

World Economy Bust Set For January

In this week's issue three reports:

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- General Currency Crisis To Break in Early 1977
- Auto, Steel Inventories Spell Doom For U.S. Industry

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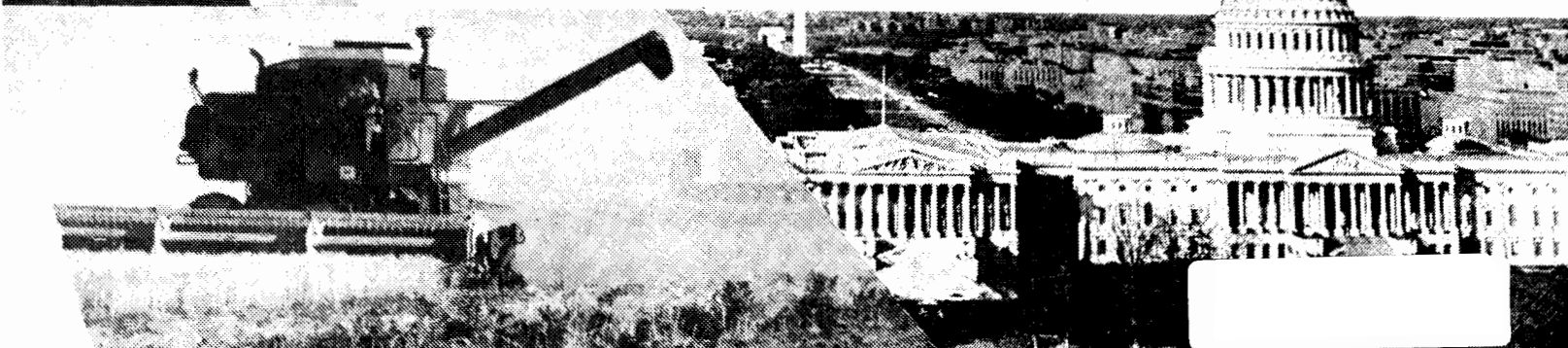


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Europeans, Group of 19 Fall For Kissinger Bluff Tactics

Dec. 4 (NSIPS) — This week's two-day summit of the European Economic Community heads of state, convened to adopt a common European position for the concluding session of the Paris Conference on International Cooperation (North-South talks) between developing and advanced sector countries, came to an ignominious end. Certain member nations, notably France, continued to buckle under to Henry Kissinger's demands for a postponement of the session. The final communiqué issued by the summit was a vaguely worded statement of support for international economic cooperation, a statement virulently attacked by the Cuban press agency Prensa Latina for "containing beautiful promises, but giving not one single concrete answer to the demands made by the developing countries for a new world economic order."

Rather than achieving unity, the final communiqué represented a lowest common denominator, with each EEC head of state rushing to hold individual press conferences to state what were in totality highly diverse positions.

The Group of 19 developing countries representing the Third World at the Paris talks is split over how to respond to this latest Kissinger effort to sabotage negotiations between the developed and developing countries. The postponement was proposed under the scurrilous excuse that "President-elect" Jimmy Carter be given time to form his government. A group of leading progressive countries led by Algeria, Indonesia, and Pakistan is strongly pushing for maintaining the scheduled December session while several "soft-line" countries including Iran, India, and Venezuela are known to be willing to postpone the session with the desperate hope that a Carter Administration will be more "sympathetic" to the demands of the Third World. The Group of 19 has scheduled an emergency meeting in Paris for Dec. 6 and it is understood that a decision by the Group to convene the meeting will force participation by the advanced-sector delegations.

Giulio Andreotti, Italian Prime Minister and the key leader of the anti-Atlanticist opposition in Western Europe, revealed in his post-summit press conference that he was "irritated" by the spoiler effect on the summit of insistent U.S. agents' pressures for a postponement of the North-South dialogue. As reported by the Italian financial daily *Il Fiorino*, Andreotti denounced this performance and indicated that the way is now open for EEC countries to begin making bilateral arrangements with the developing sector. Andreotti's position was fully shared by the Dutch and Danish representatives.

Further, Chancellor Helmut Schmidt of West Germany and Prime Minister James Callaghan of Britain, while more restrained by internal pressures from Atlanticist agents, took significant steps to ally their countries with the anti-Atlanticist forces in Europe. Schmidt announced before the convening of the summit that it must focus primarily on the issue of the new

world economic order. In his post-conference address to the press, Schmidt issued a statement proposing that the Soviet Union be invited to participate in the North-South talks, an unprecedented endorsement of a Soviet position by the head of the largest Western European nation. He further announced strategic support for Britain in its fight against International Monetary Fund-dictated austerity, declaring that West Germany would grant Britain a loan if the latter could not obtain reasonable terms from the IMF. Callaghan himself took a very hard stance at the EEC summit against the austerity measures demanded by the IMF.

The threat made by Andreotti of independent initiatives has previously been issued by the Italians, especially through Foreign Minister Arnaldo Forlani at the United Nations General Assembly during September. More recently, in the course of the EEC Foreign Minister meeting last month, Forlani and the Dutch had presented a joint resolution calling for full EEC support of Third World debt moratoria demands. Then as now, that resolution disappeared from the concluding joint EEC statement.

Kissinger's Bluff

The final results in each case represent a continuing weakness of Western European anti-Atlanticist leaders in capitulating to New York bankers' bluffing tactics. As he has done with the Third World in the past, Rockefeller protege Kissinger has repeatedly sabotaged the establishment of a new world economic order by manufacturing new "pressing reasons" at each point which "necessitate" the postponement of the required multilateral negotiations.

This latest concoction of Kissinger and the New York financier backers of Carter, the lie that negotiations should wait for a Carter Administration, began at the end of the November session of the Paris talks and has set in motion a sort of diplomatic game of "chicken." Kissinger's agents have not directly proposed to the Group of 19 that the talks be postponed but instead have "tossed" up the idea for "discussion," and at the same time warned that nothing could be accomplished until Carter comes in even if the talks are held. It is hoped that the Third World will then "voluntarily" capitulate to Kissinger's stalling by "proposing" that the talks be postponed. The Group of 19, for its part, has engaged in the "chicken" game by failing to decisively state what its position on the December meeting is, hoping the developed countries would make the first move.

The Algerian press, speaking for the hard-liners among the Third World, has denounced these Kissinger tactics repeatedly. The government connected daily *Al Moujahid* wrote on Nov. 28 that the push for a postponement of the North-South talks "proceeds from political manipulations of the most abject type, which is raising serious doubts about the moral qualities of the policy of Washington and its subordinates. The promoters of

confrontation are deadly afraid of the success of the North-South talks."

The Algerians also focussed the general attack on the EEC summit by the Cubans by issuing a biting denunciation of French President Valery Giscard d'Estaing, the direct conduit of the Kissinger confrontationist line into the EEC talks (see below).

Kissinger this week placed the Group of 19 under tremendous pressure to postpone the session with a final round of diplomatic deployments. The two co-chairmen of the conference, Venezuelan Perez Guererro and Canada's Allan McEachen

were in New York all week "canvassing" for "opinions" of the delegations on whether the session should be held. Perez is known to have proposed to delegations that the December session be held, but all substantial discussion be held over to a future session! Algeria, Indonesia and Pakistan especially countered these Kissinger maneuvers and lobbied heavily in favor of holding the concluding Ministerial session. On Dec. 3, a private meeting of Ambassadors of the Group of 77 developing countries was held at the United Nations in New York and the Pakistan delegation, which is the spokesman for the Group of 19, is known to have spoken strongly in favor of holding the meeting.

Schmidt Pledges Backup To British

Following the Hague European summit meeting, West German Chancellor Schmidt agreed to give substantial financial aid to Britain if current negotiations between Britain and the International Monetary Fund fall through. Schmidt's pledge greatly strengthens the hand of British Prime Minister Callaghan to continue his resistance to IMF demands that his country deflate its economy and impose Third World rates of austerity as a precondition for financial aid.

The London Daily Express gave full coverage to Schmidt's pledge in its Dec. 3 issue:

The sting was quietly removed from the IMF terms at a breakfast meeting in the Hague today between Mr. Callaghan and (West) German Chancellor Helmut Schmidt.

As a result, Mr. Callaghan flew home from the European Summit a happier man tonight. He had obtained the pledge he wanted...

According to German sources, the pledge was this:

If the IMF terms are unacceptable to the British Cabinet, then Germany reserves its position, along with other countries, to give assistance to Britain. (Schmidt and Callaghan) also talked about long-term guarantees from the sterling balances held in London...

The German Chancellor also disclosed that he is planning a diplomatic initiative to persuade Saudi Arabia and Iran to help finance the western countries' trade deficits — which loomed heavily over the Hague summit.

The nine Common Market nations agreed that they must all help each other out of the crisis.

Denmark:

Don't Wait For Carter

The following are excerpts from remarks made by Danish Foreign Minister Anker Joergensen in an interview with the Danish daily newspaper Politiken on Nov. 30:

It is still not decided if the planned ministerial meeting for the North-South talks can be held on the 15th of December. The only reason they may not is that the U.S. is changing presidents in January. We think that it is of utmost importance that the EEC reach a decision now...

...The Plans which must be taken up (include) the cancellation of debts...this plan is absolutely necessary to keep the talks going. It is here that the developing countries are seeking to secure a new world economic order...The dialogue is also important for the industrial countries...because of the oil pricing policy of OPEC.

Italian Parliamentarians Denounce Postponement of North-South Talks

ROME, Dec. 2 — Two members of the Italian parliament called upon the Italian Foreign Ministry today to officially clarify whether the recently-concluded meeting of Common Market heads of state did or did not approve a postponement of the upcoming North-South talks in Paris. The full text of the "Interrogation to the President of the Council and the Foreign Minister," introduced by Italian Socialist Party members Giuseppe Tocco and Stefano Servadei, is printed below:

Whereas the OPEC nations have postponed their Qatar meeting originally set for Dec. 15 until Dec. 20, clearly because they intend to link their decision concerning increases in the prices of petroleum to proposals and results of the North-South Conference in Paris;

Whereas in the Italian and international press of recent days there has appeared the report of the probable postponement of the North-South Conference in order to permit the inauguration of Jimmy Carter to the White House, and thus to know of the line of international policy Carter will adopt;

And, whereas this atmosphere may, to some extent, have polluted the proceedings of the Hague Conference (EEC Ministers' meeting — ed.);

Considering that:

1) Carter cannot be considered the next President of the U.S.A. until the decision of the competent Electoral College which will meet Dec. 13;

2) No official result is available until that time, since the results made known thus far are the work of a private agency, the News Election Service, a consortium of press agencies and television networks;

3) Representatives of the Republican Party and those of other parties have denounced Carter's supporters for vote fraud in four states: Ohio, Wisconsin, Pennsylvania, and New York;

4) The State government of Ohio on Nov. 29 began a recount of all votes in that state in the wake of these denunciations, in a situation in which the transfer of only 29 electoral votes out of 538 would give the victory to President Ford;

The undersigned request to know: if it is true that the recent session of the Council of Europe held in the Hague approved the postponement of the Paris North-South Conference, thereby contributing to a deterioration of the climate of negotiations between consumers and producers of petroleum, and, thus, contributing to an increase, by unilateral decision of OPEC, of the price of petroleum.

The Big Lie Technique

The first press reports coming from the Hague meeting of EEC heads of state declared that the summit favored postponement of the North-South talks — a postponement desired by the United States. This big lie and subsequent half-truths and fallacies issued by the press is designed to bolster the position of the single loyal Atlanticist at the conference, French President Valery Giscard d'Estaing.

The Associated Press emitted the Big Lie in the following release Nov. 29:

The Hague (AP) — Leaders of the European Common Market favor postponement of a major conference between rich and poor nations until after President-elect Carter takes office, it was reported yesterday.

The so-called north-south (hemispheric) dialogue between 8 industrial nations including the United States, and 19 developing countries, has been scheduled to open in Paris December 15, more than a month before Mr. Carter's inauguration January 20.

Garret Fitzgerald, foreign minister of Ireland, said there appears to be general acceptance of the nine Common Market members that the north-south conference be postponed until February or March.

Helmut Schmidt, chancellor of West Germany, agreed. At a separate news conference, he said, "It's very important (to realize) that there is no U.S. policy beyond January 15 and it makes absolutely no sense to push ahead."

U.S. officials in Washington also said there was an emerging consensus that the north-south conference should be postponed. The reasons they gave were inadequate preparations and the fact that President Ford's outgoing administration could not make long-term commitments.

A postponement of the north-south conference would have repercussions on the ministerial meeting of the Organization of Petroleum Exporting Countries (OPEC) that also is scheduled to begin December 15 in Qatar.

There had been rumors the OPEC price-fixing meeting would be rescheduled to open after the north-south conference.

The authoritative *Middle East Economic Survey* reported yesterday that most of the Arab oil countries that form a strong majority in the 13-member OPEC would like to put off the meeting until December 20.

That report was made before it appeared possible the north-south dialogue would be postponed two or three months.

A Dutch foreign ministry official, asked to comment on the above AP release, stated: "Well, that's AP. There will be no postponement."

European reports substantially contradicting the contents of the AP release, however, did not prevent New York Times "reporter" Flora Lewis from publishing the following article on Nov. 30 (excerpted below) with the headline, "European Leaders Awaiting Carter Administration":

THE HAGUE, Nov. 29 — The European Common Market leaders held their year-end conference here today and told one another, in effect, that they could do little except mark time until they learn the intentions of the new United States Administration and of the oil-producing countries.

As usual, Chancellor Helmut Schmidt of West Germany spoke

most bluntly in describing why Europe could now keep only one eye on Washington and one eye on the oil countries.

Briefing the press himself after the opening session this afternoon, Mr. Schmidt said: "There is no U.S. policy. We have to wait and we cannot take any decisions yet. It is all the more reason for both the industrial and the developing countries not to upset the difficult situation."

