Libya.

**(Sept. 1 Carter at AFL-CIO Executive Board in Washington)** — Wandered freely from prepared speech. When he finished prepared text began another. Praised the country and the "common sense and high moral character" of its people and said people had been "deeply wounded" by revelations of wrongdoing. Prepared speech called for cutting unemployment and inflation, increasing productivity, tougher enforcement of antitrust laws and protection of the consumer. "I'm going to do all I can to stay away from the establishments," said Carter saying he wanted to campaign "near factory gates" to leave the "active impression" that his interests "are those of the working family."

**(Sept. 3 Carter at Plains, Ga. Press Conf.)** — "The overwhelming concern is about the management of our nation's affairs as relates to inflation, which is very high," and unemployment, which he said had risen again "contrary to the predictions of President Ford." When asked what he would do differently from Ford's "lack of leadership" he replied, "Well, in the first place, to lay out specific goals to achieve control of inflation, which is the most difficult to understand and I think to deal with. There will be no new programs implemented under my administration unless we can be sure that the cost of those programs is compatible with my goal of having a balanced budget before the end of that term. And this will require delay of the implementation of costly programs, if they are proposed, the quick phasing out of those that have already served their useful purpose, the phasing (in) of programs to make the present programs work before new programs that are costly are implemented, and tough zero based management of the budget." Said there was a need "to have a strict control over spending."

When asked if balancing the budget would have priority over social programs, he replied, "Those promises will be kept, but it is a matter of initial phasing and timing... As I said earlier, we'll carry out the promises I've made as aggressively and quickly as possible but it doesn't help to give people a little more payment

for Social Security or welfare or veterans benefits and then rob them with inflation.... If it requires a delay for instance in implementing welfare reform or health care in order to accomplish the goal I have set of a balanced budget, then those delays would be there." Promised a "comprehensive national health insurance" with "a very careful, very conservative" approach.

## "Carter And Labor"

*Sept. 4 (NSIPS) — What follows are excerpts from a column entitled "Carter and Labor" by James Reston which appeared in the Sept. 1 New York Times:*

It hasn't been easy, but Jimmy Carter and George Meany have finally agreed on a strategy for winning the Presidential election of 1976: Mr. Carter will hold the South, and Mr. Meany will use the power of the labor unions of the A.F.L.-C.I.O. to deliver the electoral votes of most of the big industrial states from Massachusetts, New York and New Jersey to Pennsylvania, Ohio and Illinois.

Even before Labor Day, Mr. Carter flew into Washington to pay his respects to George Meany and address the General Board of the A.F.L.-C.I.O. in the ballroom of the Shoreham Hotel. It was almost, but not quite, a complete success.

In human terms, it was a fascinating spectacle, dominated by Mr. Meany, now 82, very pale and ill, but still full of fight and ironic humor. His doctors, worried about the possibility of contamination in public places, urged him to skip the Carter reception, but he led the charge against Ford and for Carter, and called for unity against the Republicans...

There was much more of this, and Mr. Carter added to it by condemning the "timid" leadership of the Ford Administration, and the lack of trust between the White House and the Congress, and between the American people and their government.

And yet, there was something missing between Mr. Carter and the labor union leaders at the Shoreham Hotel. They sat there, halfway between the familiar Mr. Meany and the unfamiliar Mr. Carter, polite but vaguely puzzled about the Democratic Presidential nominee...

Somehow, Mr. Carter held his audience by his obvious sincerity, and the kind of vague yearning for a better world, but he wandered and repeated and almost lost them in the end...

And mainly Messrs. Carter and Meany were together on "the economic issue" — prices, unemployment, housing, and interest rates. Mr. Carter did emphasize the "work ethic" — jobs rather than welfare, and efficient reorganized government rather than the same old bureaucracy...

But at the same time, he insisted that it was going to be a "very hard campaign"; that the people didn't like to vote against a President; and that it was important for labor and everybody else to get the people registered and get out the vote....

Mr. Carter was cheered in the end but not all that much. They liked his policy but didn't quite understand his style or manner. Mr. Meany supported him all the way, and as usual was as plain as a punch in the nose, but Mr. Carter was very subtle, and his audience didn't quite know, even though they were sympathetic to him, how to figure him out....

## Nuclear Fusion: The Ultimate Fuel?

*Aug. 31 (NSIPS) — The following is the text of the lead editorial which appeared in the Aug. 31 St. Louis Globe-Democrat. Emphasis in the original.*

One of the most remarkable aspects of the continuing debate on nuclear energy is that virtually nothing has been said or

written on what probably will become the "wonder fuel" of the late 20th and 21st centuries.

**This is nuclear fusion. Enough experiments in nuclear fusion have now been performed in this country to indicate that scientists will succeed in building nuclear fusion reactors that will generate incredible amounts of energy and supply the nation with nearly all of its electric power in the 21st century.**

In the nuclear fusion energy process, nuclei of light elements will be fused under intense heat while they are confined in what is called a "magnetic bottle." Scientists now believe they may achieve fusion reactions at temperatures of 100 million degrees centigrade.

Plans call for the fusion of two isotopes of hydrogen — deuterium and tritium — to form helium nuclei and neutrons. It is theorized that when this occurs, tremendous amounts of energy will be released because the "the total mass of fusion products is less than the total mass of the reactants."

Initially, the enormous amounts of heat generated from this fusion will be converted to electrical power by thermal electric generating systems.

Nuclear fusion is said by the U.S. Energy Research and Development Administration to have a number of advantages over other fuels. These include:

—The almost limitless supply of the fuels required for the fusion reactors. Deuterium comes from the oceans. Tritium comes from lithium, which also is in plentiful supply.

—The low cost of these reactor fuels.

—The much greater safety of the process.

—An energy yield that far exceeds the energy needed to make the fusion reaction take place.

**Fusion power plants, according to ERDA, "will be inherently safe in that nuclear excursions are not possible."**

**"Since no fossil fuels are used, there will be no release of chemical combustion products because they will not be produced. Similarly, there will be no fission products formed to present a handling and disposal problem."**

**"Radioactivity will be produced by neutrons interacting with the reactor structure, but careful materials selection is expected to minimize the handling and ultimate disposal of activated materials."**

Nuclear fusion is expected to be from 10 to 100 times cleaner than nuclear fission, according to Maurice J. Katz, special assistant to the assistant administrator for Solar, Geothermal and Advanced Energy Systems in ERDA.

Katz said that nuclear fusion is one of three very promising long-term fuels that are under aggressive research and development by ERDA and "the current plan is to develop demonstration fusion reactors before the year 2000." The other two energy sources under development are solar power and nuclear fission breeder reactors.

In testifying before Congress' Joint Committee on Atomic Energy earlier this year, Dr. Robert L. Hirsch, acting assistant administrator for Solar, Geothermal and Advanced Energy Systems of ERDA, reported that "major technical progress was made this past year" in reaching the goal of nuclear fusion.

**Citing a number of successful results, Hirsch said they "have given fusion physicists and engineers worldwide confidence that the problem of fusion power is yielding to their efforts."**

Hirsch, who formerly directed ERDA's Magnetic Confinement Fusion Program, said these successes indicated to him the need to replan the nation's nuclear fusion program. He was in process of doing this when he was transferred to his present assignment.

Under a "maximum effective effort," Hirsch said "an operating (fusion) demonstration plant in the late 1980's would

be the program goal." But under present ERDA plans, an operating demonstration fusion reactor won't be developed before the late 1990's.

In view of the indications that nuclear fusion is on the horizon and its tremendous potential, it would seem not only wise but urgent that President Ford and Congress consider a "maximum

effective effort" to develop nuclear fusion power.

**What greater incentive could there be than the promise of this virtually limitless and low-cost super fuel? It could — if present forecasts are correct — provide not only the United States but the world with the means to raise the standard of life to incredible heights.**

## NEW SOLIDARITY INTERNATIONAL PRESS SERVICE



Special U.S. Labor Party Campaign Report

# Institute's McCarthy Campaign Runs Interference For Carter

## *National Fraud Machine Exposed*

Sept. 5 (NSIPS) — Investigations by the U.S. Labor Party into the campaign operations of so-called third party candidate Eugene McCarthy have established that the national McCarthy for President Campaign is run jointly with the presidential drives of the Justice Department-controlled Socialist Workers Party and Communist Party USA left countergangs out of Marcus Raskin's Institute for Policy Studies. With little campaign machinery or support outside the Institute's Washington, D.C. headquarters, these electoral countergangs have resorted to forgery, spurious court battles and day-at-a-time drafts of lumpens at or near minimum wages to gather the independent nominating signatures required by most states for ballot status.