Other heads of government made more or less open appeals to the oil producers not to raise prices in the meantime. But Mr. Schmidt took the firm line that it simply was not a question of whether or not one side made concessions to induce cooperation from the other. The very ability of the industrial countries to transfer resources to the developing lands depends on the price of oil and its impact on their economies, he declared.

German Proposal Was Expected

The Germans had told their partners at a recent meeting of Common Market foreign ministers that they would come up with a proposal on the north-south issue of all raw material prices. The expectation was that a German concession to third-world demands would enable the nine market nations to take a joint conciliatory attitude toward developing countries, which in turn might influence oil producers to hold off on a price increase.

An official of the West German Economics Ministry Dec. 3 debunked rumors of a European Economic Community policy of postponing the December North-South ministerial round in order to wait for Carter's inauguration. He stated: "Don't be so pessimistic about the date. After all, we are also closely watching the vote fraud" legal cases breaking in the U.S.

Europe's Press On EEC Meet

The following are European press commentaries on the European Economic Community summit this week:

Handelsblatt: Nov. 29 and 30

West Germany's leading industrial daily Handelsblatt emphasized on Nov. 29 and 30 that the Federal Republic must not wait for the January inauguration of James Earl Carter to formulate a conciliatory position on negotiations between the European Economic Community and the developing nations. Brussels correspondent Erhardt wrote Nov. 29 that the EEC heads of state bear "heavy responsibility (to) find a solution" on the outstanding questions of indebtedness and raw materials trade. Erhardt strongly hinted that West German Chancellor Schmidt essentially agrees with this need, reporting that it was Schmidt who insisted that the North-South problem be put at the top of the Nov. 29-30 agenda "because of his understanding of hard necessity."

Erhardt added, "(we cannot) fatalistically wait for the United States, which would not help anything."

In a follow-up report on Nov. 30, Erhardt added that even if U.S. Secretary of State Henry Kissinger does not show up at the Dec. 15 ministerial round, this still does not remove the responsibility from the European heads of state to work out a genuine decision with the Third World.

Frankfurter Allgemeine Zeitung: Nov. 30 (excerpts)

"The Hague Threatens to Go It Alone on Development Aid"
"The position of the Federal Chancellor was immediately

confronted by objections from the Netherlands, which is demanding a rapid decision on the North-South dialogue in Paris. The Hague's Foreign Minister announced even before the conference that his government, if necessary, would take its own course in supporting the developing countries, if no joint (EEC) position emerged.... Among several other member states of the community the impression (towards Schmidt) has emerged that the West Germans are pursuing, exclusively, a stalling tactic in order to bypass for the time being the foreseen Ministerial round of the North-South dialogue for the end of December. The (West) German delegation denies this suspicion. They are saying that the date is not particularly propitious, considering the changeover in Washington, but that Bonn is not pressing for a postponement of the Paris Ministerial meeting."

London Times: Dec. 2 editorial

"The failure (of the heads of European governments —ed.) to produce any proposal for the North-South dialogue more constructive than its postponement for another three months..." could have serious repercussions. "We must hope that the oil producers will react with patience and understanding to our problems as on the whole they have done for the past three years. But we can scarcely claim that we deserve it."

Saudi Arabian Oil Minister: OPEC Will Use Oil To Back Third World

Nov. 28 — According to Italian press reports today, Saudi Arabian Petroleum and Mineral Resources Minister Ahmed Yamani warned in London today that if the demands of the Third World for a debt moratorium and new world economic order are not met at the Dec. 15 session of the Paris Conference on International Cooperation (North-South talks), OPEC will have no choice but to use oil as a weapon with "disastrous consequences."

In a speech to British industrialists and businessmen last week, Yamani issued a stinging denunciation of the International Energy Agency as reported below in the Financial Times Nov. 27:

Attempts by Western countries to mitigate the effects of any future Arab oil boycott could only put the world on a collision course that would lead to the destruction of everybody, Sheikh Ahmed Yamani, Saudi Arabian Minister of Petroleum and Mineral Resources, said last night.

Delivering the Encyclopaedia Britannica lecture at Edinburgh University, he strongly attacked the International Energy Agency, which includes the U.S. and most members of the EEC and the OECD.

"The very first result of the IEA oil-sharing plan, if implemented, would be to offset the efforts of Saudi Arabia which involve using oil in a gradual and constructive manner, and to enable the other Arab producers to resort to much harsher measures which will lead to grave consequences."

He added that top U.S. officials had admitted that the agency's real purpose was to confront OPEC and ensure that it was shorn of all its power.

In 1975, a number of consuming countries had cut their oil purchases to create an artificial surplus with the aim of weakening OPEC. If this was an IEA plan, "its failure had already been proved."

"The Arab oil producers suspect that the agency has an even

more specific aim: that is to ensure that Arab oil can never again be used to further the Arab cause.

"If this indeed proves to be the real aim, then the IEA and the Arab world and perhaps the whole of the Western and developing worlds will be set upon a collision course that can only lead to the destruction of everybody.

"I hope... that this will not be the case and that the IEA will not be used as an instrument of confrontation. For if it is, it will not make sense to argue that Arab oil power must be used constructively."

Asked about prices, he said that countries like Saudi Arabia with long-term oil reserves, had an interest in ensuring that any price increases from OPEC next month were gradual enough to be absorbed by the Western economies. As investors, they had an interest in ensuring that the recession was brought to an end.

El Moudjahid:

North-South Gap Taking Dangerous Turn

Dec. 3 — The semi-official Algerian government newspaper El Moudjahid, responding to the U.S. pressure on the European Economic Community to postpone the final meeting of the North-South dialogue, wrote the following:

The speculation on the ministerial meeting on Dec. 15 is proceeding from political manipulation of the most abject type, which is giving rise to serious doubts about the moral qualities of the policy of Washington and its subordinates. It is now certain that the promoters of confrontation are deathly afraid of the success of the North-South, which would signify the change of the former established order, whose injustice, imbalance and disequilibrium give them profit. Due to this sterile attitude, which is aggressive and corrosive, a feeder of frustration and deception accumulated over a long period of time, the North-South gap is taking a very dangerous turn, with a speed that could surprise everyone.

Expressing the tone of the lessening of trust of the Third World countries, the Libyan and Saudi oil ministers declared respectively that the moderation of their countries had not received any echo or answer from the Western world, and that confrontation would lead ineluctably to the destruction of all. The oil weapon, said Yamani, is invincible. The last two decades have witnessed the bankruptcy of the system now put into question by the Third World, as the absurdity of burying ones' head in the sand has also been seen as not having the courage to admit the need of going for the New World Economic Order. If the North-South dialogue is led to failure, there will be only the difficult problems left to think of, and the worst are yet to come.

Yugoslav daily:

Oil Between The North And South

Nov. 24 — The following are excerpts from an article appearing today in the Yugoslav daily Vjesnik on the North-South talks:

Whether or not the oil producers wait for the North-South talks before raising their prices, the Paris talks are becoming a political problem. In this case, politics and economics have become integrated. If the politicians in Paris fail to agree, and if the developed nations continue to resist the idea of the need for present economic relations to change, then oil will be again used

as a weapon, with all the accompanying phenomena, for the first time since the first oil price hike three years ago.

But events could develop differently. If the developed nations were to change their stand at the North-South talks, the situation could be radically altered. The prices would not necessarily stay the same, but a transfer to a new world economic order could be effected by peaceful means, rather than by using the oil or other commodity weapons. A legal market increase for oil (and other commodities) could be followed by joint measures for stabilization of the world economic situation, and for aiding the developing nations which have to import oil and other commodities.

Contrary, capitulating conclusions are drawn — because of the developing countries using too much oil and not having enough resources — by the Club of Rome, for example, which states that the whole world must stop its development, halt at the present level and economize. Are these proposals deliberate? Ideas of this sort are not at all useful for solving the crisis the world is in today. Wassily Leontieff recently joined this circle of ideas.

Prensa Latina: EEC Bowing To U.S.

Dec. 1 — Prensa Latina, the news agency of the Cuban government, charged today that the failure of the European Economic Community to come to a common position in favor of reconvening the North-South dialogue in December is de facto subservience to the U.S.

“Not one single concrete answer was given to the demands of the developing countries calling for a new world economic order.”

Some western press are scapegoating the Organization of

Petroleum Exporting Countries for its intended price hikes as pressure against the Third World to postpone the North-South dialogue on its own. This, PL charged, is pure demagoguery.

The EEC ministerial conference, charged PL, could have “only one objective: that of stripping off the masks of those responsible for the sabotage of the talks up to now.”

Algiers Press Service: Giscard Enemy Of Third World

Nov. 30 — *The Algerian Press Service delivered today what the French press has described as “one of the most violent attacks” against the policies of the Giscard D’Estaing government ever issued by the Algerian government, targeting its actions in particular at the Hague European Economic Community ministers’ meeting.*

“The Giscardian policy is a crusade of reconquest which has as its principal aim the weakening of the countries of the Third World.” During the Hague meeting, the French president was the “mastermind of this crusade directed, through the oil-producing countries, against the entire Third World.” In relation to the North-South talks, Giscard “had no other goal than to regain the riches of the Third World and to dispose of them to the advantage of the industrialized countries.”

“If the France of Giscard wants to play a role to reconcile the points of view between the Third World and the developed countries at the Paris conference, this role will have to be that of the neutrality which it claims to flaunt, for its ambition to intervene in the Maghreb and Mediterranean regions has unmasked all the neo-colonialist aspects of his foreign policy.”

Giscard’s policy is the cause of “very strong tensions in Africa. The sale of arms to South Africa, as well as the sales of nuclear armaments, will be sooner or later the cause of African genocide.”

Gaullist Dec. 5 Congress: Preparing Death-Blow to Giscard

Dec. 3 (NSIPS) — With the extraordinary congress of the Gaullist party (UDR) only two days away, the machinery has been put into motion in France whereby the Gaullist movement can wrest political control of the country away from Atlanticist President Giscard d’Estaing. Headlines in the nation’s press now speculate over whether Giscard’s resignation is imminent, a fact which would permit the Gaullists to carry out their program, outlined in the Manifesto quoted below, for capitalist industrial and scientific development in the context of international cooperation. Alexandre Sanguinetti, former General Secretary of the UDR, broadcast over radio this week that the Gaullists are in the same position as Giscard was when in 1966 he began exercising his “right” to topple the government of De Gaulle: the Gaullists will now reply in kind.

The Manifesto for a new “Rassemblement” — the regrouping of Gaullist forces which will result from the Dec. 5 congress — exemplifies the degree of control that the Gaullist Barons, most notably Michel Debre, are exerting over former premier Chirac, the nominal leader of the rassemblement and an opportunist at heart. The “barons” are essentially making use of Chirac’s zeal to rebuild a powerful movement, in order to im-

pose their own policies. The Manifesto asserts that national independence, an expression much thrown around recently by Giscard himself, is an empty phrase if it is not based on a defensive policy of nuclear deterrence, a foreign policy “rejecting all foreign allegiance,” international cooperation, and economic, scientific, and technological development.

This Gaullist statement of principles contrasts sharply with the piecemeal policies of Giscard, who has emerged as the most ardent advocate of the policies of Lower Manhattan at this week’s European Economic Community meeting.

Gaullist Manifesto: “La France Rassemblée”

Dec. 1 — *The following are excerpts from the Manifesto for a national political regroupment issued by the Gaullist UDR party this week as printed in today’s Le Monde. Le Monde’s in-*

roduction to the document notes that the Manifesto makes no mention to the role of the president of the Republic despite past Gaullist adherence to this point.

Independence is only a word if defense is not effective, that is, if it is not founded on nuclear dissuasion, served by an army powerfully equipped and placed under the exclusive command of the authorities of the republic.

Independence is only a word if foreign policy is not conducted on the basis of a rejection of all foreign allegiance. What is at stake is the interest and dignity of France. What is at stake also is the good of the international community to which an independent France, coherent in its choices, determined in its actions, brings original and generous conceptions expressed namely in its policy of cooperation.

In Europe, France must participate actively in the construction of a united and strong ensemble, but respectful of our sovereignty and that of each of the nations of which it is composed.

Independence is only a word if economic development is not balanced and vigorous, in the context of planned objectives and discipline set by the State, which implies a rigorous management of public funds, indispensable to maintaining the value of the franc.

Independence is only a word, if a pre-eminent place is not reserved for the development of science and technology...

In a France where independence must be preserved without concessions or compromise, we watch over the flowering of liberties.

What is called for is a State capable of maintaining social cohesion and guaranteeing, to each citizen, the security of his person and of his goods.... (The manifesto then develops further the idea of justice — ed.)

...In order to prevent the men and women of our country being caught in a network of assistance and constraints which paralyse them, we wish to restore the sense of responsibility, principally in work, and that of effort, essential guarantees to the flowering of the individual and the progress of the nation.

— We assert that the freedom of enterprise must be encouraged and that the obstacles which oppose the creation of development of economic units on a human level must be lifted...

— We assert that the pursuit of contractual policy is an essential element of social dialogue and progress.

— We assert that the development of participation and responsibility will assure the necessary reform of the enterprise...

(The manifesto goes into an attack on privileges based on birth, based on fiscal prejudices and calls for a complete overhaul in the fiscal system and an attack on bureaucracy.)

...There are privileges in knowledge: in our modern society, where knowledge and competence play an ever more preponderant role, these must not be the prerogative of restricted elites which come from socially privileged milieux. The efforts already accomplished in this area must be actively pursued through the democratization of teaching, equal opportunity for all, the possibility throughout one's lifetime to improve one's initial training, which are the conditions for progress and real justice.

...Let us understand that only effort will allow the men and women of our country to give life to that beautiful and generous image of France which they carry in their hearts.

Then our people will find the strength which often in the past has saved them from disaster and will save them tomorrow: that of "la France rassemblée."

Sanguinetti:

Do Unto Giscard As He Has Done To You

Nov. 29 — In a statement to the radio station RTL today, Gaullist leader Alexandre Sanguinetti put the situation facing President Giscard d'Estaing squarely in front of him, in terms the president can understand:

When our convictions are threatened, we (the Gaullists — ed.) react. If we lie down, we will lose all credibility. In fact, since Mr Jacques Chirac, by creating a precedent in the Fifth Republic, left the Prime Ministry of his own volition, we find ourselves in the same situation as that of Giscard d'Estaing in 1966: he was then president of his political formation, and he did not cease to exercise his democratic right to criticize and to control, leading in the end to the departure of General De Gaulle. This precedent is not so old that one should be surprised to see us exercising our same rights.

Le Monde:

"Anything Can Happen"

Nov. 30 — The following is an excerpt from an article in today's Le Monde by Pierre Viannson-Ponte which is representative of the exclamations emanating from the French press:

"Chirac, President!": It's the pistol shot of the starter. This time, the start has been taken. President of what? Of the Rassemblement. For the moment. While waiting for what? The other presidency, that of the Republic... "Giscard d'Estaing's personal failure could lead him to resign." This big headline occupies this week the entire front-page of a hyper-Gaullist weekly, *Carrefour*. It is not important, but it's a sign. "Chirac, President!": for certain, this cry will echo next Sunday at the big meeting of the Rassemblement. President of what? The answer is all over for eyes to see, posted all over the newspaper stands: "Giscard, resign!" Incredible? It can happen. Anything can happen...

L'Humanité:

France Should Endorse Warsaw Pact Proposals

Dec. 3 — Yves Noreau, editor of the French Communist Party daily L'Humanité today endorses the proposals made by the Soviet Union at the Bucharest summit of the Warsaw Pact for the dissolution of both the Warsaw and NATO military pacts. France should endorse this proposal, says Noreau, because it corresponds to General DeGaulle's old conceptions when he pulled France out of NATO:

The proposals made in Bucharest by the seven socialist states members of the Warsaw Pact, present a real interest for European security and detente. In effect, the danger of a nuclear war would obviously be diminished if each of the 25 countries who signed the Helsinki final resolution were to engage themselves, as the socialist states propose, not to be the first to use nuclear weapons. And it is besides unquestionable that if the two great alliances presently dividing Europe were to forbid themselves to increase their membership and if we were

heading towards a simultaneous dissolution of the Atlantic and Warsaw pacts, there would result from it a new decrease in tensions and new progress of security and cooperation on a European-wide scale.

Such a disengagement towards the political-military blocs would efficiently complete the decisions taken by General De Gaulle who had pulled France out of the integrated military organization of NATO....However, the Bucharest proposals seem to receive in Paris an unfavorable initial response....The hostile welcome met by this proposition (i.e., Bucharest's — ed.) is inconceivable in the framework of a French strategy of national defense. It could only be explained by the desire to go along with

an Atlantic military doctrine — a doctrine of the type of General Mery's (French Chief of Staff — ed.) which planned to send the French to do battle on the front of the Bundeswehr lines; a doctrine in agreement with the wishes of West German General Karl Schnell commander of the Central-Europe sector of NATO, who advocates straightforwardly to consider the nuclear weapons as "minor," similar to conventional weapons and to use them from the start in an eventual conflict. Mad suggestions, meaning suicide for France...The first merit of the Bucharest proposals is to bring out the possibilities for new progress in European security and detente. It is in this path that France should engage itself and take initiatives.

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A report on the men who surround the grinning Mr. Carter, make his decisions, tell him what to do and say.

PLUS
Zbigniew Brzezinski: The Man Who Taught Carter To Smile

**Soviets Attack Committee
On The Present Danger**

The Committee on the Present Danger went public this week with a no-holds-barred drive for war: the Soviets have given their answer

**Arabs, Europe Buck Wall Street To
Seek Peace, Independent Oil Deals**

Carter Unveils Domestic Program:
Slavery For A War Economy

European Oil Cartel Ready to Take Over From U.S. Multinationals



Dec. 4 (NSIPS) — The French government's Elf-Aquitaine oil company and the Belgian government oil company Petrofina announced Nov. 5 concrete plans to pool their facilities, plans which have the potential to shift the entire map of European — and world — petroleum out of 45-years of control of the Rockefeller family's multinationals.

Elf and Petrofina will combine their entire operations, from exploration through production and transport of crude oil and down the line to refinery capacity and petrochemical production. As a first step, Elf will refine oil for Petrofina's needs in its French operations, while Petrofina's refineries in Britain will provide Elf-UK with some of its needs.

Elf and Petrofina acted as members of the new European oil cartel which the governments of Western Europe have set up to take over the continent's energy policy. By combining their current operations the members of this "Euro-cartel" dwarf the combined European operations of Exxon and the rest of the U.S. multinationals. The Euro-cartel is ready to take over the entire range of oil purchasing, importing, refining, and distribution of oil and gas products on the continent.

The Euro-cartel members, who announced their cooperation agreement in July, are majority-owned by their national governments: Compagnie Française des Pétroles (CFP) and Elf-Aquitaine of France, Ente Nazionale Idrocarbino (ENI) of Italy, Veba-Gelsenberg of West Germany, and Petrofina of Belgium. Together with their associated compatriot companies, they now control 40 per cent of the crude oil imports and 50 per cent of the oil refinery capacity of those four countries. The Euro group has invited the British government-controlled British Petroleum to join, and London petroleum industry sources report that BP is favorably reviewing the possibility. If, as expected, BP joins the Euro group, the resultant five-nation cartel will then have full control over 75 per cent of their own oil needs.

But its current operations, imposing as they may be, are nothing compared with the Euro-cartel's potential, and this in turn is entirely a function of the cartel members' political guts. Even without BP, the state oil companies of the cartel's current membership could supply their own countries and the rest of continental Europe — with the political deals now available from their Arab allies. The Algerian, Iraqi, Libyan, Kuwaiti, and Iranian national oil companies have already offered the Europeans complete access to twice or three times their current oil supplies in return for long-term oil-for-development government agreements which would bypass the U.S. multinationals.

With BP, one of the world's top seven oil companies, the picture broadens to include large parts of the Third World, which Europe would then be able to supply.

The question posed is one of political will. For although the OPEC nations have been in fact pressing Europe to break the multitis' stranglehold over their oil and economies since at least last Spring, it is Europe itself which has held back from freedom. While oil production in Algeria, Iraq, Kuwait, Iran, and soon, Saudi Arabia, is nationalized, exports and distribution abroad are still controlled to an overwhelming extent by the Rockefeller multinationals, leaving the expenses of development to the OPEC countries while creaming off the profits.

Europe must be willing to face the threats of boycotts and worse which it has undoubtedly received in the event the Euro-cartel is fully activated and major government-to-government deals are entered into with the oil-producing countries above the U.S. multinationals' heads. For example in West Germany, this will mean having the courage to simply out-and-out nationalize the substantial multinational refinery and distribution networks in that country if any retaliation or oil supply cutback is attempted by the majors.

Gaullist Third World Policy

The idea of a Gaullist political policy for the Third World is the key to the Euro-cartel's strength. France is now in the strongest independent oil position in continental Europe precisely because of the tenaciously political view of oil taken even today by the Gaullists. It is the top layers of the Gaullist party's strategic thinkers who today run CFP and Elf-Aquitaine, and they are fully committed to maintaining France as the leader of the non-aligned camp and a force for industrial progress within the Third World. Thus when Iraq nationalized its oil industry in 1972, it made a particular and widely-publicized point of setting up a "special" relationship with the French oil companies, while kicking Exxon and the U.S. companies out altogether.

Similarly, in the midst of the 1973 oil embargo Gaullist French Foreign Minister Michel Jobert not only kept France out of Henry Kissinger's International Energy Association, which aimed at U.S. multinational control of Western oil supplies, but promptly negotiated several government-to-government deals with Iraq and Saudi Arabia — deals which have recently been reactivated.

This legacy means business today. In 1975, the French national oil companies produced enough oil themselves to satisfy 90 per cent of all crude imports into France, or 97 million tons out of 106 million consumed. They could have easily produced much more had not demand collapsed due to the 30 per cent cutback in credits to industrial production by the Euro-dollar market banks in 1975. Total crude production by CFP and the ELF group in 1973 was close to 120 million tons (while France imported close to 140 million tons of crude), and extensive plans

for expansion were underway at that time.

Currently, of course, some of this production must supply the French companies' world-wide transport, refining, and sales network, which could immediately be used to tie the Euro-cartel into large parts of the Third World. Last year they sold 16 per cent of their production to the Third World, and their refinery capacity outside of France is almost as large as that inside (60 mt-yr. to 89 mt-yr.). Their extra-French refining and petroleum product sales are concentrated in West Africa, the Middle East, and in every major country of Western Europe.

A Cartel Is Born

The Euro-cartel came directly out of the wave of debt moratorium fever last spring ticked off by the International Caucus of Labor Committees' call for France and the Arabs to support an Italian moratorium. In Italy, now bankrupt and threatened directly by NATO with an oil embargo if the \$40 billion debt is not paid, Eugenio Cefis, chairman of the government-controlled Montedison Co. and ghost chairman of the National Hydrocarbons Agency ENI, activated a duel strategy to prepare for energy independence and thus debt moratorium. Cefis began negotiations with the Soviet Union, Iraq, Libya, Algeria, and Iran, for the total supply of Italy's \$8 billion annual oil needs directly, government-to-government. He also stepped up the financial squeeze on Exxon, Mobil, and the other U.S. multitis' operations within Italy and Libya, pressure designed to drive them out.

In France, as the Gaullist press blasted the Eurodollar market and called for an Italian debt moratorium, the national oil companies renewed their old tactics from which Cefis had learned so much. Since World War II the Gaullists had forced a law onto the government's books that the French national companies must control at least 51 per cent of the domestic petroleum market. Now CFP, the Elf group, and the other French companies prepared to kick Exxon et al. out together. They demanded the government legislate them 55 to 60 per cent of the market, and when the Rockefeller multitis protested and made cutback threats, the Gaullists promptly and triumphantly had a special State Prosecutor, Etienne Cécaldi, indict no fewer than 43 international oil executives in May for dishonest business practices. Although the situation was generally kept quiet for fear it would spread, one nameless Exxon official was quoted in the Economist as warning that "the very existence of private enterprise in France is threatened."

At the same time, Iranian Prime Minister Hoveyda came to Paris, and set before the Giscard government a reportedly huge contract for a direct oil-for-technology deal with the National Iranian Oil Company. NIOC was explicitly working with France to free itself from the multinationals of the Iran Oil Participants consortium. During NIOC's pro-forma nationalization of Iranian oil production, Exxon et al. had arranged for themselves **marketing** control of fully 88 per cent of Iranian oil production once it was also out of the ground, cutting British Petroleum — which had formerly had 45 per cent of Iranian production — out of marketing altogether.

During the spring the consortium was simply refusing to market over 15 per cent of the Iranian crude to which it had contracted, plunging Iran into an acute debt crisis. NIOC in retaliation had doubled its own direct sales from 1975 levels to 39 million tons and planned more.

French President Giscard, Wall Street's staunchest ally in Europe, was told explicitly by the U.S. oil companies to put a stop to all this. Giscard — the man who today is attempting to wreck the declaration of debt moratorium at the North-South talks, in June took State Prosecutor Etienne Cécaldi off the case against the U.S. multitis, sent him off to Provence, and hushed up the indictments. He similarly squashed the Iranian NIOC offer.

Giscard had seen to it by political decree that French trade with Algeria dropped by half in 1975, when he practically cut in half France's oil imports from Algeria after the New York banks decreed a credit cutoff against that country for its leadership in the Third World debt moratorium drive. For this, French industry lost over \$5 billion in development project orders to the U.S. and Japan.

The Gaullists, with the Italians pushing them hard, did not take this lying down. In July, the formation of the European oil group was announced in Brussels at a meeting called by Cefis' ENI. CFP, Elf, Veba, ENI, and Petrofina would seek full cooperation in all phases of their oil and petroleum products operations, the group disclosed.

The agreement reached Nov. 5 between Elf and Petrofina to concretize this relationship and actually organize exploration and all downstream operations is the model for the rest of the Euro-cartel. The actual de facto merger of the entire muscle of these five companies, likely with the participation of BP, is no more than weeks away.

Outcartel the Cartel

The Europeans have, so far, beaten the Rockefeller family at their own game. They have put together an oil giant which, in Europe, brooks no competition.

Even excluding Britain and thus BP, the current Euro-cartel members have current production within France, Italy, Germany, and Belgium equal to 42 per cent of the four countries' total import needs, or 135 mt-yr. out of 322 mt-yr. total imports. They are practically self-sufficient in transport of oil, having transported 143 mt last year, and have numerous tankers actually laid up losing money because of the drastic cut in demand for oil. While a significant part of the 135 mt-yr. production now goes to the Third World, if greater demand existed even current production could be stepped up to cover that **and** domestic needs easily.

Including British Petroleum, the world's seventh largest oil company, and thus Britain in the picture, the six European companies would have fully 75 per cent of their own production, or 307 mt-yr. out of 413 mt-yr. imports. Again, BP's production has declined over 30 per cent during the last two years due to collapse in **demand** alone.

In terms of refinery capacity, the five Euro-cartel companies in 1975 treated 157 mt out of the 315 mt of oil refined in France, Italy, Germany, and Belgium, or 50 per cent. They also have 43 per cent of the market of total petroleum product sales in those four countries, selling 121 mt last year out of a total of 297 mt sold.

In fact, the Euro-cartel five company members, even without British Petroleum, completely dwarf not only Exxon's European operation, but those of the five U.S. members of the Seven Sisters combined, Exxon, Mobil, Socal, Texaco, and Gulf. (The other two sisters are BP and Royal Dutch-Shell, a Dutch company.) They bring almost four times as much oil into their four countries as Exxon does, and 50 per cent more than the total U.S. multinationals combined. Their refinery throughput last year was 60 per cent above that of the U.S. multitis' in France, Italy, Germany, and Belgium, and they were tied with the Big Five for petroleum product sales (gasoline, heating oil, etc.)