In Washington, D.C., where the Labor Party this week submitted independently corroborated evidence to the Board of Elections that the McCarthy campaign had forged dozens of its petition signatures, McCarthyite lawyers plan to use Institute publications libeling the USLP, and a bid for summary ballot status on the basis of McCarthy's "national recognition" to defend the candidate. The Labor Party has successfully challenged the CPUSA's petitions in Michigan for extraordinary irregularities, including forgers, and, although met with a Board of Elections coverup, submitted affidavits from individuals in New Jersey stating that their names had been forged on the nominating petitions of both the SWP and the CPUSA in that state.

These groupings are not, as McCarthy's disruptive challenge of the Federal Election Commission ruling permitting televised debated between Jimmy Carter and President Ford claims, several of the "90 or more" legitimate third parties in the USA. They are no more than Institute wrecking operations for Jimmy Carter against Ford and the country's third major party, the USLP

The Labor Party's LaRouche-Evans slate has been certified on the ballot in 14 states, and will complete petition and convention requirements for certification in 24 states by Sept. 26. The LaRouche for President, Wayne Evans for Vice President ticket will appear before voters in states comprising 57 per cent of the electoral college in November. To date, over 300,000 registered voters have signed USLP nominating petitions, by far the largest number of signatures to be legally collected and submitted to boards of election for review in the history of the U.S.

### McCarthy's Election Wreckers

Preliminary USLP investigation indicates that although McCarthy announced his campaign two years ago, the so-called independent McCarthy never legally prepared to gain national ballot status with constitutional challenges to the many state election laws restricting independent campaigns. Instead, McCarthy disregarded ballot access laws in many states, began petitioning for thousands of required nominating signatures as late as days before the filing deadline, and then screamed "unconstitutional" and challenged state laws when he was refused ballot status. This has happened in at least Maryland, Alabama, Indiana, California and five other states.

Because of the lack of any support for his campaign, McCarthy has been reduced to advertising for petitioners and hiring temporary agency help at anywhere from \$2.50 per hour in Missouri to \$4.00 per hour in Illinois. In Massachusetts, Illinois, Indiana, Connecticut, and Virginia, McCarthy's "hired help" petitioned only a few days before the deadline to file petitions, yet he filed thousands and thousands of signatures in those states.

A convention of 1,000 supporters is required for ballot status in Oregon. McCarthy's first try at gathering 1,000 supporters in one room was a dismal failure. His second attempt failed as well, until McCarthy workers were deployed into neighborhood bars to drag people into the convention hall. McCarthy was awarded ballot status in Oregon despite the tremendous opposition of many of the state's registered voters.

McCarthy's national headquarters in Washington, D.C. claims that their man will win ballot status in 45 states on the basis of such antics. McCarthy was booted off the Maryland ballot for insufficient signatures last month, and Labor Party calculations show that he will achieve spots in barely 20 states, barring widespread petition fraud. Since the conditions for fraud against the Labor Party will be set with the presence of bogus McCarthy on the ballot, the USLP has prepared a list of states where prima facie grounds exist to throw McCarthy off the ballot if he attempts to file.

### Forgery in Washington, D.C.

The case of the McCarthy campaign in Washington, D.C. where the candidate is expected to be barred from the ballot in a Sept. 7 hearing on forgery charges before the city's Board of Elections, is typical of the widespread fraud riddling McCarthy's national operation. According to the McCarthy

Campaign's Washington press secretary the candidate is not maintaining a serious bid for the White House but is "out to wreck the two party system."

On Aug. 27, the USLP challenged the nominating signatures gathered by the McCarthy campaign in Washington, D.C. detailing for that city's Board of Elections 127 instances of forgery of names apparently taken from old vote registration lists published by the League of Women Voters. The forgeries included the name of a woman who died in 1973, names of persons allegedly living in abandoned buildings, and names of persons who have submitted affidavits to the board denying that they signed the McCarthy petition.

A lead article in the Sept. 1 edition of the Washington Post corroborated Labor Party charges with an independent investigative report, complete with a prominent photograph of an abandoned building listed as the home of a signatory, and several of the obviously forged signatures displayed next to the legitimate signatures of the voters obtained at the Board of Elections. The Sept. 1 Washington Star also reported USLP charges against the McCarthy campaign.

At a preliminary hearing on the challenge Sept. 1, the general counsel for the Board of Elections ordered the staff of the McCarthy Campaign to prepare an item-by-item defense of the validity of the nominating signatures challenged by the USLP. The decision followed the refusal of Anton Wood, the head of McCarthy's Washington D.C. staff, to cooperate with a Board order for a joint USLP-McCarthy campaign review of the nominating petitions. Wood was accompanied at the hearings by John Armour, the national legal coordinator of the McCarthy for President Campaign and the Maryland attorney for Grenville Whitman, the Institute for Policy Studies-linked pioneer of citywide methadone addiction operations in Baltimore who is suing the Labor Party for libel.

The Labor Party's national legal staff yesterday learned that the McCarthy Campaign's pre-hearing statements filed with the Board of Elections completely ignore board orders for

examination of the forgery charge. Instead, having committed a felony, McCarthyites plan to argue that the USLP had "dishonorable motives" for reporting it, and demand that McCarthy be put on the D.C. ballot because he is a nationally known figure. They plan to introduce 28 witnesses, including USLP officials, and to present as documentary evidence of the Labor Party's bad intentions leaflets handed out by the USLP over the past 18 months, including those attacking methadone pusher Whitman. Another document listed to prove the dishonorable intentions of the Labor Party is the pamphlet, "NCLC: Brownshirts of the 70s," a publication of the Institute for Policy Studies terrorist drug-runners. The Sept. 7 hearings are rapidly shaping up as a battle between the USLP's legitimate Presidential bid, and the admittedly drug-running and terrorism-connected Institute operation against the November elections fronted for by Eugene McCarthy.

This week, the McCarthy campaign publicly joined forces with its SWP and CPUSA counterparts to wreck the Ford-Carter TV debates with a challenge against the Federal Election Commission ruling in permitting the debates. According to Simon Gerson, national chairman of the CP's Gus Hall for President drive, the countergang conglomerate has been working together on ballot status bids and other legal strategies for some time. "Yes, we coordinate," Gerson told an interviewer last week, "there is an exchange of information between attorneys for the Communist Party and the McCarthy people, after all the ACLU is supporting both of us."

In fact, lack of voter support for these operations is so nearly unanimous that none of them could survive without direct help from the others. In Indiana for example, both the McCarthyites and the CPUSA were denied ballot status this week on the grounds that they were unable to collect sufficient nominating signatures. The SWP, which was awarded ballot status, is not working with the McCarthy campaign and the Communists to overturn state election law in court. In California, McCarthy and the CPUSA are trailing the SWP in a court battle claiming "summary ballot status" because the state does not have the manpower to review the countergangs' fraudulent petitions.

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# New Gov't Bank For Industry Needed To Reorganize U.S. Financial Structure

By David Goldman

Sept. 4 (NSIPS) — U.S. commercial banks which hold about 40 per cent of the domestic assets of the American banking system will go under in the collapse of the so-called Eurodollar market — now about 10 business days away. This is the scale of the illiquidity in the U.S. banking system which must be triaged, and quarantined from the remaining healthy portion of the financial structure.

Until this week, discussions in the U.S. business community centered on how debt moratoria could be avoided in the aftermath of the August meeting of 85 Third World heads of state in Colombo, Sri Lanka. Now, at least a critical portion of U.S. capitalists, mainly in the industrial heartland of the country, have given up looking for a way out for the banks, and are looking for a way out for themselves.

Strictly speaking the collapse of about 20 major U.S. banks deeply involved in the Eurodollar market should be of third-rate concern to U.S. industrialists. The Eurodollar market is a multi-hundred billion dollar chain letter game which hinges mainly on looting rights against Third World countries, with \$250 billion in Eurodollar debt, and the weaker industrial economies, with about \$100 billion in Eurodollar debt. It mushroomed in successive waves of speculation because the banks chose not to invest in U.S. industry.

Commercial and industrial loans from all large commercial banks in the United States, in fact, have fallen by \$20 billion — or about 10 per cent — since the economic downslide began in January 1975. Loans to industry fell by \$10 billion in the first half of this year alone. Without exception, the 20 banks listed below "compensated" for the decline of their industrial lending by shipping funds into the Eurodollar market, largely through their "shells" in the Cayman Islands and the Bahamas.

For Citibank — the most committed of the Eurodollar swindlers — every dollar of loan expansion for the past five years went through the Eurodollar market, for a staggering total of \$9 billion in loans to the Third World. Broadly this pattern is true for the other Eurodollar operators. Their contribution to industrial growth in the last five years has been nil. During the past two years it has been negative.

### How To Avoid Panic

Presuming there is no banking panic, the demise of these banks will not injure the world economy, To the extent that Eurodollar loans financed trade in the past, the trade of the debtor countries is already at a virtual standstill. All new Eurodollar credits to the Third World, with a handful of exceptions, have re-financed debt without moving one bale of goods since the export earnings of the Third World collapsed in the commodity market bust of May-September 1975. A panic, however, in which viable banks suffer runs on deposits and corporations stop extending credit to one another, would shut down the world economy. All that is necessary to avoid panic is

a clear statement from major governments that the bankruptcy of Chase Manhattan, Citibank, and so forth is under control and need not spread to viable institutions, and that new monetary institutions can be rationally negotiated by the world community.

On the other hand, any attempt to try to "rescue" the Eurodollar market would feed panic. Typically, \$1 transferred from the books of a Wall Street bank to the Cayman Islands turns immediately into \$20 in deposits and loans on the books of Eurodollar banks, which live by taking in each other's laundry. Once the Third World stops paying on its \$250 billion debts — at least 20 countries are now too broke to pay even interest — "reverse leverage" will shut down the market within days. The U.S. Federal Reserve, with a mere \$90 billion in assets, does not have the means to prop the Eurodollar market from collapse.

| Bank                           | Percentage of Assets<br>Involved in Eurodollar Market |
|--------------------------------|---|
| Bank of America                | 35.9  |
| First National City Bank       | 50.9  |
| Chase Manhattan Bank           | 36.3  |
| Manufacturers Hanover Trust    | 26.2  |
| Morgan Guaranty Trust          | 36.5  |
| Chemical Bank                  | 32.4  |
| Continental Illinois           | 23.4  |
| First National Bank of Chicago | 33.0  |
| Security Pacific National Bank | 17.1  |
| Bankers Trust Co.              | 32.2  |
| Wells Fargo                    | 15.4  |
| Crocker National Bank          | 15.8  |
| United California Bank         | 20.5  |
| Mellon Bank                    | 23.4  |
| Irving Trust                   | 27.8  |
| National Bank of Detroit       | 16.8  |
| First National of Boston       | 35.1  |
| Marine Midland                 | 37.1  |
| Seattle First National Bank    | 7.8   |
| First National Bank of Dallas  | 29.0  |

The above list is not a complete enumeration of banks that must necessarily fold in a Eurodollar market crash, and many of the above banks, especially the regional banks, may be "borderline" cases. Banks are listed by order of size.

Source: Figures provided by the Federal Reserve to the House of Representatives Banking Committee, Dec. 31, 1974.

### Creating Credit

This sequence of events requires no special attention: the Third World countries have already set it in motion. What counts is the creation of means of financing for fusion energy,



conversion of spare auto capacity to tractor production, reconversion of the aerospace sector to civilian production, and general renewal of the depleted U.S. industrial capacity. There are two immediate steps that must be taken in this direction.

First, once International Development Bank financial arrangements open up a world market for \$100 billion in additional U.S. exports — doubling current U.S. exports — the requirements of industrial investment will outstrip all existing financial sources combined several times over. Apart from urgent investment in new areas of production mentioned above, existing U.S. industrial capacity has gone through almost a decade of aging and depletion. Adjusting the Commerce Department's highly conservative estimates of the age and condition of U.S. plant and equipment, U.S. industry would have to spend \$225 billion (at 1975 prices) to return capacity to its condition in 1968! This sum is more than twice all capital investment in 1975. But the capacity in steel, machine tools, construction and raw materials either exists, or can be quickly created, to fill the investment gap.

Against this figure, all nonfinancial corporations in the U.S. have been able to borrow funds on the bond market at an annual rate of slightly over \$25 billion during the record 1975 year, and even less this year. The "internal generation of funds" hailed by some economists is a pathetic sum, except in the distorted context of the current miserable levels of industrial output and actually-negative levels of capital investment.

The answer to the financing problem is simple. The Federal government — either directly through the Federal Reserve Banks or through a new National Production Bank — must create and issue long-term, low interest loans to industry, at an annual rate of several hundreds of billions of dollars.

There is a certain type of precedent for this in the Federal system of agricultural lending banks, which have developed a

close working relationship with regional commercial banks since the 1930s. To permit regional banks to "compete" with Federal financing for industry — that is, to fill a productive function — the Federal Reserve must lower its discount rate (the rate at which it lends to banks as a lender of last resort) to about 2 per cent. The 95 per cent of the banks in this country who are basically viable are indispensable for an economic recovery, for the short-term side of business financing, but they are entirely unequipped to deal with the investment requirements of U.S. industry. (At the rate of economic expansion the U.S. can reach within six months, Federal agencies will also have to supplement short-term financing as well, by discounting bills of exchange arising from production and inventory.)

#### A Real Program To Stop Inflation

But the current agricultural bank system is totally inadequate, in the sense that it depends on issuing bonds on the open market to raise funds. This follows the stupid notion that all funds for investment must come out of "savings." That is, instead of providing advance financing for predictable **social surplus**, the securities markets attempt to gather up all the available "savings" of several tens of millions of households. This is allocation of social surplus inside-out. The need is to provide liquidity for those areas of investment which will generate social surplus by contributing in the most effective way to the total expansion of the economy. In passing, we will discard monetarist notions of inflation as well. Inflation has nothing to do with "excess" creation of liquidity, but rather, the application of existing liquidity to unproductive investments which do not contribute to generating social surplus. The more liquidity we create — by sheer government fiat — to invest in the Jordan steelmaking process, fusion power, tractor conversion, and so on, the quicker we eliminate inflation.

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## Wall Street Incompetents Try To Torpedo Ford's Economy Policy

WASHINGTON, D.C., Aug. 31 (NSIPS) — A noted Wall Street torpedo is trying to subvert the Ford Administration's economic policy stance through a fear campaign in high Republican circles. This malicious effort — which seeks to accomplish by internal wrecking of the White House what the flagging Carter campaign is failing to do from outside — will destroy the U.S. economy in the event that President Ford takes it seriously.

The torpedo, Wall Street business consultant Pierre A. Rinfret, says that Ford chuck everything in and turn on the printing presses, that is, take over the Carter "program," for the unstated purpose of bailing out the New York banks. In a message conducted through Ford advisor and former Texas Governor John B. Connally, Rinfret proposes Ford install hyperinflation advocate Walter W. Heller — the most wild-eyed of the Democratic Party funny money men — at the U.S. Treasury. This, Rinfret says, will enable Ford to shift present Treasury Secretary William E. Simon to the Federal Reserve, although Simon "would have to be prepared to testify before Congress that he would pursue a low interest rate, high money supply, easy credit policy."

#### Hyperinflation for Bailouts

What the Wall Street torpedo wants is more bailouts and more debt-rollers — hyperinflation — as the leading Wall Street investment houses, notably Lazard Freres, have been demand-

ing for months. The suggestion that this is "a positive program of economic growth in order to expand production and employment" is contemptible. Since mid-year, banking reserves have been rising at a 12 per cent annual rate — half again as fast as Fed Chairman Arthur Burns says he wants — and interest rates have been falling. The banking system is choking in Federal Reserve liquidity. But loans to business have been falling by several hundred million dollars a week at the nation's banks — by \$600 million during the last reported week alone.

Every penny of available liquidity goes to refinancing. During July, renewed economic contraction showed up in falling retail sales, auto sales, industrial orders, durable goods orders, housing starts, industrial building starts, the U.S. trade balance, business loans, and flat industrial output.