Thinking Big

The question posed to the Euro-cartel members, however, is not really how big they are, but how big they can become. With the oil production being offered them on a direct government-to-government basis by the Arab nations in return for agreement on the new world economic order and debt moratorium, Europe could supply not only itself but the entire Third World.

Even if the OPEC countries were simply to step up production

to their full capacity, as compared with today's depression lows, and merely send Europe the difference without removing any oil now currently marketed to the U.S. majors, European oil companies would receive an extra 500 million tons a year. (In 1975, France, Britain, Germany, Italy, and Belgium together

consumed 413 mt of crude oil imports.) If Iraq, Libya, Algeria, Nigeria, Kuwait, Saudi Arabia, and Iran were to step up their current production from 1,050 mt-year to its immediate potential, they could produce 1,550, according to the 1975 edition of the International Petroleum Encyclopedia.

U.S. Trade Deficit Rises; World Trade Falls Another Notch

Dec. 4 (NSIPS) — Newly available world trade calculations for October show that the August-September downturn has produced a significant drop in both the imports and exports of the three strongest advanced market economies — the U.S., West Germany, and Japan — with acute ramifications for the Third World. Exports in each case dropped significantly from the 1976 peaks, peaks which themselves chiefly represented printing-press financing of price-cut orders, rather than an expansion of any country's actual industrial profit. On the import side, exceptional oil stockpiling did not prevent the U.S. and Japan from an overall decline in purchases. This temporary prop, on the one hand, and the abrupt fall in West German export orders on the other, suggest that the current picture is indeed worse than these statistics show.

U.S. trade displayed its ninth deficit in ten months in October, \$696 million in the red; after a record \$11 billion surplus last year, the 1976 deficit is projected by bankers at a record shortfall of \$8.9 billion. Calculated on the "merchandise trade balance" basis used by most other nations, the U.S. deficit for January through October already exceeds \$11 bn. Unlike the high trade gap of 1972, which reflected booming import demand by an economy revved up faster than the rest of the world's, the current balance expresses a drop in both exports (-1.5 per cent from September to October) and imports (-2.1 per cent). October exports fell 5 per cent below their 1976 peak of July, in real terms; imports dropped slightly less from their July peak as oil imports continued to climb. The auto sector exemplifies the general trend — imports from Canada in particular and foreign countries at large dropped, and so did exports of American-made cars.

In West Germany, at least half of whose economy depends on exports, foreign orders plummeted 35 per cent between July-August and September-October. October deliveries already showed a three per cent decrease from their September high, in itself scarcely a sufficient indicator to puncture remaining illusions about West Germany's solidity. However, the order picture, combined with the conjuncture surrounding it, is decisive.

The October figures for Japan delineate an equally dramatic turning point. Exports fell 4.5 per cent in one month on a seasonally adjusted customs clearance basis; the import dropoff was 8 per cent. Like West Germany, Japan still has a trade surplus, but the mechanisms that have sustained its trade have been destroyed. In the first nine months of 1976, Japan ran a giant trade surplus with the U.S. and Europe, fueled by inflationary financing of a 50 per cent jump in Japanese exports (often "dumped" exports) to the U.S. and the Common Market, with comparatively level imports from those regions. This Japanese surplus was used to stockpile imports from Southeast

Asian countries (who otherwise would have been driven to default on their debts or freeze them). The first three quarters of 1976 saw a 50 per cent increase in this category of Japanese imports from the same period of 1975, and the imports represented one quarter of total Southeast Asian sales. The October decrease in Japanese imports, sharper than 8 per cent once oil purchases are deducted, indicates that deliveries from Southeast Asia may have already begun to decline. The collapse of Australian iron ore and other commodity exports to Japan was a major factor forcing the Australian dollar devaluation. And, given the U.S. and Western European situation, the export side of Japan's own future balance sheet, barring world economic restructuring, is plain.

Third World Ramifications

The last time a drop of this magnitude occurred in advanced sector trade was during late 1974 and early 1975, when the petrodollar push generated by the oil price hoax expired. The result was a constant-dollar drop in non-socialist developed nations' total exports of a full 20 per cent from the first quarter of 1974 to the first quarter of 1975. During the same period, the imports of non-OPEC Third World nations fell from \$37 billion to \$33 billion, or, in real terms, 20 per cent.

At this point, however, Third World imports are already back down to their late-1973 level; after declining gradually from their autumn 1974 peak, they will now take a murderous plunge. Though overall Third World trade statistics for the third quarter of 1976 are not yet available, the agricultural imports contraction can be supplemented by a number of indicative developments. Copper producers, for example, face a standstill with world prices too low to permit production except by slave labor, and record stockpiles rusting for over year as industrial usage slumps. Ferro-manganese, produced by Brazil, Canada, Rhodesia and South Africa, has become useless with the collapse of steel production; the glut is so acute that ports are clogged with shipments of the alloy and no warehouses can be found for further stockpiling. Trade in other commodities like aluminium will last only as long as the spurious auto pileup.

The poorest Third World countries, exemplified by sub-Saharan Africa, can scarcely reduce their imports further. The locus of collapse will be those sectors which have thus far preserved a semblance of economic activity, notably Latin America. While Venezuela's oil revenues have financed increasing industrial imports, and Colombia's speculative coffee sales make it a special case, Brazil is continuing a political fight over whether capital goods for industry and agriculture will continue to be bought. Argentina, unable to sell or store most of its bumper wheat crop, has undergone 30-40 per cent import cuts since this spring. Peru is cutting two-thirds of its planned food imports in the second half of this year, with another one-third

cut planned for 1977; their fishmeal and iron ore exports have drastically shrunk, and their trade deficit will scarcely be aided by expanding copper production under present circumstances. As for Mexico, already in the first five months of 1976 imports declined a nominal 5 per cent with inflation at a 20-25 per cent annual rate. The recent peso devaluation, it is no secret, has the effect of strangling imports apart from the imposition of formal restrictions. Another key Third World country, Jamaica, trebled its trade deficit in the first half of 1976 as compared with the same 1975 period; exports earnings declined 39 per cent, reserves evaporated, and imports were cut 17 per cent. A reliance on the recuperative effects of an aluminium price hike,

given the situation of the advanced sector, is clearly chimerical.

Among the OPEC oil-producing countries, trade has remained quite stable up to now, although Iran and Iraq have begun to pinch pennies on imports. No one dares to suggest that this sector itself can bail out the world trade collapse, any more than a "consumer-led" or "cyclical" impetus. Last November, at the Rambouillet financial summit, Western Europe accepted the perpetuation of the dollar "debt mountain," as West Germans call it, on the pledge that a U.S. recovery would get them over that hill. Now world leaders are a year wiser; but there does not exist another year's leisure to distill their experience.

General Currency Crisis to Break in January

Dec. 4 — A generalized crisis of world currencies is set to explode by early January in the wake of a sharp downturn in world trade now in progress in each of the three leading Western economic sectors, the U.S., West Germany, and Japan. By destroying the "real economy" underpinnings of national credit systems, the trade downswing threatens to wreck not only the dollar but *all* paper currencies. Whether this renewed currency panic will lead to the reassertion of U.S. dollar hegemony and top-down fascist regulation of the world's economy under the auspices of a Carter Administration, or whether it will provoke a tri-sector convergence around building a new world monetary system, is a question which can only be determined in the political arena.

Why the Dollar Has Survived So Far

The U.S. dollar's "amazing" relative stability during 1976, despite the flagging U.S. recovery, has been based entirely on short-term pirating of other nations' currencies. The greatest source of the dollar's strength has been the fall of the British pound sterling and the rapid phasing out of the old sterling trade area in favor of dollar finance. The recent attack on the currencies of Canada and Australia, both formerly large holders of sterling who have substantial ties to British business, was a subsumed aspect of this operation to buoy the dollar. Similarly, the U.S.-bank-orchestrated run out of the Mexican peso and the Japanese yen has provided temporary support for the dollar. However, as will be shown in detail below, none of these operations is capable of sustaining the "strong dollar" hoax much longer.

Take, for example, one of the key bulwarks of dollar strength up to this point — the Japan-Australia-Far East Asian trade zone. On the basis of U.S. inflation and inventory rebuilding, the Japanese stepped up their exports into this country by 50 per cent during the first nine months of this year, then turned around and increased their imports of necessary raw materials from Australia and other Asian countries by 50 per cent. The bulk of this trade was financed in dollars (helped along by the run on the pound sterling which forced Australia, Malaysia and other Asian sterling holders to dump the currency), thus providing a critical margin of real loot with which to prop the inflated dollar.

But with the end of the auto sales boomlet in the U.S., this entire Asian dollar trade nexus has come down with a crash. With the first sign of a Japanese export decline in July, foreign capital began to desert the country en masse, and by October, Japan's huge balance of payments surplus was transformed into

a deficit of \$98 million. The decline in Japanese industrial production over the last three months triggered a shutdown of imports of Australian iron ore, helping to set off the Australian currency crisis. (In a similar way, the collapse of Canadian auto exports to the U.S. exacerbated the Canadian crisis.)

The response of the desperate Rockefeller-Rothschild banking interests to this crisis this week has been to step up the speculative attacks on the Japanese yen, Australian dollar, and Canadian dollar. Australia, whose Labour Party government was overthrown by Rothschild-linked Rio Tinto Zinc interests last year, was forced to devalue its currency by 17.5 per cent at the beginning of this week. The Canadian dollar has plunged 7 per cent since the Québec elections. Meanwhile, the Japanese yen sank to 279 to the dollar on Friday, compared to 286 last summer, despite heavy support by the Japanese central bank on the order of \$50 to \$100 million a day.

The Rockefeller-Rothschild rationale for these attacks is that by stampeding investors out of every other currency they will breathe life back into the dollar. Canadian businessmen, for example, have borrowed several billions of U.S. dollars in the last year. The currency collapse forces them to liquidate current business activity to get cash and buy dollars; otherwise their debts will rise massively in terms of the U.S. dollars they must repay. Thus, "demand for dollars" magically appears.

Dollar Achilles Heel

Ironically, the very means by which the U.S. financiers are attempting to buoy the dollar now will only hasten the currency's collapse in the near future. By attempting to destroy every other currency which could serve as an international reserve — first the pound, then the yen, and next (it is rumored) the deutschemark, the dollar is left bearing the brunt of the international debt-refinancing burden. U. S. Federal Reserve chairman Arthur Burns has been forced to engineer a collapse of U.S. interest rates, partly due to the depressed U.S. economy, but mainly to free up cash to refinance \$400 billion in Third World and European debt.

During the last month alone, Britain has had to borrow \$600 million and France \$300 million in Eurocurrency loans, financed in both U.S. dollars and deutschemarks. But with the West German currency no longer able to play the role of a secondary reserve currency — particularly given the 35 per cent erosion of foreign orders the country has experienced since August — all this debt-refinancing will have to be done in dollars. Burns and Carter will have to resort to the printing presses, creating dollar

hyperinflation which will unleash international panic against the overrated currency.

Still another temporary boon to the dollar — the end-of-year repatriation of multinational corporations' profits — is turning against the dollar. U.S. multinationals have lost an estimated \$500 million due to foreign exchange fluctuations in the third quarter, and their fourth-quarter losses will be still worse. The collapse of multinational profitability due to U.S.-bank-initiated speculation will shortly boomerang against the dollar sector.

The Branching Point

The current downward ratchet of world production and trade determines that by January at the latest, general currency chaos will break out. Carter's administration in the wings has made clear what his policy would be: the scenario being circulated by his advisors among the U.S. business community is that the Organization of Petroleum Exporting Countries will be provoked into raising oil prices by more than 10 per cent, instantly boosting the demand for dollars by \$25 billion. The European and Japanese economies will be ravaged, and the deutschemark and yen will fall through the floor. Carter will then step into the breach with his proposal for another "Rambouillet Summit" (a trial balloon already having been sent up by U.S. flunkey Giscard this week). Under the rubric of "closer coordination of monetary policy," Carter will force the rest of the world to peg their currencies directly to the dollar, wiping

out all semi-autonomous currency zones, such as the European "joint float," and imposing fascist austerity measures worldwide.

Under such conditions, the only possible "out" for Europe, Japan, and the OPEC countries would be a massive run into gold and the negotiation of an alternative monetary system.

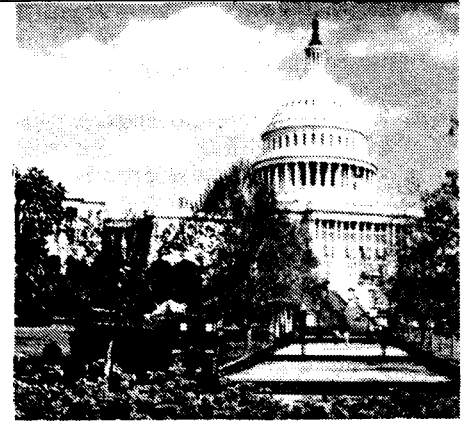
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an exclusive report by *NSIPS* United Nations correspondent on the assemblies, press conferences, and behind-the-scenes action at the United Nations

Federal Courts in N.Y., Ohio, to Weigh Evidence of Fraud



Dec. 3 (NSIPS)—Federal District Court judges in Ohio and New York have scheduled hearings to consider the evidence that the Jimmy Carter forces in those two states committed election fraud sufficient to warrant the issuance of Federal injunctions barring certification of presidential electors from the two states.

In New York, Judge Mishler of the Eastern District Federal Court will hold a hearing on Wednesday, Dec. 8, to consider the vote fraud evidence brought by the U.S. Labor Party, the Conservative Party of Rockland County, and individual Republican and Conservative Party members; a similar hearing into evidence of vote fraud in Ohio contained in a suit by USLP, GOP, and American Party electors will be held before Federal District Court Judge Canary on Tuesday, Dec. 7.

If the court accepts the fraud findings in New York and bars certification of the state's 41 electoral votes, this will be enough to block Carter's selection as President-elect by the Electoral College. A similar ruling in Ohio, which has 25 electoral votes, will by itself fall two votes shy of stopping Carter, but will likely create sufficient political momentum to spur anti-fraud action in numerous other states.