Patently stupid in his professed motives, Riff-Raff is even stupider from the standpoint of his real, underhanded motives. Easily available liquidity is not what holds \$800 billion of illiquid debt together. Wall Street's **political** license to loot the Third World past the point of genocide, and its political ability to impose a contraction of trade on Europe and Japan is what holds \$800 billion of toilet paper together.

Wall Street's problem is not "high interest rates" and "low money availability," the bogeyman that Rinfret holds up to Ford. The Third World will stop payments on \$450 billion in

Eurodollar debts by Sept. 15. Western Europe and Japan have defected from the dollar empire. The Wall Street banks hold between 25 and 40 per cent of their assets in the bankrupt Euro-dollar market. After Sept. 15 nothing is going to save them. The political license to loot will be in shreds. As one of pliable William Simon's old friends at Salomon Brothers said, "No Federal Reserve bailout will work. Debt moratorium would set a process in motion that nobody can control."

*The following are excerpts from Rinfret's letter to John Connally. The letter was obtained from Capitol Hill sources.*

August 25, 1976

The Honorable John B. Connally  
Vinson, Elkins, Searls, Connally and Smith  
2100 First City National Bank Building  
Houston, Texas 77002

Dear Governor Connally:

This letter is in response to your request for an economic program and economic ideas to be used in the campaign against Carter-Mondale by President Ford, the Republican Party and Republican candidates for office.

The basic assumption under which I am operating is that the Gallup Poll for July, which indicates a 68 to 32 percent popular vote distribution in favor of Jimmy Carter, is accurate.

The election is lost already to Jimmy Carter, assuming no Carter scandal, unless President Ford is willing to make a series of bold sweeps, daring ventures and lightning thrusts. Timidity will lose. Daring may win.

The economic proposals that follow contain elements of daring. Some of them would require fleshing out....

The President must be bold, must be daring and he must be adventuresome. He has nothing to lose because unless he is all of these, he is going to lose anyway.

He must shuck off the losing elements of his economic policy and shuck off the losers.

Here, then, are some ideas regarding an economic program for President Ford, taking into account the above elements:

One. Immediately replace Dr. Arthur Burns at the Federal Reserve. He is out of favor with Congress and is identified with high interest rates, low money availability and the credit squeeze of 1973-75. The replacement of Dr. Arthur Burns would (1) indicate the dissatisfaction of the President with tight money policies, and (2) give him the opportunity to request the appointment of someone new and vigorous. William Simon would make an extremely able Chairman of the Federal Reserve. He is young, vigorous and dynamic. The major caveat about Bill Simon is that he would have to be prepared to testify before Congress that he would pursue a low interest rate, high money supply, easy credit policy until full employment is achieved.

Two. Replace William Simon at the Treasury with Dr. Walter Heller. Walter Heller is an economic moderate. He remains in superb standing with Senators Humphrey and Kennedy....

Three. Make these changes on the basis that the President is putting in office now the team that he will work with for the next four years and that the people have the right to know who that team will be and, more importantly, the people have the right to see that team in action.

Four. . . . The President must, repeat must, come forward with a program of housing stimulation and a dedication to rouse America. It can be done by free enterprise and Government working together. Carter supports rent subsidies to stimulate housing. That won't work. There is not enough space here to outline a housing program, but it is available from us if you want it. This housing program is based upon the concept of private, not public, stimulation.

Five. Advocate the purchase of surplus farm commodities. At this very moment, farmers are terrified of their bumper crops rotting in the fields. Storage facilities appear to be a problem. It is in the national interest for the United States Government to buy up and store farm commodities. Famine threatens the world. A world draught (sic) could have a devastating impact on the world population to say nothing of farm prices and, therefore, inflation....

Six. Establish a RFC for the cities (the Reconstruction Finance Commission set up by President Hoover and later a New Deal Agency-ed.). New York still rankles many people. Early on, most Americans were against aid to New York. Then they looked at their own cities.... Go forward, recognize that cities are in economic and financial trouble. Reconstruct the RFC concept and apply it to cities. "Domestic aid before foreign aid."

Seven. Adapt the income tax structure to inflation. One of the most infuriating facts about inflation is that it throws people into higher income tax brackets while their real income goes down! The Government benefits unfairly from inflation. Inflation increases revenues to the Government while the private citizen does worse. Propose to the Congress a law which would adjust income tax brackets for inflation....

Eight. There are millions of small business people in this country. They are the forgotten element in the American economy. They have no lobby. They have few advocates.... No President, to the best of my knowledge, has ever come forward with an economic program that recognizes, advocates and assists the small entrepreneur.

Nine. Free from all taxation the interest and dividends received by the senior citizens....

In this letter I have tried to set out the ordinary ideas or the ordinary objectives. It goes without saying that the Administration is anti-inflation, anti-Government, anti-deficits. That's not good enough. What does the Administration have to offer as a positive program of economic growth in order to expand production and employment.

I repeat what I said at the beginning of this letter. Daring moves, lightning action and bold strokes may obtain victory for the President. Anything else loses.

Best regards as always,

Sincerely yours,  
Pierre A. Rinfret



## The Carter-Mondale Ticket To Auschwitz

# Youth Slave Labor Draft Set To Roll In U.S.

by Susan Cohen

To get unemployed young people "off the streets" and to reduce the pressure of relief payments on the state budget, German Chancellor Brüning introduced the *Arbeitsdienst*, the Labor Service, on a "voluntary" basis in 1931. By 1932, still "voluntary," it had been extended to include all Germans under the age of 25.

In June 1935 the "law for National Labor Service" was passed in Nazi Germany, making a six-month to one-year period of labor "service" compulsory for all German youth from the ages of 18 to 25. The cornerstone of the Hitler-Schacht forced work policy, the inevitable precursor of the concentration camps, was officially cemented.

Now fascist Rockefeller puppet Jimmy Carter has exactly the same plans for American workers in 1976, plans his string-pullers intend to ram through by any means necessary. Behind closed doors Carter controllers are now hammering out the final details of a National Youth Service or Universal Youth Service plan to set up a centralized control agency, along the lines of the Selective Service System, through which *every youth in the country between the ages of 18 and 25 will be registered, profiled, "counseled," and channeled via training camp sessions into a one- to four-year "tour of duty" in "national service" slavery.*

The original Labor Service's success was based on manipulation of the terrible fear and guilt associated with joblessness in a working class that had suffered the repeated inflationary collapse of the German mark, prolonged mass unemployment, and a precipitous collapse in industrial production and living standards at the hands of Anglo-American financiers and their German satraps.

The Labor Service pitch, aimed at paralyzing the trade unions and at the same time preventing the formation of effective mass political working-class organizations, was simple and deadly: "You want a steady job, fellow? Sign up with the Labor Service. Reestablish your ties with the blood and soil of the German nation! Help build the 'Peoples' Community'! Your future is guaranteed!"

German youth, working-class leaders, and potential leaders were targeted, profiled, and shipped off to rural camps where their identity as human beings, as members of the working class, was destroyed. Typically, after 15 hours of digging ditches or constructing *Autobahn* with hand tools, in military formation and at gunpoint, the youth were reassembled back at camp to celebrate the "Strength through Joy" of their labor, and sign ritual praise to the glories of the *Volk*, the people, and the Reich — the *Volksgemeinschaft*, the peoples' community, they were helping to build.

The result was a declassé mass of militarized "interchangeable parts," a "manpower allocation" apparatus with which the Third Reich's Rockefeller-Round Table creditors and their Nazi puppets intended to enforce a "recovery." The Labor Service was the crux of the fascist final solution to the depression bank-

ruptcy and collapse of the German economy — the direct, systematic cannibalization of the German working class itself.

### Nazi Labor Service — 1976

Today's proposed National Youth Service program is Jimmy Carter's one-way ticket for a return trip to Auschwitz. The name of the slave program is the same. The targeted age group is the same.

The pitch for Carter's conveyor belt to the concentration camps is the same: "Want a job, kid? Seize control of your life from the grip of technology and those big growth-mongering corporations! Help improve the 'quality of life' in America! Join the National Youth Service! Build the 'National Community'!"

The jobs are the same: from the slave-labor ditch-digging and leafraking, coal gassification and "community service" urban refuse collection, to labor-intensive park, road and even building construction.

The aim is the same: to destroy the trade unions and working-class political organizations and replace them with a "national community" of brainwashed and cannibalized "happy pioneer" slaves.

### Carter's "New Deal" Ruse

Carter-Mondale do not of course call themselves Nazis. They prefer to cloak themselves in the sentimental mythology of FDR and the New Deal.

There simply is no "New Deal" in the offing in any sense in which workers recall that 1930s phenomenon. Not because the "New Deal" schemes were not strictly fascist programs — like Carter-Mondale and their braintrusters, Roosevelt and his New Deal "whiz kids" modeled their CCC-PWA-WPA programs on the labor policy "experiments" of Mussolini's corporatist Italy, in particular, as well as the Hitler-Schacht *Arbeitsdienst*. But then, not only did Wall Street have a "military-industrial" complex to build, but the U.S. takeover of the British Empire's franchise opened up primitive accumulation bonanzas worldwide to the account of a dollar burdened by a mere shadow of present levels of public and private indebtedness, precluding the otherwise certain necessity of direct cannibalization of the U.S. workforce itself.

Today the United States itself is more exactly in the same type of fundamental economic and political-strategic crisis as faced Germany in the 1920s and 1930s; the New York banks' \$300 billion Eurodollar "salad oil swindle" alone has made the debt-bloated dollar Wall Street's universal executor of cannibalism.

The Atlanticist financiers running the Carter-Mondale campaign have trumpeted the domestic corollary of their genocide program for 1 billion "useless eaters" in the Third World — the same program they dictated to their Nazi puppets 40 years ago: deindustrialization, austerity, and sacrifice, top-down "national economic planning" and "manpower allocation" militarization of the economy.

### Nazi "Youth Service" Set to Roll

Carter-Mondale do not dare to spell out this program publicly. Instead, borrowing a fig leaf from the 1932 campaign of Franklin

Roosevelt, Carter-Mondale intend to fudge the issue now and lower the police-state boom after they are in office — that is, *after* their planned November ballot heist has put a phony “popular” imprimatur on their own and their Rockefeller-Fabian controllers’ unconstitutional seizure of executive power.

So behind the public evasions and obfuscations, the entire Carter-Mondale machine is geared up and set to roll with the “National Youth Service” slave-labor draft. The scheme has been incorporated in Section 205, a special youth section to replace the “standby Job Corps” provision of the infamous Humphrey-Hawkins enabling legislation for a fascist state, which is already in the Congress. Section 205 mandates the President to submit to Congress, within 90 days of Humphrey-Hawkins’ enactment, a plan for a “comprehensive youth employment program.” The plan must include “provisions for developing a smoother transition from school to work” and “job opportunities for youth in a variety of tasks, including conservation, public service activities, inner-city cleanup and rehabilitation, and other jobs of value to states, local communities, and the nation.”

Carter pimps Rep. Shirley Chisholm (D-Brooklyn), Institute for Policy Studies’ Cambridge Institute frontman Rep. Michael Harrington (D-Mass), and Harrington sidekick Rep. Paul Tsongas (D-Mass) have already drawn up detailed national legislation for the Nazi youth program. Their bills, floated separately in March and April, were recalled to Carter machine drawing boards in late May for integration and final streamlining. The Rockefeller “invisible government” arm, the National Governors’ Conference, has already set up a special task force to “advise” and orchestrate Congressional and Executive implementation of the fascist “youth” program.

Standing orders have been issued to the street-walker level of the Carter machine to local hatchetmen and Carter political operatives like Detroit Mayor Coleman Young, to concoct a “public outcry” for “jobs for youth.” Two weeks ago Young issued noisy grunts for a national youth slave-labor program, on cue from a youth gang rampage deliberately staged and orchestrated by Attorney General Edward Levi’s Law Enforcement Assistance Administration national political police.

Similarly, in early June Carter running dog and Newark Mayor, Kenneth Gibson, a Prudential Life Insurance house-boy, led the charge to put the National Mayors’ Conference on record for a “comprehensive youth policy,” in a speech which followed Carter’s own featured call for “setting up CCCs — with an urban emphasis.” The Mayors’ Conference, fresh from their Supreme Court victory in striking down minimum wage guarantees for the municipal sector and laying the basis for deploying “National Youth Service” shocktroops against municipal workers, called for the implementation of the Humphrey-Hawkins police-state blueprint.

#### **Nuts and Bolts**

Meanwhile a vigorous top-level briefing and organizing drive on the nuts and bolts of the Nazi scheme is going on at private “skull sessions” like the April 9-10 “Universal Youth Conference” at the Eleanor Roosevelt Institute and the May 20-23 “Manpower Goals for American Democracy” confab at Averell Harriman’s Arden House retreat, headed up by Carter controllers and their contingent of fascist “manpower experts” such as National Commission for Manpower Policy chairman Eli Ginsberg, National Manpower Institute chief Willard Wirtz, and the Russell Sage Foundation’s ubiquitous slave-labor agent Donald Eberly.

The youth corps will be run by the military with military discipline and basic training methods, replete with military uniforms, Carter “inner circle” henchman and Rockefeller “house nigger” Rep. Andrew Young (D-Ga) told the April 9 planning

session. The Youth Service will indeed “remind people of the Youth Corps in Hitler’s Germany,” Carter economic advisor and Wharton School professor Bernard Andreson, a featured speaker at the April 9 meeting, acknowledged in a recent private interview. Anderson noted that it is in fact in the training camps, designed as pre-service indoctrination centers, that the youth will be given their first concentrated dose of “discipline, loyalty, and patriotism.”

From there they will be sent to work under “individual contract” at minimal or no wages in “public service” jobs, according to Russell Sage Foundation-financed drafters of the “National Service” blueprint. Fingertip control over the administration of the program will be centralized in the “Youth Service” control agency — to be set up within the Department of Labor or as a “quasi-public” corporation. There youth will be registered, “counseled” and channeled into “national service” in either the “Community Service” or “Environmental Service” arms of the Labor Service apparatus.

Slated for incorporation into the “National Youth Service” are already existing slave-labor “community control” and so-called job-training programs like the Comprehensive Employment and Training Act (CETA) municipal labor recycling machine and various Housing and Urban Development (HUD)-sponsored urban “Neighborhood Youth Corps” self-policing programs on the one hand, and the “environmental” slave programs like the CCC-modeled Young Adult Conservation Corps (YACC) on the other. For good measure, selected Green Beret-type “civic action” military counterinsurgency programs will be integrated into the range of “national service opportunities” for youth.

#### **A Weapon to Smash the Working Class**

No mere “employment” program, its sponsors insist, Carter’s National Youth Service has been designed as a weapon against the trade unions. Just like the Nazi Labor Service, its architects’ public lip service to union prerogatives in hiring, firing, and wages is a transparent lie.

Like the CETA apparatus it will encompass, the National Youth Service is being designed to efficiently recycle young unemployed workers into their fathers’ and other laid-off workers’ municipal, mining, and ultimately labor-intensive manufacturing jobs at plummeting wage and skill levels.

“Manpower planner” Willard Wirtz left nothing to the imagination on that score as he bluntly pointed out to his cohorts at one of their closed-door strategy sessions, “If we’re talking about a full youth employment policy we’re going to come face to face with a minimum wage issue.... If we’re talking about a youth ‘service’ program, there’s some other possible approaches to that matter.” Or, as the Atlanticist slave-herders and Democratic policy-makers who met at the Arden House put it in their “final report,” “a stipend and graded wage scale congruent with the youth wage scale in the community.”

Carter’s National Youth Service is furthermore designed as the drivewheel for the Democratic Party’s open campaign to build a fascist “national community” — the Nazi’s *Volksgemeinschaft* — keyed as the Carter-Mondale rallying cry at the party’s July convention by Rep. Barbara Jordan (D-Tex). As Willard Wirtz emphasized in his “sum-up” briefing on the Youth Service at the same recent private strategy session, the program “will take its real significance from its development as part of a regeneration of the sense of community in this country.”

“Co-participation” and “local control” brainwashing is the paranoid psychological glue that the would-be dictators Carter-Mondale and their accomplices plan to apply to bind and power their “national community” fascist enterprise. The remaining “undeveloped force,” Wirtz insisted, is “the participation of the people in their own affairs ... new forms of private citizens’

participation in the administration of these programs.... And that can only be local," Wirtz added emphatically.