Both judges brushed aside procedural objections to hearing the evidence by attorneys acting on behalf of Carter. Judge Mishler has postponed a decision on a spate of motions to throw out the USLP-Conservative-Republican suit brought by lawyers for New York City and New York State until after the evidentiary hearing. In Ohio, the state Democratic Party has hired Dr. Fink, a constitutional law expert from Ohio State University, who will file a motion to dismiss the Federal suit brought by electors from the U.S. Labor Party, the Republican Party, and the American Party on Monday, Dec. 6. But Judge Canary has indicated that he intends to hold the evidentiary hearing before considering Fink's brief.

Official investigations into vote fraud also moved ahead this week. Over 50 subpoenas have been issued by the Cleveland Board of Elections, and Ohio Secretary of State Ted Brown began open hearings on the vote fraud today in Toledo. In Wisconsin, the U.S. Attorney in Madison on Dec. 1 issued an appeal to the population to turn over evidence of fraud to him, and offered immunity and protection to those who speak up now.

With next week's court actions, the Labor Party-led anti-vote fraud suits in four states—Ohio, New York, Wisconsin, and Pennsylvania—have reached a threshold of forcing a federal investigation of Carter's theft of the presidency and criminal indictments of the individuals responsible. Attorney General Edward Levi, the man most responsible for keeping the lid on the investigation, has been publicly placed on the line. His office is in receipt of formal requests that the Justice Depart-

ment investigate widespread irregularities in the conduct of the Nov. 2 election by USLP Acting Chairman Lyndon H. LaRouche, the party's presidential candidate in the Nov. 2 balloting, former American Party vice presidential candidate William Dyke, and by plaintiffs in the individual suits in New York, Ohio, Pennsylvania, and Wisconsin. LaRouche's telegram has been received by Thomas Henderson of the Public Integrity Section of the Criminal Division of the Justice Department.

Carter Forces Forced Into Open Counter moves

The advance of the anti-fraud actions, coupled with the threat of criminal prosecution of leading Democrats and labor union officials, have forced the Carter camp to abandon its efforts to quietly "sidetrack" the anti-fraud motion and make open counter moves to try to plug up the scandal. In doing so, the Wall Street-Carter forces have not only revealed their own fear of prosecution and the overturning of Carter's rigged elections, by their activation of Rockefeller agents inside the Republican Party to block action on vote fraud, the Carter forces are contributing to a widening schism in the GOP nationally between mainstream constitutionalist forces who want to fight the fraud, and the party's Fabian, Rockefeller wing. That split deepened this week as two leading Ohio Republicans issued public calls denouncing the state GOP leadership for its inaction on the fraud. (see below).

NSIPS learned this week that Ralph Gerson, the chief counsel of the Democratic National Committee, has asked the Wisconsin law firm of Freibert and Finnerty and the New York firm of Rogers and Wells to monitor the progress of the USLP-initiated anti-fraud cases and develop legal strategies to fight them. In the Wisconsin firm, Freibert is a Democratic National Committee member and his partner Finnerty is Sen. William Proxmire's (D-Wisc) chief fundraiser. Mel Schweitzer of Rogers and Wells—three of whose partners are former special counsels to Nelson Rockefeller and whose senior partner John A. Wells is a member of Rockefeller's inner circle—is chief counsel for the New York State Democratic Party.

Gerson told a caller yesterday that Wisconsin Attorney General Bronson La Follette would be "fighting" the USLP-American Party action in that state.

New York

The Dec. 8 evidentiary hearing in New York was scheduled after a hearing on Dec. 1, in which a plainly impatient Judge Mishler repeatedly pressed a string of frantically objecting attorneys representing New York City and State to agree to a hearing on "the merits of the case"—a full review of the

evidence. The issues involved are of "historic magnitude," the judge told the court, "each minute of this case is important."

Attorney David Heller of the U.S. Labor Party immediately accepted the judge's suggestion for an evidentiary hearing, but all counsels for the state and city rejected it. "A new election would cost us \$1,800,000," complained the state's attorney.

"That would be a small price to pay if we have to hold a new election," said Judge Mishler.

The lawyer for New York Secretary of State Mario Cuomo then rose to denounce the vote-fraud suit as "frivolous." The Labor Party, the Conservatives and the Republicans are merely saying that people were "too vigorous" in their attempt "to register new voters," he contended.

"There are clear lines of propriety drawn in the election law," commented the judge.

"This case" should be in state court, the state attorney then argued, questioning Judge Mishler's jurisdiction. Heller rose quickly to point out that state law is absolutely clear on the fact that New York State has "no jurisdiction and no procedure" for overturning a general election. Nevertheless, the state's attorney refused to accept an immediate hearing on the merits of the case.

A lawyer for the city then rose to denounce the "Labor Party" at length. "The Labor Party brought this suit your honor. It's frivolous. The Labor Party is always charging fraud; any time, any place, everywhere, you find the Labor Party. They're always..."

Lawyer David Waggoner, representing several plaintiffs in the suit, interjected, "Your honor, may we remind the court that this case is not brought just by the Labor Party. The Republicans, Republican electors and the Conservative Party of Rockland County are represented."

Wisconsin

The U.S. Labor Party and the American Party are mapping plans to take their fight to overturn Wisconsin's vote fraud to the U.S. Supreme Court after both the State Supreme Court and the State Board of Elections flatly refused to consider action to overturn the fraud. Lawyers representing the two parties had asked the Court for a writ of prohibition to protect the evidence the vote fraud case, and to overturn a lower court decision that refused on procedural grounds to reverse actions by the Milwaukee and Waukesha County Board of Elections barring a vote recount.

The actions by the court and the state elections body, taken under intense pressure from the state's Attorney General Bronson La Follette (who played a key direct role in facilitating the Wisconsin vote fraud by ordering election officials to accept "same day" registrants) as well as other Carter forces and Rockefeller Republicans, were the latest in a series of prejudicial rulings by courts and election officials that have obstructed action on the Wisconsin fraud, despite an atmosphere of mounting scandal and anger among constitutional forces in the Wisconsin Republican Party.

At the same time, the state's Rockefeller Republicans, led by National Committeeman O.D. Fish and State Chairman George Parker, have created a political hornets nest within the state GOP by lying and manipulating to ram a resolution through a reluctant GOP state central committee today withholding the party's support from the USLP-American Party anti-fraud action and at the same time commending the inaction of Milwaukee County Republican attorney Mary Payne, who has sabotaged orders from the GOP national committee to participate in anti-fraud moves in Milwaukee County.

At a central committee meeting, called at the demand of constitutionalist GOP forces led by Lon Collison of Waukesha to give the Committee's full endorsement to the Committee for a Fair Election, Fish won passage of his substitute, cover-up resolution by lying. Fish lied that on the basis of direct information from Rockefeller agents Richard Rosenbaum and Kent McGough, pro-Rockefeller state chairmen in New York and Ohio respectively, he could assure Wisconsin Republican leaders that the anti-fraud actions in New York and Ohio were dead.

Prior to the meeting, Collison had motivated his demand for action on the fraud by telling a meeting of 4th Congressional District GOPers: "How can the Republican Party maintain a low profile in the vote fraud fight? The Constitution of the United States is at stake."

The cover-up efforts of the Carter-Rockefeller forces are only leaving them more exposed. Reports sweeping both the state capital of Madison and Milwaukee late today, though still unconfirmed, reliably hold that La Follette has embarked on a desperation bid to destroy the evidence of the Nov. 2 fraud by beginning to incorporate the names of the state's nearly 200,000 same-day "registrants" — including a phenomenal 75,000 in Milwaukee alone — into the computerized lists of the state's regular registrants.

Wisconsin press and media are giving heavy coverage to the fraud scandal.

On Dec. 1, the Wisconsin State Journal covered a USLP press conference in Madison the day before by announcing, "Milwaukee UAW Charged With Vote Fraud." The Journal quoted UAW District Leader Raymond Jarris responding to the fraud charges by saying, "Let me quote Shakespeare: This is much ado about nothing. I am glad Jimmy Carter won the election by whatever means it took."

Other States

Anti-fraud action in Pennsylvania suffered a setback today, when a USLP suit brought by former GOP Congressional candidate John Bradley was dismissed for failure to post a \$50,000 bond to impound voting machines. The Republican National Committee, the only organization which has access to such sums on short notice, bears direct responsibility for the failure to raise the bond money. The USLP still plans Federal Court action in Pennsylvania similar to that underway in New York and Ohio.

The fraud scandal also broadened when Texas Rep. Ron Paul (R), who was defeated by a narrow margin in the Nov. 2 election, announced Nov. 24 that he would file an election contest (see statement below), saying he has enough evidence of vote fraud to ensure his re-election. While Paul has not given indication of his evidence, and only one congressional race is at stake in the challenge, independent Republican sources have indicated to NSIPS that the Paul challenge is likely to incorporate evidence of 100 per cent plus turnout of registered voters in some precincts, heavy voting by Mexican aliens, and evidence implicating Operation Big Vote, the Ford-Foundation-financed La Raza Unida Party, and pro-Carter fascist Rep. Barbara Jordan (D-Tx) in fraud.

The Rockefeller forces of John Connally, who have reportedly fought to discourage Paul from contesting the election, have so far prevented a challenge to the results of the Texas presidential race, but with 26 electoral votes at stake, the growing climate of fight in the GOP nationally could change the picture radically.

Ohio Republican Leader Challenges McGough To Wage Anti-Fraud Fight

Dec. 2 — The following open letter to Ohio Republican Party State Chairman Kent McGough was released to the press tonight by Robert Huffman, Republican State Central Committee member from Miami County.

Mr. Kent B. McGough:

In 1960, the Republican Party "leadership" chose to ignore the blatant theft of the presidential election. That inactivity has apparently fostered the impression that the Democrats have the divine right to steal one election each decade. From recent developments, it appears that this was their year to exercise that right.

The people in the Republican Party elected the State Central Committee to lead this party and that Committee elected you to lead the Committee. If you and the State Central Committee sit idly by and ignore this situation, we fail the people of the party, and frankly the next time our "worthy" opponents steal an election we'll have gotten our just reward.

We are not only failing the people of our party but we are failing in our duty to this state and to this country. The U.S. Constitution is a meaningless document if we don't protect the integrity of the people's right to vote. Regardless of the prospects of reversing this election, I urge you to lead the Republican Party to expose the voter fraud and to take action against those responsible. I suggest that we support the effort of the Committee for a Fair Election or at least urge the people of the party to do so.

"Uneasy rests the head that wears the crown" may be true, but think how still lies the corpse without a head.

Robert Huffman

Ohio Republican Leader Finds State GOP Non Participation "Unbelievable"

Dec. 3 — The following open letter was released to the press today by Robert E. Netzley, Ohio Republican State Representative and Chairman of the Republican Party of Miami County, Ohio.

To all County Executive Chairmen and Chairwomen:

Prior to the election on Nov. 2, I received a letter from National Chairman Mary Louise Smith, urging all Republican County Chairmen to be alert for the possibility of vote fraud in the election. I also received a well-prepared booklet which I am sure that you also received outlining in detail the many ways in which vote fraud could occur and urging each Chairman to be on the lookout for such possibilities.

Recent newspaper articles and information from various sources, including Secretary of State Ted Brown's office, seem to indicate that numerous instances of fraud quite likely occurred in Ohio. In view of the warnings which all of us received from the National Committee concerning the possibility of vote fraud, it seems to me that state Republican leaders should show more concern and interest in the vote fraud charges and they should desire to participate in investigating and prosecuting the offenders if the charges are accurate. Had the Republican

National Committee not suspected and spent considerable money and effort to warn of voter fraud possibilities, it would be easier to understand the attitude of Republican State Headquarters.

I would urge that each county chairman institute an investigation through their County Board of Elections as to the possibility of vote fraud in each county. If fraud has been committed in Ohio by organized labor leaders, union bosses, and other political activists, the Republican Party should assume a leadership role in attempting to prevent further spread of the fraudulent registration and voting practices.

Everyone is expecting the majority Democrats in the Ohio General Assembly to pass legislation permitting postcard registration and other liberal voter registration provisions. We are all aware that this will enhance the possibility greatly of fraud of and stealing of elections in Ohio. It is unbelievable to me that the Ohio Republican Party would stand back and not participate in an investigation as to the possibility of fraudulent election practices in several counties in Ohio. No one's vote is safe if such fraudulent voting practices are occurring and permitted to continue without opposition and indignation on the part of Republican state leaders.

I would urge that you contact your state committeemen and committeewomen as well as Chairman McGough at Republican State Headquarters, urging that the Ohio Republican Party participate in investigating voter fraud and if proven true, the prosecution of those responsible for such voter fraud in Ohio. Since our National Committee apparently had advance notice and warned us, we should at least follow through to the point of participating in the investigation in verifying if these national fears were justified.

(Signed) Robert E. Netzley

Paul Announces Election Contest

Dec. 2 — Following are excerpts of a statement made Nov. 24 by Rep. Ron Paul (R-Tx) at the opening of a press conference called to announce the Congressman's election contest:

I have called this press conference to announce that my attorneys will serve notice today on Mr. Bob Gammage that I intend to contest the election for Congressman for the 22nd Congressional District of the state of Texas....

By filing this legal action, we are alleging that there were so many void votes cast for my opponent that under law, the election results must be reversed. We have extensive evidence that several thousand void votes were, in fact, "cast" for Gammage. I am confident that the District Court will set these non-votes aside and the result will be that I am declared the winner of the election contest in the 22nd Congressional District.

Much thought and earnest consideration went into my decision to file the election contest. The decision was based on discussions not only with my campaign staff, my attorneys, and literally hundreds of people who actively participated in my campaign, but also with objective observers who were in a position to weigh the evidence and make judgments unfettered by personal or political interest. My purpose is not to fight out the election by other means but simply to see that the people's will is done in the 22nd congressional District. I believe every citizen is the loser — no matter what his politics — when ineligible or non-existent voters mark a ballot. The purpose of this contest is to vindicate the democratic process in Texas. I am optimistic that we will prevail....