Further, the choice of "youth" as the vehicle for this undertaking is in precise accord with the tradition of the Nazi Labor Service. Carter's fascist braintrusters calculate that they can use youth, already turned into labile cannon fodder by pervasive unemployment, depression collapse of education, and the hideous "drug-youth culture" operation, as the battering ram for their Nazi labor policy to paralyze and destroy organized working-class resistance without risking a direct confrontation.

#### Trail of Evidence

Carter-Mondale and their backers have offered the clearest possible evidence of their plans in the historic and present-day network of slave-labor planning and pilot programs.

One of the pivotal U.S. organizing hubs for labor-regimentation planning is the Russell Sage Foundation, which, together with another key Rockefeller private-intelligence fascist planning center, the University of Chicago, set up the National Service Secretariat in 1966 to openly organize and prepare the way for a "national service" slave-labor youth draft.

The Russell Sage Foundation's unique qualifications for this project are notorious. Set up in the early 1900s to institutionalize the British Fabian Society's "Lady Do Rightly" methods of social control in the U.S., the Foundation pioneered in settlement house-prison "reform," child-labor administration, and other urban pacification and draft labor programs for the Round Table financiers (notably including among its early "local control" efforts the successful cornering of the curbside loansharking market in New York City).

Less well known is the fact that the Russell Sage Foundation not only virtually ran the World War I war mobilization for the Allies, setting up materiel and manpower allocation systems on both sides of the Atlantic, but the Foundation's chief agent in the U.S. War Department dictated the "economic aspects" of the Versailles Treaty, the "war reparations" debt collection operation which set Germany up for the "Nazi experiment."

It is not surprising, therefore, that when the Russell Sage Foundation launched its "National Service" project it was under the "philosophical" banner of William James, top Fabian Society agent in the late-19th and early 20th century U.S. — and of James' 1910 call for a "national service" forced labor draft which he termed "the moral equivalent of war." James, like his philosophical heir Jimmy Carter a religious mystic and drug cultist, was also the man that British Round Tables-creation Mussolini celebrated as the key influence in his life.

James proposed a national draft of the "inferiors" and all youth "to coal and iron mines, to freight trains, to fishing fleets ... to dish-washing, clothes-washing and window-washing, to road-building and tunnel-making, to foundries and stokeholes, and to the frames of skyscrapers" — to pay their "blood tax," to "get the childishness knocked out of them," and to return to society with "healthier sympathies and soberer ideas." War is "the only force that can discipline a whole community," "anti-militarist" James declared in his 1910 *Arbeitsdienst* proposal to "breed" the "martial type of character ... without war." Through a tour of duty of slave labor for the "good of the commonwealth," the "military ideals of hardihood and discipline" would be "wrought into the fibre of the people."

James' 1910 proposal expresses the kernel of the "science" of "manpower planning" — the academic cover for the Round Table financiers' repeated "experiments" in the construction of slave-labor-brainwashing draft labor systems enforced by military discipline. It is the "philosophical" basis, for instance, for the famous wartime experiments of James' fellow Round Table employee John Rawlings Rees, chief of the Fabian Society's brainwashing and psychological warfare laboratory, the Rocke-

feller-financed London Tavistock Clinic. Working with the British Army, "manpower expert" Rees pioneered in the early 1940s in the use of selection techniques to isolate portions of the population — the "inferior," the "dullards," and the "social problem group" for placement in special "labor companies." There these slave-labor guinea-pigs were systematically conditioned to police themselves in back-breaking work "making roads, humping shells, and erecting huts." In the British Army's "happy" Pioneer Corps the slave laborers would, as Rees put it, be "contributors to the life of the community and not consumers or problem-makers."

#### The Apparatus Today

Today's "manpower planners" have been eagerly assembling the tools and the networks to fully realize the same schemes. Established in 1966 to "inject" the national service draft concept into the Vietnam-era debate over the Selective Service draft, the Russell Sage Foundation's National Service Secretariat and its "independent government agency" arm, ACTION, have since then served as a key propaganda mill and center of slave-labor brainwashing experimentation and organizing in the U.S. Through ACTION, the Foundation founded and runs VISTA, the college "Work Study" program, the Job Corps, and other "pilot programs" in slave labor.

But its basic target for destruction and incorporation into the "national service" labor draft system was education. The Secretariat's founding conference documents pinpointed education along with health and hospitals — the basic municipal services — as the leading focus for massive "national service" job creation. Health and education have been the municipal services hit first and hardest with cutbacks and mass layoffs as bankers dictate the austerity terms for "guaranteeing" the collection of burgeoning municipal debt.

The Secretariat launched a major drive "from the inside" against education with a nationwide campaign for "service-learning." Their crusade to "break the educational lockstep for a period of full-time community service" was kicked off with a six-month-long "seminar" spearheaded by the Southern Regional Education Board together with the City of Atlanta, the Atlanta Urban Corps, HEW, VISTA, etc., which brought student interns, faculty supervisors, education students and others together in the Democratic peanut farmer's stomping ground of Atlanta for an intensive brainwashing session based on John Dewey's Fabian "total experience" educational theories. The retrograde "service-learning" ideology was spread throughout secondary educational levels by the Russell Sage Foundation-manipulated National Association of Secondary School Principals under the rubric of "action-learning." In fact, the Foundation's "Secretariat" even saw to it that the 1968-69 national high-school debate topic was nothing other than "national service."

In going after education, the fascist National Service operatives deliberately struck at a central ideological and institutional expression of the American working class's commitment to progress. The proliferation of so-called "work-study" programs under the aegis of ACTION, like the spread of so-called "community colleges" pioneered in New York State under Nelson Rockefeller, marked not the progressive reform or extension of "universal education" but its dismantling and the de facto institutionalization of a broad "tracking system" of the sort prerequisite to the later creation of a Nazi-style Labor Service apparatus. The Institute for Policy Studies-sponsored "deschooling" obscenity only makes this aim more explicit.

#### Pilot Projects

At the same time, the fascist Secretariat and allied manpower institutes and think tanks have carried out a myriad of "pilot projects." These experiments were aimed at softening up the

population on the one hand and testing for the right psychological warfare "handles" to launch a nationwide "Youth Service" labor draft that would be credible as an institutional "alternative."

While the desperation and thoroughgoing lumpenization of ghetto youth, for instance, had early proven to be fertile ground for their recruitment to numerous "job-training" slave labor and self-policing "chain gang" programs, it remained a major Secretariat goal to formulate a Labor Service plan — without the "stigma of a poor, black, dropout," as Secretariat operative Donald Eberley put it in a recent interview — which could successfully capture the relatively less lumpenized strata of the working class.

The National Service Secretariat is especially proud of its Program for Local Service (PLS) "pilot project" — "the nearest we have come to conducting an experimental Universal Youth Service program," they chirp. Government-funded and conducted during 1973, this program organized 700 young people in the overwhelmingly working-class and unionized south Seattle area into full-time work for both private and public "community agencies" at below minimum wage — and have gotten away with it so far. (South Seattle was similarly targeted, precisely because of its high concentration of union workers, for the creation of synthetic self-help "Unemployed Leagues" during the 1930s, in an attempt to counter the Communist Party-led Unemployed Councils' fight against new Deal public works programs.)

#### The Ohio Test Case

The latest attempt to establish a solid foot-in-the-door for the National Youth Service forced labor draft was the Carter

machine's Ohio "test case" Conservation Corps bill, derailed in early June by a Labor Party-led coalition of Teamsters and state legislators. The Ohio CCC bill, sponsored by Carter confere Ohio State Senator Arthur Wilkowski after private consultation with the Wall Street Presidential candidate himself, mandated the erection of a system of slave-labor camps for the resettlement of unemployed workers to perform labor-intensive mining and other "resource reclamation" work under military discipline at \$100 per month. Ohio, with the nation's most intensive concentration of basic industry, its most highly skilled workforce, and a nest of Nazi planners in the State University system, has been the special focus of a massive deindustrialization campaign at the same time that welfare benefits and unemployment compensation payments have been arbitrarily terminated for hundreds of thousands of workers.