Carter Team Covers War Drive With Vance Appointment; Soft Line Towards USSR

Dec. 3 (NSIPS) — Carter advisors James Schlesinger and his associates made very clear this week that if Carter is inaugurated Jan. 20, the U.S. will be locked onto a course for nuclear war. Schlesinger told a Princeton University audience Nov. 29, "America must regain the aura of power it has lost since Vietnam and the will to use its power." On the same day, retired admiral Elmo Zumwalt, a leading member of the Committee on the Present Danger (CPD), repeated this "get tough" theme at a Washington, D.C. conference on the U.S. and China. Another Committee member at the same meeting, International Ladies Garment Workers Union President Sol Chaikin, ranted, "We have to stand up to Soviet aggression whenever, wherever, it happens." Chaikin then assured a reporter who asked how his speech correlated with Carter's policies, "Don't worry, lady, we have our inputs into Carter." Two days later NATO commander General Alexander Haig warned the Chicago Council on Foreign Relations that the Soviets have a policy for military superiority and demanded a major U.S. drive for military buildup.

This week's round of warmongering has confirmed European fears that a Carter Administration would spell both financial and military disaster.

Soviet Communist Party leader Leonid Brezhnev, speaking to the U.S.-USSR Trade Council meeting this week in Moscow, denounced as "rubbish" demands that the U.S. should continue a military buildup to deal with a Soviet first strike. Brezhnev instead demanded immediate conclusion to SALT negotiations. Then in a message to Carter, delivered personally by Treasury Secretary William Simon Dec. 2, Brezhnev directly attacked Committee on Present Danger lies that the Soviets were planning to "test" Carter. The USSR would go out of its way to prevent crisis, said the Soviet leader (see Brezhnev speech below).

The growing danger of war and European and Soviet response to the CPD hardliners controlling Carter is terrifying the less manic layers in the Democratic Party allied with former New York Governor Averell Harriman. Denunciations of Schlesinger's Committee and suggestions that Harriman organize a committee countering the CPD were aired at Harriman's 85th birthday party and other gatherings this week. These Democrats have mobilized their press spokesmen to sound the alarm. Americans for Democratic Action founder Marquis Childs' column last week attacked the Committee on the Present Danger as a major force behind the military buildup push. Columnist Clayton Fritchey, who last week wrote an article demanding that the "one and only" Averell Harriman be a major cabinet member, published a Dec. 3 article in Long Island Newsday attacking warhawk Schlesinger. Fritchey is telling people that "the present danger is how seriously Carter takes people like Paul Nitze and Dean Rusk."

The clearest warning against the threat of war came from Democratic Party Foreign Policy Task Force member Charles Yost's Dec. 3 column in the Christian Science Monitor. Yost demanded that two immediate actions be taken for "durable détente" — reducing nuclear and conventional arms by concluding arms negotiations and putting strict limits on U.S.-Soviet competition in the Third World. The alternative, he warned, is nuclear war. "History shows no example of prolonged arms races between powerful states which have not eventually ended in war," he concluded.

Although these Democrats oppose hard-line warmongering which they know will lead to war, they are solidly behind the Wall Street economic policies which are propelling this war drive. They are using behind-the-scenes meetings and their press networks to capture control over the Carter Administration, hoping that their soft-line manipulations can impose the warhawks' debt collection policies, but without provoking a war.

In a major ploy to quiet these Democratic Party fears and to reassure the Soviets and Europeans that a Carter Administration does not mean war, Jimmy Carter yesterday appointed Cyrus Vance, a man the New York Times has built up as a moderate compromiser, as Secretary of State. Leading Harriman-allied Democrats have themselves been touting Vance for Secretary of State. One top Democrat hopefully declared yesterday that with Vance in, "Nitze and Schlesinger won't get near Carter." (For Vance's credentials as a nuclear war proponent, see below.)

The Rockefellers' cabal behind Carter has also been offering other key Administration posts to Fabian Democrats. In a television interview with Walter Cronkite, Jimmy Carter declared Nov. 29 that Averell Harriman would have an advisory role with the new administration, probably as a roving ambassador. Chicago Harrimanite Alex Seith and Carnegie Endowment for International Peace associate Thomas Hughes are being proposed by various hardliners for CIA posts.

The CPD has run a similar con game against anti-war Democrats around the issue of the still-to-be-concluded SALT negotiations with the Soviet Union. Carter has been programmed to avoid public statements that the U.S. will drop the SALT talks, using a soft line on the negotiations to cloak his backers' plans for an escalating military buildup. Columnist Victor Zorza characterized this disguised war stance last week, noting that the Soviet Union could be easily convinced to back down to Wall Street with promises of peace.

Republican Push to Upset Carter

A fight is now raging within the national Republican Party over the Labor Party-initiated legal effort to upset Carter's fraudulent Nov. 2 victory. The Republican National Committee met at least once this week to consider national support for the USLP suits. In an attempt to hold back this support, the Rockefeller cabal has been forced to expose its Republican Party agents, deploying them to arm-twist sympathetic mainstream party officials and to wreck the party machinery where necessary.

The Republican National Committee, the Electoral College, the Republican governors and President Ford himself have all been the targets of press and agent attacks as well as cabal operations to take over official party leadership. Former Texas governor John Connally, former Oregon Governor Tom McCall, and Illinois Governor Jim Thompson took the lead at the GOP governors' conference Nov. 29. These Rockefeller-allied spokesmen circulated lies that the 1976 election was a "devastating Republican defeat" and that the party would "face extinction" if it did not broaden its base by parroting the fascist programs of the Democrats. Connally also announced himself available for the Republican National Committee chairmanship. Since then, the major cabal press has created a phony two-way contest for the post, boosting both Connally and Wall Street operative Ray Bliss, the former Ohio GOP head.

President Ford has been subjected to a major press psywar job, praising him as a "noble loser" for not challenging the admittedly questionable election results. The Washington Post, New York Times and others have echoed the words of New York Post columnist Harriet Van Horne, "Given the inner torment, it is noble of Ford to discourage recounts in such tight states as Ohio and New York." At today's Plains, Ga. press conference announcing Vance's appointment, Carter himself eulogized the Ford presidency with nearly two minutes of saccharine praise for Ford's gracious behavior during the "transition period."

Ford is now being told by top Rockefeller insiders not to challenge the election because the Democrats could challenge the Republicans in eight close state races, knowledgeable sources report. Ford has also been warned that he would threaten national security by doing so. Ford was reminded this week when a man crashed his truck through the White House gates to "wake Ford up" that Rockefeller is prepared to go as far as assassination to put Carter in the White House.

In addition to Ford, key Administration elements, especially the Defense Department, Treasury and Internal Revenue Service, have come under increased scrutiny and criticism. Conservative and Republican congressmen are being held in

check with threats of scandals around South Korean bribery of congressmen, threats which escalated this week with the defection to the U.S. of the Korean intelligence agent who has been in charge of Capitol Hill operations.

Rockefeller faces an even more difficult problem with conservative rank-and-filers, and has surfaced every available "right cover" agent in unabashed defense of Jimmy Carter's victory. Under the direction of Council on Foreign Relations member William Buckley, Frank Donatelli, executive director of the Young Americans for Freedom (YAF), has threatened YAF members in Ohio and other states against working with the USLP on the vote fraud suits. Buckley's mouthpiece National Review is backing up his campaign with slander articles against the USLP.

In an attempt to round up these constitutionalist conservatives and herd them into a canyon, Buckley this week met with Ronald Reagan. Following the meeting Reagan announced a nationwide tour to "reorganize the GOP." Reagan's tour — bankrolled by a \$1 million war chest — is Rockefeller's second try at his Operation Sidetrack plan to divert Republican funds from USLP-GOP anti-fraud court cases. Reagan has made it clear that he is going for a complete destruction of the Republican Party — even including its name.

Who Is Cyrus Vance?

Dec. 3 (NSIPS) — It has been widely reported in the national press today that Cyrus Vance is the chosen successor to Secretary of State Henry Kissinger if James Earl Carter enters the White House on Jan. 20. The only change Wall Street attorney Vance is guaranteed to effect is the placing of the United States on its collision course toward thermonuclear war with the Soviet Union.

Vance is a ranking member of the UN Association Committee, the Rockefeller Foundation-funded counter organization to the Committee on the Present Danger. As retired General Ridgeway, a member of both groups, has said, "There is fundamentally no difference between the two organizations."

While the CPD and its members, like Eugene Rostow and Carter advisor James Rodney Schlesinger, vocally advocate a policy of massive arms buildup in preparation for military conflict, the UN Association Committee advocates a sounding out of the Soviets' position with a "Let's negotiate" line on the Strategic Arms Limitation Talks and the Mutual Balanced Force Reduction Talks — within the context of a massive arms buildup in preparation for a military confrontation. Vance's only role in foreign policy will be to wave the carrot of peaceful negotiation in front of the Soviets' nose, while "Utopian" war-monger Schlesinger, rumored as the next Defense Secretary, prepares to press the thermonuclear button.

Vance is nevertheless well-practiced in the art of "Utopian" war-making and diplomacy, having served as President John F. Kennedy's Secretary of the Army and later, under President Johnson, as the traveling troubleshooter assigned to such inter-

national hotspots as Greece during the 1967 NATO coup d'état, Cyprus, South Vietnam, the Dominican Republic, Panama, and South Korea. In fact, Vance was Wall Street's commanding officer in charge of the 1967 coup in Greece, which was code-named Operation Prometheus. With fellow Democrat Averell Harriman, Vance was the chief U.S. negotiator during the 1968-69 Paris Peace Conference on Vietnam, which he sabotaged with inflexible demands.

As the special advisor to the Carter campaign staff and member of the Democratic Party National Committee's Foreign Policy Task Force; Vance served as the primary conduit for the policies worked out at planning sessions of the Trilateral Commission and the Council on Foreign Relations, of which he is a member. Vance is counted among Rockefeller's top international policy formulators. As a member of the Board of Directors of the New York Times, Vance sees to it that these policy formulations are transformed into Rockefeller's version of the news and the appropriate psychological warfare campaigns against the U.S. population.

His international activities interface closely with his positions as a member of the Board of Directors of the Rockefeller Foundation and as a partner in the Wall Street law firm of Simpson, Thatcher and Bartlett. The firm represents the Wall Street investment concern of Goldman Sachs which houses such criminals as Henry Fowler, a founding member of the Committee on the Present Danger, and Ray Cline of the Center for Strategic and International Studies. Representing the genocide side of Carter's policy of war and fascism, the firm's other major client is the Lehman Brothers investment house. Lehman partner George Ball is a public advocate of Third World triage policies, endorsing William Paddock's program for the elimination of 30 million Mexican citizens.

How Carter is Organizing Congress Into a Reichstag

Exclusive to NSIPS

WASHINGTON, D.C., Dec. 4 (NSIPS) — The men who stole the White House for Jimmy Carter are now preparing to carry out a parallel coup against the U.S. Congress aimed at ensuring that the basic legislative underpinnings of the Carter program for war and genocide are "passed" during the early days of the new regime.

According to the battle plan devised by the Carter forces, the coup will be implemented through a sweeping reorganization of the structure and operating methods of both houses of Congress along lines now being proposed by Sen. Adlai Stevenson (D-Ill.), chairman of the Senate Select Committee on Committees, and Rep. David Obey (D-Wisc.), chairman of the Commission on Administrative Review.

Under the terms of the Stevenson and Obey plans — which were drawn up under the direction of "outside experts" from the Trilateral Commission and related Wall Street think-tanks, and modelled on the by-now-notorious government "restructuring" proposals advanced last year by the Murphy Commission for the Reorganization of the Government — all Congressional policymaking will effectively be consolidated in the hands of a few hard-core Carterites. This will be accomplished by: collapsing the existing 31 Senate committees into 14 super-committees, plus a Select Committee on Intelligence, and making their functions entirely coherent with the Carter legislative program; knocking out all potential anti-Carter Congressional forces through a reshuffling of committee assignments and chairmanships; severely limiting the number of committees and subcommittees on which a Senator can serve; placing harsh restrictions on Congressmen's freedom of movement and constituency contact; revising House schedule to force Congressmen to spend nearly all their time in committee so that the Carter legislative package is processed as speedily as possible.

Reasons For The Coup

Because the Stevenson and Obey plans have deliberately been made to appear as innocuous, rational, and non-controversial as possible, it is necessary to look beneath the surface at their real effect to understand why such bankers' mouthpieces as the New York Times and Common Cause are loudly clamoring for their implementation.

Given the current political climate in the country, with broad layers of the population being drawn into the U.S. Labor Party-initiated campaign to overturn the fraudulent election of Jimmy Carter, it would be extremely difficult for the Carter forces to ram their policies through Congress as that body is presently constituted. Despite ceaseless efforts by the Rockefellers and allied banking interests over the past years to rid the Congress of all those who tend to represent the interests of productive U.S. industry and agriculture, Congress still numbers among its members a substantial bi-partisan bloc which could be mobilized by mass political pressure to block the Carter program. In the eyes of the Carter camp, there are still too many Congressmen who represent constituencies ("special interest groups" in Washington Post-Common Cause parlance) other than the New York banks and, even worse, too many of these Congressmen hold key committee chairmanships and other leadership positions to permit the rapid, unobstructed, rubber-stamping of the Carter program.

Notwithstanding their pretensions to being reform measures for making Congress more efficient and more responsive to the

country over the long-term, the Stevenson and Obey plans are geared solely to the immediate necessity of getting the Carter program through Congress within the shortest possible time. Once that is achieved, Congress's usefulness to Carter will be over.

The Stevenson Plan

The guts of the Stevenson plan is an all-out assault on the Senate committee structure and seniority system, the two most fundamental components of the Senate operation. Recognizing that legislation is essentially made or broken in committee and that a committee's composition and chairmanship determines the fate of the bills referred to it, the Stevenson plan proposes to remake the Senate committee structure so that Humphrey-Hawkins and related Carter legislation will zip right through.

Furthermore, the Stevenson plan provides for eliminating all possible pockets of resistance to the Carter program by wiping out those committees which have traditionally been oriented toward the needs of the country's industrial, technological and agricultural interests such as the Joint Atomic Energy Committee and the Senate Space Sciences Committee, and sharply reducing the power of the individual Senators who speak for them.

According to Kenneth Gray, chief staff director of Stevenson's Committee on Committees, — whose members include Senators Brock (R-Tenn.), Cranston (D-Cal.), Domenici (R-NM), Hansen (R-Wyo.), Moss (D-Utah), Metcalf (D-Mont.), Nelson (D-Wisc.), Bentsen (D-Tex.), Chiles (D-Fla.), Goldwater (R-Ariz.), Packwood (R-Ore.) and Helms (R-NC) — the plan's chief objective is to "speed up the legislative process." Gray, a former aide to Sen. Hubert Humphrey (D-Minn.) — an ardent supporter of the Murphy Commission — readily admitted in a recent interview that the Committee has worked closely with Carter's transition team and his issues man, Stu Eisenstat and, as a result, its recommendations are "entirely compatible with Carter's plans for overhauling the federal bureaucracy."

The key elements of the Stevenson plan are as follows:

* Seventeen of the existing 31 Senate committees will be abolished completely, including: Aeronautical and Space Sciences; District of Columbia; Interior and Insular Affairs; Post Office and Civil Service; Aging; Nutrition and Human Needs; Small Business; Public Works; Veterans' Affairs; Standards and Conduct; plus seven Joint Committees, including Atomic Energy, Economic and Defense Production. Depending on their importance to the Carter camp, the functions of these committees will either be buried in the 14 new super-committees or integrated with other key policy areas.

For example: The nonmilitary aspects of nuclear energy research and development, including fusion power, will be transferred from the defunct Joint Atomic Energy Committee to the new Energy and Natural Resources Committee which will most likely be chaired by Sen. Henry Jackson, a vicious opponent of fusion energy and avid booster of the "Project Independence" type regressive energy development schemes favored by Nelson Rockefeller and his puppet-president-elect. The \$100 billion Energy Independence Administration boondoggle proposed by Vice President Nelson Rockefeller last year and successfully blocked by Congress will no doubt get an enthusiastic reception by the new Energy Committee.

On the other hand, reflecting the Carter forces' utter contempt for science and technology, these areas which were formerly handled by the separate Aeronautical and Space Sciences

Committee, will become one relatively-minor function of the new Commerce, Science, and Transportation Committee. As Stevenson Committee member Sen. Barry Goldwater pointed out when he refused to sign the Committee report, the Committee's failure to recommend the creation of a Committee on Science and Technology indicates that, though "the industrialized countries of the world recognize the relationship between R and D and their standard of living" and "the future of our country rests largely on developments in science, engineering, and technology.... Yet here in the Senate, we seem to be acting as though the Industrial Revolution had never occurred." Goldwater also took issue with the Committee's recommendation that science and technology R and D be put under one committee, while energy R and D be placed under another, since, "If we are to achieve energy self-sufficiency, many disciplines and technologies must be harnessed and work in unison...the separation of energy R and D from science, engineering and technology policy...creates a division where there should be unity."

Under the Stevenson plan, nuclear energy will be given priority only to the extent that it bolsters the "wunderwaffen" fantasies of the Carter camp's nuclear war proponents, as reflected in the fact that the military aspects of nuclear energy will be transferred from the Joint Atomic Energy Committee to the Senate Armed Services Committee.

* Under the guise of "developing integrated legislation and performing comprehensive oversight," in the words of the Stevenson report, the Stevenson plan will turn the Senate committee structure into an integrated machine for passing enabling legislation for the Carter forces' push for war and fascism. The report urges that those policy areas which are deemed most crucial by the Carter camp, including international economic policy, energy and human resources, which are now dispersed among nearly all of the present 31 committees each be consolidated under one of the new super-committees.

In addition to the proposed Energy Committee described above, two other Committees advocated by the report illustrate the point:

The Senate Banking Committee, already in the hands of Wall Street operative Sen. William Proxmire (D-Wisc.), will be given jurisdiction over several key policy areas, including international economic policy and defense production, in addition to the important powers it presently holds over banking, housing and urban affairs policy. Among other things these new powers will enable the Committee to pass the global "Big MAC" schemes advocated by the Brookings Institution to enforce debt payments by Third World and Western European countries to the New York Banks which have been successfully stalled thus far by anti-Wall Street forces in the Congress. While the proposal for giving the Banking Committee the current functions of the Joint Defense Production Committee might at first seem inappropriate, it actually serves to underscore that the inseparable relationship between the Carter economic policy, with its fundamental commitment to collect the debt, and the Carterites commitment to launch a nuclear war in order to do so.

The new Human Resources Committee which the Stevenson plan urges be established would be a Congressional version of the Department of Health, Education and Welfare, under Nelson Rockefeller's guidance in 1954 for the purpose of initiating pilot projects in "fascism with a human face." According to the Stevenson report, the Human Resources Committee would have "comprehensive policy responsibility for education and training, health, aging and problems of the elderly, income maintenance, Native American affairs, and employment and unemployment." This would "assure a central focus in the

Senate for matters concerning labor and employment." In other words, the Human Resources Committee would become the central processor for the myriad of slave-labor programs for the elderly, welfare "cheats," unemployed youth, and laid-off adult workers which Carter's economic policy-makers at the Brookings Institution are cranking out. The new Committee will also handle the complementary brainwashing and outright genocide programs which the Carter camp is pushing, such as heroin-maintenance programs for drug addicts, behavior modification "education" programs, and "right-to-die" legislation.

* The Stevenson report proposes that Senators be permitted to join no more than two Senate Committees. The aim of this proposal is not to "reduce present wasteful demands on Senators' time," but to prevent any anti-Carter Senator from "interfering" in the key policy areas, such as international economic policy, energy, and employment programs. Since, as described above, these areas will be handed over to just three or four committees with a total membership of approximately 40-60 Senators, the purpose of the limited-membership rule is to prevent those anti-Carter Senators who may have had jurisdiction over one of these areas as a member of a disbanded committee from regaining a say in these matters by joining one of the new committees. Instead of having almost the entire Senate involved in these all-important policy areas to some degree as is presently the case, the Stevenson plan would permit only the most trusted Wall Street operatives to do so.

* The Stevenson plan proposes to abolish the present Senate rule which provides that 18 of the existing Senate committees can each name three committee members to serve on the Senate Appropriations Committee when it is voting funds for the government agencies under these committees' jurisdictions. The proposal, which has received accolades from the New York Times, is aimed at giving the Carter forces full budgetary control over all government bureaucracies so as to prevent expenditures on programs such as fusion R and D, while simultaneously blocking the development of any independent power bases within the federal bureaucracy which might challenge Carter by keeping all patronage and "pork barrels" in the hands of Carter supporters.

Not surprisingly, the Stevenson plan enjoys the enthusiastic support of Common Cause, the New York Times, and the Washington Post — all die-hard supporters of the Nuclear peanut. Common Cause is especially gleeful over the prospect of destroying the Joint Atomic Energy Committee ostensibly because it is the "captive of the nuclear energy industry" according to Common Cause director Fred Wertheimer, but actually because the Committee has provided the sole forum for proponents of fusion energy in the Congress.

Congress, Obey!

While Stevenson is personally vowing to paralyze all Senate activity when it convenes next month until it takes up his proposals, his House counterpart, Rep. David Obey, is taking advantage of the Congressional recess to push his restructuring proposals by holding a series of public hearings, whose featured witnesses include Common Cause's Wertheimer and David Broder of the Washington Post.

Obey's proposals, released last week, are the first phase of the work of his Commission on Administrative Review, which was established by a terrorized Congress in the wake of the Water-gating of Rep. Wayne Hays (D-Ohio) last spring, and whose "public" members are Lucy Wilson Benson of the Trilateral Commission and Common Cause and Robert W. Galvin, chairman of the Motorola Corp. and a prominent member of the American Security Council, an arm of the Rockefeller "right wing." According to Obey, his initial proposals are the "opening

volley of an all-out attack on the administrative structure of the House" leading to a restructuring of the House committee structure along the lines of the Stevenson plan by next year.

While not as sweeping as the Stevenson plan, the initial Obey proposals are all clearly geared to facilitate speedy passage of the Carter program by making Congressmen spend far more time in their committees working on the Carter program. To this end, Obey urges that: 1) the House floor schedule be restructured "to provide more time for committee business at the beginning of the session and more time for floor business later on as the House approaches the legislative deadlines imposed by the Congressional Budget Act"; 2) Committees be permitted to meet while the House is in session unless 10 members object. Under present House rules, a single member can prevent committees from meeting while the House is in session. The purpose of this proposal is to make it easier for pro-Carter Congressmen to force committee hearings and thus hasten processing of the Carter legislative package. 3) the House Leadership establish "a firm schedule of Washington and district work periods for the entire session." This proposal, expected to be the most controversial, is a direct attack on the fundamental principles of constituency-based politics, the mainstay of a bourgeois democracy, since it would place official restrictions on when a Congressman could return to his home district to hear the views of his constituents. As such, it is aimed

at keeping Congressmen isolated on Capitol Hill in an environment controlled by the Carter camp, far away from the pressures exerted by the electorate.

Battle Over Congressional Leadership

Buttressing the Stevenson-Obey "reorganization" campaign, other Carter cronies, including Senators Edward Kennedy (D-Mass.) and Hubert Humphrey, are fighting to capture key Senatorial leadership posts now in the hands of conservative Democrats of Republicans, or vacant due to retirement or electoral defeat.

The most important Senate skirmish is between Humphrey and Sen. Robert Byrd (D-W.Va.) over the post of Majority Leader. Although ill with cancer, Humphrey has decided to keep Byrd out of this powerful position for fear that it will provide a rallying point for conservative Democrats and Republicans to block the Carter program. Furthermore, since the Majority Leader plays a pivotal role in determining committee assignments, the conservative Byrd could well interfere with the best-laid plans of Stevenson and other Carter rodents.

Also being challenged by their Carterite colleagues are conservative chairman of committees that will continue to exist under the Stevenson proposal, including Sen. Russell Long (D-La.), chairman of the all-important Senate Finance Committee which would have to pass on much of Carter's economic legislation.

Schlesinger Threatens USSR With U.S. "Aura of Power"

Exclusive to NSIPS

Dec. 4 (NSIPS) — In a three-day lecture series in Princeton, N.J., former Secretary of Defense James Rodney Schlesinger laid out the basis of his military strategy — bluffing the Soviets and using the United States' "aura of power" to terrify European and Third World countries into obedience to American will.

The theme of Schlesinger's first lecture Nov. 29, was that the United States had to develop sufficient will to use military force to terrorize its allies and opponents. Schlesinger first attacked the American population as a whole for believing in a role for morality in international affairs, and emphasized that in the period since the end of the Vietnam war, the U.S. had lost its will to use power. He denied that the main role of armaments was to fight wars, a view he credited to the Brookings Institution. Instead, the primary role of armaments is psychological — to create "an aura of power." "At no time could the Roman Empire have defended all its borders from simultaneous attack, but the empire flourished because it had the aura of power, the ability to strike terror into the hearts of the enemy." It was this aura which the United States must reacquire, the willingness to use force. On this basis, Schlesinger said, the "internal stability" of Western Europe and the Third World would be guaranteed through fear of American arms. "If we still had the aura of power we had in the 1950s the Third World and Western Europe would not be giving us the problems they are now."

Schlesinger made clear exactly what policies he wanted to impose on the rest of the world with the U.S. "aura of power." He insisted that NATO be used to "coordinate European political decision" and dismissed any realignments of Europe away from the U.S. as impossible. "When they yell about their being dominated by the U.S. then the Europeans are happy," he proclaimed. He identified the basic problem which must be solved through this coordination as the "balance of payments questions" and North-South relations. There could be no question of any moves towards a new world economic order, Schlesinger stated flatly. "The new world economic order is nothing — its just a lot of rhetoric. It will never exist."

The prerequisites to reestablishing the desired aura of power,

Schlesinger emphasized, is a massive arms build up and the willingness to use nuclear weapons. In his third lecture Schlesinger again attacked the American people for lacking the "moral enthusiasm" necessary for war, or for a sustained armaments build up. He dismissed fears of nuclear warfare. "There is nothing new about nuclear war," he said, "every war since World War II has actually been a nuclear war since, as in Korea, nuclear weapon use was actively considered. In Korea it may have been a mistake not to use the bomb, but our stockpile then was too small."

Schlesinger analyzed the possibilities for the use of nuclear weapons in the present situation, and particularly pointed to the possible use of "tactical weapons" in wars in the Third World.

In reply to questions on the Soviet response to any U.S. initiated "limited nuclear wars," Schlesinger exposed the basic assumption of his belief that the U.S. can dictate policy to the world — **the incredible idea that the Soviet Union is too weak militarily and too unwilling to use its might to threaten the U.S.** When challenged by an NSIPS reporter as to how he could advocate tactical nuclear war when the Soviets have plainly warned that any war between the U.S. and the USSR would immediately lead to a general strategic nuclear attack on the United States, Schlesinger said flatly that the Soviets were bluffing: "Yes, the Soviets say that if there is war, it will automatically become general, but they don't mean it. What they say in peace and what they do in war are different. In reality they won't attack us even if there is a limited use of nuclear weapons."

Schlesinger was questioned further by NSIPS as to how he can assert the Soviets are bluffing when such items as the recent Boeing report to Congress have shown that in a general nuclear war, Soviet superiority will lead to 160 million U.S. casualties and fewer than 10 million Soviet deaths. Schlesinger replied by dismissing the hard facts of reality by more soothing fantasies. "No matter what any report says, the Soviets know we can blow them to smithereens so they won't dare go to all out nuclear war," he swaggered. "Any Soviet who has had the searing experience of the Nazis at their gates would not launch a preemptive strike."