The Ohio CCC scheme was, moreover, designed as part of the nationwide Young Adult Conservation Corps program that was railroaded through Congress under the cover of a press blackout in May. The YACC slave program was heralded by National Service Secretariat chieftain Eberley himself as "filling in the environmental component" of the Carter-Mondale National Youth Service slave plan.

Both the Ohio "test case" and the YACC bill explicitly dictate "labor-intensive" slave work for their youthful conscripts as the only basis for "getting a return" on the cost of administering the program. "These kids will be using picks and shovels for things you'd ordinarily used cranes and bulldozers for," the YACC bill's co-draftsman in Fabian Rep. Meeds' (D-Wash) office told investigators, adding that Carter advisor Bernard Anderson's Wharton School had supplied the "cost-accounting" for the program.

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## Carter's First Week In Office?

*As the entire string of 20th century "experiments" in "manpower planning" demonstrate — from Mussolini's Italy and the New Deal to the Nazis' Labor Service — the military is integral to the administration and enforcement of a fascist forced-work policy. Thus it is no accident that the U.S. Army's "scenario" for a contemporary "Domestic Service Corps," outlined in a 1973 issue of Military Review, reads like the script for Jimmy Carter's first week in office.*

*As Lt. Colonel Carl M. Putnam, a graduate of the Air Force Command and Staff College and a veteran of two tours of duty with the U.S. Military Assistance Command and the 1st Air Cavalry Division in Vietnam, describes it:*

Let us imagine that the urban crisis in the United States continues to worsen.... The unemployment rate slowly climbs through 10.8 per cent, and urban crime is on the upswing. The discouragement of the unemployed has developed into hopelessness. This has increased the danger of insurgency in the cities....

The Secretary of Defense recommended to the President that an ad hoc committee be formed to study the possibility of establishing a program similar to the CCC to help the country out of its dilemma.... The Administration recommended that the Congress enact a bill to establish a two-part Domestic Service Corps.... One part of the Corps would be called the Urban Service Group and the other would be named the Environmental Service Group....

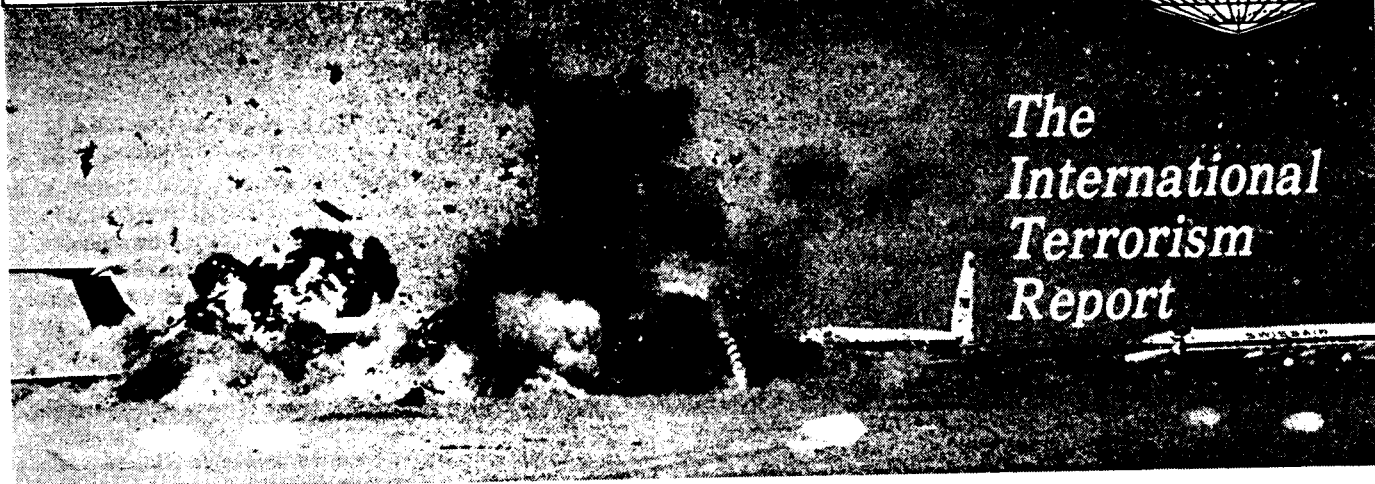
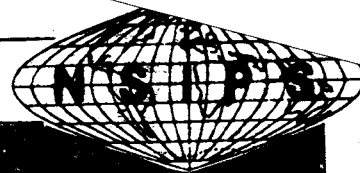
Every youth at the beginning of the senior year of high school or on his 17th birthday, if he is a high-school dropout, is required to register for domestic service.... HEW is responsible for the induction, orientation and preparation of the new trainee.... Aptitude testing and interviews are conducted to determine which of the available vocations would best suit the trainee....

The Urban Service Group, the larger of the two, is under the control of HUD. The trainee lives in a DSC camp located on a military post near the urban area where he is assigned to work. HUD projects run the spectrum from cleaning up the ghetto to construction work on newly designed public living areas.... The environmental trainee also lives in a DSC camp on a military post near his work area....

The youth involved in the DSC would learn to live and work together as a group. They should be physically fit, and many would learn defense-related skills. Leading the DSC trainees would be active-duty officers who are trained and ready to react to any situation. Both factors would greatly reduce mobilization time....

Another important gain would be the increased size of the officer corps for peacetime military operations. For the CCC, an additional 9,000 officers were needed, and that program was not set up to accommodate the entire youth population of the country....

Other advantages would include a strengthened enlisted Reserve Corps, a semi-mobilized school system, a larger, better manned supply system....



## The International Terrorism Report

# Barron's Prints Expose Of Rockefeller's Institute For Policy Studies

Sept. 3 (NSIPS) — The following excerpts are drawn from a two-part article on the Institute for Policy Studies by David Kelley that appeared in the Aug. 23 and Aug. 30 issues of Barron's, the financial weekly of Dow Jones and Company.

### Part I "For Socialist Alternatives"

Since the end of the Vietnam war, (the New Left's) attention has largely shifted to issues of the domestic economy. And the new society which the left envisions is being sought, not through confrontation or revolution, but through piecemeal changes in institutions. They are working within the system, often at the state and local level — in pursuit, apparently, not of communism or socialism, but of "alternatives."...

The movement has no head, but it does have a center: the Institute for Policy Studies, a Washington, D.C. research organization. The IPS serves as a source of funds, and a clearing-house of ideas, for a network of organizations across the country; it numbers many well-known academics among its friends and Fellows; it boasts frequent contact with the more liberal members of Congress....

Its purpose, according to an early brochure, (is) "to carry through on research on key problems of public policy and American civilization under conditions permitting close contact with the policy-making process." Among the latter was the fact that many at the Institute — including (IPS founder Marcus) Raskin, (IPS founder Richard) Barnet, Senior Fellow Arthur Waskow, and other Fellows — had served on Congressional and Executive staffs.... Raskin had served as aide to McGeorge Bundy on the staff of the National Security Council; Barnet had worked for the U.S. Arms Control and Disarmament including (IPS founder Marcus) Raskin, (IPS founder Richard) Barnet, Senior Fellow Arthur Waskow, and other Fellows — had served on Congressional and Executive staffs.... Raskin had served as aide to McGeorge Bundy on the staff of the National Security Council; Barnet had worked for the U.S. Arms Control and Disarmament Agency; correspondingly, a heavy emphasis at IPS was defense policy and national security....

Waskow regularly took part in anti-war and other demon-

strations; he helped plan the demonstrations at the Democratic National Convention in 1968. When the "Chicago 7" were indicted for conspiring to riot, Institute members Raskin, Waskow, (Gar) Alperowitz, Paul Goodman, and Christopher Jencks joined the Committee to Defend the Conspiracy....

True, channels between the respectable and the violent Left remain open. For example, Tariq Ali is a Fellow of the Institute's overseas branch, the Transnational Institute; he is also a member of the United Secretariat of the Trotskyite Fourth International, which maintains contacts with terrorist groups worldwide. (An Argentine affiliate, the ERP, has committed a number of kidnappings and assassinations; Argentine police allege that \$100,000 from one ransom was given to Livio Maitan of the United Secretariat.)...

The Institute's theoretical products — made possible by grants from the Ford Foundation, the Stern Fund, DJB Foundation and others — are its most important tools for change....

The sins of technology, as they see it, are many. Most widely publicized is the claim that technology spawns massive pollution and wastes scarce natural resources... Behind these charges is another, more basic: that advanced technology is too complex for everyone to understand and make decisions about; it requires specialization.... Decentralization is seen as the only way to guarantee simpler technology and keep out large-scale industry...

The Institute has sought ways to strengthen local community government, and to expand its powers over local economic activity. Under the aegis of the Office of Economic Opportunity, the federal poverty program in the 1960s spawned the concept of community development corporations (CDCs). These are private, non-profit organizations, often led by radicals... CDCs have received millions in aid from OEO and Model Cities programs...

As another step against the corporation, Barnet recommends (in his book, *Global Strategy*) mandatory disclosure... And the Institute seconds the motions popularized by Ralph Nader, such as public and worker representation on corporate boards, and federal chartering of large companies....

## Part II "Going Public — The New Left Plans Radical Switch In Control of Capital"

Last week, in the first half of this two-part article on the Institute for Policy Studies, some of the basic tenets of the Washington, D.C., research organization were spelled out, including a decentralized socialistic economic, small-scale technology and public allocation of capital. Another key element in this strategy for transforming society is the implementation of these ideas in experimental form at the local level....

The Institute's chief vehicle for involvement here is its Conference on Alternative State and Local Public Policies. The Conference is funded by IPS, and directed by IPS fellow Barbara Bick and Lee Webb, a former SDS National Council member....

At a recent (Conference) convention in Austin, Texas, speakers included (Colorado State Treasurer) Sam Brown, who is on the Conference's Steering Committee (he was also a member of the Democratic Platform Committee this year); Justin Ravitz, a Detroit municipal judge; Chet Atkins, Massachusetts State Senator; Tom Hayden, SDS founder and recent contender for the Democratic nomination for the Senate; and aides to Senator James Abourezk (D., S.D.) and Rep. Michael Harrington (D., Mass.)

What unites this motley group? According to a grant request from Lee Webb to IPS's Transnational Institute, the Conference is an organization of "populist" and "activist" public officials. "We are particularly interested in initiatives involving the control of capital, tax restructuring, and the control of government institutions themselves."...

As Derek Shearer (described the notion of a state bank) in a Conference pamphlet: "The basic thrust is to substitute public for private criteria in the investment of money...it would go far toward making government the equal rather than the handmaiden of the private sector."...

Still better suited to this end is the concept of the community or regional development bank... (Most recent in the series of such proposals) is a bill dropped in the hopper last month by Rep. Michael Harrington that would create up to 10 regional development banks, capitalized at \$1 billion each.)...

Meanwhile, back in Washington, the Institute for Policy Studies is working on the third of Raskin's vehicles for social change: the federal government.

One program now in the works is an entry in the health insurance sweepstakes...a model bill drafted by the Institute's Community Health Alternatives Project would create a complete government health system....

The proposed system is modelled on the public schools. At its heart is the Community Health Organization, a single health agency which would provide primary care to a community of 25,000 - 50,000. These organizations would be governed by health boards elected from the community....

The system would also take over all medical education. All "health workers" would be trained in schools run by the district boards, which would pay tuition and support...Curriculum in each school would be determined by the district board, which would be required to give priority to leading causes of illness in its district.

As for the future, the chief IPS program now in the works is an "alternative federal budget." Last year, at the request of 47 House Democrats, the Institute prepared a study of the President's 1976 budget....

The study seems to have found a receptive audience, since this year some 55 members of Congress have asked IPS to bring out not just a study, but a full-scale alternative budget which reflects the Institute's social philosophy. "I think that will have," Raskin says, "during the period of transition here in Washington, on the assumption that the Democrats win the election, really a powerful effect."

# Wall St. Reactivates International Terrorist Scenarios

A Grid Of Developments: Aug.29-Sept.4

*Sept. 5 (NSIPS) — Black propaganda stories, directed at conditioning the population of the United States and Western Europe for a possible new wave of Wall Street-ordered international terrorist incidents, were featured prominently this week in the Atlanticist press on both sides of the ocean. This marked a radical departure, particularly in the U.S., from what had been a nearly four week period of virtually no significant activation of the Rockefeller international terrorist machine — a stalemate brought about by the resounding defeat of the planned July Fourth terrorist extravaganza in the United States, and the quick response of the Third World, the Socialist sector and President Ford to the threat to national sovereignty represented by the Israeli commando raid on Entebbe Airport, Uganda, July 3.*

*The move by the Rockefeller forces this week, to activate the preparatory psychological warfare for a repeat of Entebbe, is a "divide and conquer" tactic directed at creating an artificial schism between the now united non-aligned and advanced sector forces and at guaranteeing that President Ford remains a captive of Rockefeller-dictated economic policies.*

**Aug. 31, NEW YORK TIMES:** Front page reports of a race "riot" that took place in London at the site of a Caribbean

cultural festival. The riot was provoked by Scotland Yard when a flood of police were sent into the festival grounds in response to rumors that pick pockets were planning to raid the event. Significant reaction was drawn out from the predominantly Black West Indian crowd that approximately 300 police were reported to be injured. (The Institute for Policy Studies-controlled Institute for Race Relations published an editorial in its recent journal *Race and Class* warning of expected "fascist" racial violence throughout the British Isles.)

**AUG.31, JIMMY CARTER:** In a speech before the New York Board of Rabbis, Democratic Presidential nominee Carter came out in support of the Israeli commando action at Entebbe and stated that he would endorse this as a policy that the U.S. should adopt under certain circumstances. The same day, speaking before the American Jewish Committee in Los Angeles, Carter running mate Sen. Walter Mondale attacked President Ford for taking a "soft" line on international terrorism. Mondale called for the implementation of strong international sanctions against nations "harboring terrorists."

**SEPT. 1, CORRIERE DELLA SERA:** The Italian daily



publishes an interview with Palestine Liberation Organization foreign minister Abu Ayad. Reflecting the tremendous pressure placed on the PLO through the Kissinger-directed provocations towards a repeat Black September massacre, Ayad was quoted as stating, "the Fedayeen (Palestinian peasants-ed.) if pushed to desperation will carry guerrilla warfare to the four corners of the world. ... We are ready to drop our weapons and to make all concessions which are compatible with the survival of the Palestinian resistance but Damascus doesn't even wish to discuss." Corriere attempts to twist this assessment of the current dangers of Mideast confrontation spilling out into general war into the terrorist scenario first spelled out at the June, 1976 Ralph Bunche Institute terrorist conference: using a Black September-style massacre of the Palestinian left as a cover for launching a new wave of Wall Street-controlled terrorists under the cover of "PLO support."

**SEPT. 1, NEW YORK TIMES:** The Irish Parliament is reported to have declared a state of emergency suspending parts of the Irish Constitution to combat an alleged increase in Irish Republican Army terrorism. The emergency allows the Army to arrest people on "suspicion of terrorism," allows the police to hold suspects without charges for up to seven days and increases the penalty for cooperating with terrorists threefold. The IRA is reported to have responded to the measures by describing them as "dictatorial moves."

**SEPT. 1, NEW YORK TIMES, WASHINGTON POST, OTHER PRESS:** Under the pretext of a water emergency the British population is subjected to low intensity operations of the following form: on September 15, water is scheduled to be shut off in selected parts of Britain. The population will be forced to receive water from standpipes outside their homes and industry is scheduled to make up to 50 per cent cuts in water use. Under the cover of this "water crisis," special block watching psy programs are being established throughout London in which neighbors are given incentives to spy on their neighbors and catch them disobeying the emergency rationing rules. A feasibility study is being conducted regarding the use of the British Navy in shipping water to hard pressed areas, thus effectively militarizing the nation's water supply.

**SEPT. 3, NEW YORK TIMES:** Eighteen European governments are reported to have agreed on reclassifying kidnapping as a "non-political" crime, thus providing the basis for multi-lateral agreements on extradition of captured terrorists. This story is also given significant press coverage throughout the week in the West German press, and is covered the same day in the Washington Post; however, the Washington Post story makes no mention of the agreement between the eighteen nations. It merely notes the fact that the West German government is preparing the proposal for the United Nations General Assembly which opens in three weeks — and furthermore that Secretary of State Henry Kissinger is prepared to give his full support to the move.

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