U.S. Economic Collapse Set for January



Dec. 4 (NSIPS) — Barring immediate U.S. participation in successful negotiations for a new world economic order, large-scale auto layoffs in the next two months and the sharp decline of world trade, including U.S. exports, will most likely be the final shove which will plunge the U.S. economy into a new deep depression. Auto production is the main reason the current rapid decline has not proceeded at an even greater rate. However, due to the continued low-level of auto sales, further sharp cutbacks in production are almost inevitable. This week alone, Ford and American Motors announced plans to layoff an additional 6,000 workers next week, while Chrysler and General Motors will have 4,300 and 3,500 workers idle, respectively. Continued auto cutbacks would quickly result in steel and machine tool shutdowns, two industries which are barely hanging on in expectation of increased auto orders.

Overall, U.S. manufacturers are now in a worse position in terms of their inventory-sales ratio than in October, 1974, immediately prior to the huge collapse at that time. Commerce Department figures released Dec. 1 show a 0.9 per cent increase in inventories for October, combined with a 0.3 per cent decline in shipments. Inventories have now increased about 5.5 per cent at the manufacturers' level since April, while shipments have declined. Industrial production has declined 0.2 per cent in September and 0.5 per cent in October as industry has unsuccessfully attempted to stem the inventory buildup. Although official unemployment increased to 8.1 per cent in November, industrial production will continue to be slashed in December. Retail sales for large chain stores in November reported this week were poor, indicating a continued buildup on top of the estimated \$15-20 billion inventory overhang in the economy. The National Association of Purchasing Managers, a key trade group has reported that industrial orders continued to drop in November.

The auto layoffs this week quickly popped the propaganda bubble that the auto companies had put out just a week earlier throughout their plants and in the press that production would continue to pick up substantially through the first quarter of 1977 in order to build up stock for an expected spring sales pickup. The simple facts of the matter are that auto sales, which have been running at around 8 million units per annum for domestic producers for several months, cannot substantially pick up in the future and more likely will decline, especially if there is any significant oil price hike.

Thus, the automakers' announced plans to build cars at the rate of 9.5 to 10 million units per year is totally unfeasible, and

would quickly lead to the buildup of inventories to levels which the auto industry would find intolerable. Especially indicative of the actual situation in the industry is the announcement of a Ford plant closing next week, so shortly following the four-week long United Auto Workers strike which supposedly depleted Ford car stocks. Essentially, the equivalent of a Ford strike to shut down production will occur again, this time without the excuse of a strike to bolster the propaganda line that everything is okay.

Spreading layoffs, of course, become self-feeding. The layoffs collapse income, which further cuts back sales, which produces new layoffs, etc. The most recent figures on employment are especially disconcerting since they show that the jump in unemployment in November was largely concentrated in the most crucial category, adult males, due to the large layoffs announced following Carter's fraudulent "victory" Nov. 2. The decline in the income of these heads-of-households comes on top of a situation where per capita real disposable income has totally stagnated while consumer debt expansion has greatly increased over the past year. The collapse of "consumer confidence" with the collapse of consumer income was reflected in a Harris poll released this week, where 70 per cent of those surveyed felt the economy is in a recession.

The weakness in auto will quickly rebound in steel. At present, with total orders for steel now lower than previously expected, steelmakers are slashing their production rates in an attempt to reduce excessive mill inventories. Orders for flat-rolled steel, that is, the steel used in autos and home appliances, is all that has been preventing the total collapse of this sector — flat-rolled now accounts for 50 per cent of U.S. steel shipments, compared with a usual 35 per cent. Demand for steel used in construction and capital equipment, the other major categories, is basically still totally flat. The steelmakers have been living off the hope of new auto orders. For example, there was a 2.1 per cent increase in orders for durable goods in October reported by the Commerce Department this week. But, these orders are totally "soft," and will be cancelled at a moment's notice — as the Wall Street Journal noted this week in connection with the recent steel price boost.

The weakness in autos and other basic consumer industries in the next few weeks will force manufacturers to sharply scale back their capital spending plans. A Conference Board survey released this week showed that capital authorizations, that is, plans for future spending, were cut by 9 per cent by the 1,000 largest manufacturers in the third quarter, a whopping 18 per

cent excluding the petroleum industry, which has been artificially boosted by the high rigged price of oil. The fourth quarter will be even worse than the third, as business conditions have only recently sharply deteriorated. The announcement yesterday of a continued rapid rise in the wholesale price of industrial commodities will further increase fears and cutbacks. With these cutbacks, the bottom of the economy will have fallen through.

The only ameliorating factor which has prevented a Fall, 1974 collapse from already having occurred is the improved liquidity position of nonfinancial corporate business. Although the inventory position of industry in Fall, 1974 was slightly better than today, the liquidity position was considerably worse, and under tremendous pressure to repay billions of dollars of short-term debt to the large commercial banks, industry panicked, slashing production at an incredible rate to get instant cash to pay off their loans.

Although industry has considerably improved its liquidity position by liquidating huge amounts of bank loans while floating record amounts of bonds, greatly improving their cash position, several points are relevant. First, industry's cash position can degenerate very quickly during a downturn. In the third quarter, the annual rate of increase of liquid assets of nonfinan-

cial corporate business fell precipitously, from a seasonally adjusted average rate of \$21.5 billion over the last five quarters and \$20.2 billion in the second quarter of 1976 to \$4.5 billion. Second, industry is determined not to get into the liquidity bind that it did in 1973-74, and for that very reason will slash production and cut capital expenditures as if the liquidity ratios, which by historical standards are bad enough, were even much poorer.

That, of course, is essentially what has been going on throughout the so-called "recovery," when industry tried every trick in the book to avoid getting caught in a financial bind — the result being, inevitably, that there was actually no recovery and the new downward wave of activity is starting from a much lower base than 1974.

The other side of this process is that it would take absolutely massive amounts of credit creation by the Carter Administration to have any significant effect on economic activity. One major econometric firm has calculated that something on the order of a \$50 billion tax cut, i.e. a \$120 billion-plus Federal Deficit, combined with a 9 per cent growth in M1 would be needed. This is obviously insanely hyperinflationary, but gives a good idea of the parameters of the problem. If Carter goes with such a "solution," the cure will be worse than the disease. Otherwise, the collapse will proceed apace.

The Last Annual Congress of American Industry

NEW YORK, Dec. 4 (NSIPS) — The National Association of Manufacturers held its 81st Annual Congress of American Industry here over Dec. 2-3, with no notice from the press. Indeed, the purpose of the Congress was purely internal. The meeting was a thorough brainwashing session conducted by leading anti-business agents such as Fabian Buckley "Conservative" George F. Will; vice chairman of U.S. Steel R. Heath Larry, a life-long "industrial relations" expert; and Fabian Congressman Brock Adams (D-Wash.), head of the House Budget Committee. These men and others to follow hammered away at the same demoralizing themes: the election is over; the Republican Party is dead; business will forever be held in low esteem after Watergate; and businessmen can live with Jimmy Carter.

This pathetic spectacle culminated in the travesty of the installment of R. Heath Larry as NAM's chairman for 1977. A lawyer and industrial relations man and participant in the Council on Foreign Relations and in the agent-dominated International Labor Organization, Larry is a dubious representative of the interests of the U.S. manufacturing industries. Earlier this year Larry told NSIPS that he had no interest in seeing world production and trade expanded through an International Development Bank arrangement. "We're in this for the paper," he quipped, blithely adding, "You can't eat steel."

The only rips in this tightly controlled environment were the acute indictment of Keynesian paper creation by James T. Lynn, President Ford's director of the Office of Management and Budget, and the discussions on the vote fraud investigation between representatives of the Committee for a Fair Election and a handful of businessmen who asked, "Can it really be done?" In contrast to all the other speakers, Lynn had only one thing to say about Carter's "victory": "I ask people not to call me Jimmy any more."

The NAM conference is one staged effect in a broad public relations campaign by the Carter forces to cajole, lull, seduce,

and otherwise dupe businessmen into accepting a Carter Administration. At his press conference Dec. 3, the free-wheeling peanut farmer said repeatedly that he would not ask the Congress for the power to impose mandatory wage and price controls, thereby backing off from his warning to the steelmakers who raised prices on flat-rolled steel on Dec. 1 and doing a 180 degree turnaround from his position throughout the campaign. "I believe in a free market system and always have," Carter reassured the business community.

Some businessmen may have been conned into thinking that Carter's reversal was a victory for business; but Carter's preference for "quiet" talks with business and labor on "voluntary" restraint is the foot-in-the-door for the full range of anti-business, anti-labor programs that Carter is committed to imposing on behalf of his backers in Lower Manhattan. In a personal note to New York Governor Carey, Carter recently expressed his desire to meet the governor to hash out how to act on the Felix Rohatyn plan for the Northeast. This plan — which sane industrialists would regard as decisively unfriendly — would phase out technologically advanced productive industry and usher in labor-intensive railroad building and inefficient energy "development" schemes.

The agents at the NAM conference first concentrated on selling Carter by defeating any notions that he might not be the only available product on the line. George F. Will, formerly of Rockefeller-agent William Buckley's National Review and now a columnist for Newsweek, the Washington Post, and other leading Atlanticist publications, drummed into everyone's head the litany that the election is over and the Republican Party has lost — howbeit with honor! "Sometimes I ask myself why I am a Republican. I guess it is because I liked to be on the losing team when I was young." Will then cited the "rich precedent" of John F. Kennedy, the Democratic president who gave business a tax cut — which Jimmy Carter is now talking about doing — and

who appointed as his Treasury Secretary Douglas Dillon, the conservative investment banker, another Rockefeller-family ally.

With the first punch delivered, R. Heath Larry issued a zero-growth apologia, telling the assembled manufacturers that high on their list of priorities should be the problems posed by "our growing industrialization" and "our growing population."

NAM Washed Up

The NAM was once the stronghold of production-minded conservative Republicans, but it has come increasingly under monetarist control. A complete merger of the NAM and the New York and Washington-oriented Chamber of Commerce of the U.S. was forestalled this year because of the uproar from traditional NAM members, but the NAM as a spokesman for the interests of manufacturers has been destroyed. "Now we have banks, beauty parlors and insurance companies in here," complained one disgruntled member from Nebraska. This is the last annual conference the NAM will hold, a spokesman for the organization explained, because most companies are now run by professional managers who are constantly travelling around and in touch with each other.

Outgoing chairman Richard Kautz, chairman of Grain Processing Corporation in Muscatine, Iowa, opened the conference with a completely contentless speech, overflowing with rhetoric about "inventing the future" and the glories of the free enterprise system. Agents like Will and Larry easily manipulate the members by injecting a few references to excessive government spending, the hundreds of billions of dollars of unfunded liabilities in the social security system, or the communist menace.

One important function of this NAM conference was to screen businessmen out of real politics and involve them in trivial local issues. This conference attested to the fact that the watertight of Richard Nixon and the witchhunt against corporations that followed was deliberately designed to get U.S. businessmen out of politics and to pave the way for the massive vote fraud that took place at the polls this Nov. 2. Publicly at least, all but a select handful of NAM members were swallowing the line that this was the cleanest election in history, because post-Watergate election "reform" took big corporate money out of politics. This line was put forward explicitly at a session misnamed "Business and Politics" by David Ignatius, writer for the Wall Street Journal, the paper which "molds" the opinion of businessmen across the country.

Ignatius opened his remarks with the incredible statement, "No one has yet written the story of how we happened to have such a clean election, the question of the gentleman at lunch aside" (referring to a representative from the Committee for a Fair Election — ed.). John Sears, former campaign manager of Citizens for Reagan, which is now encouraging a divisive split off of conservatives from the mainstream of the Republican Party and discouraging the vote fraud investigation, urged businesses to set up "PACs" (Political Action Committees legalized under the new Federal Election Law) to foster "permissible" campaign fund raising and other political ac-

tivities within their corporations. Sears stressed the importance of involvement in local races and local issues.

Fabian Congressman Brock Adams was present to reassure the audience on the immediate economic front. He told the audience that his Budget Committee was engaged in a continual effort to discover whether the spending shortfall in the 1976 budget had been responsible for the recent "pause" in the economic recovery. Oozing with false sincerity he said, "You should not be fearful. You are dealing with a pragmatic man, with an engineering background... We're going to be very cautious."

The majority of the businessmen present were falling for this line too. On the second day of the conference the NAM enthusiastically circulated the results of a questionnaire on economic expectations. Of those members responding, 94 per cent said they believed the "uptrend in business activity will prevail into next year." These businessmen are in for a big shock at the end of this month when the bottom falls out of the auto market and the economy enters a new collapse phase.

James Lynn, who has been working continuously on the 1978 budget with President Ford in recent days, injected some reality into the proceedings. He said the deficit in the current year's budget would not be the \$50 billion originally projected by the Congressional Budget Office, but closer to \$60 billion (even that is a very conservative estimate — ed.); and that the deficit in the 1978 budget could be as high as \$60 billion even without any new spending programs. "We are practically at the point where ten cents of every dollar the government spends goes to pay interest on old debt," Lynn said. "This interest is financed through ever-increasing taxes on income." Lynn laid out other aspects of the inflationary mess produced by three decades of Keynesian deficit spending: investors can get a higher yield putting money into savings and loan institutions than investing in corporate equity; the real profits of corporations, as opposed to the earnings they report to enhance their price-earnings ratios, are abysmal and insufficient to allow any increased investment in new plant and equipment.

Beginning...

In next week's issue of *NSIPS Weekly*

WASHINGTON WEEK

an exclusive column prepared by the *NSIPS* Washington Bureau on the watergates you won't read in the press

Warsaw Pact Proposals to West for Peace

Dec. 4 — In the last issue of the NSIPS weekly report, portions of the Warsaw Pact Communiqué which covered economic cooperation were printed. The following excerpts from the communiqué on military and armaments are reprinted below:

There still exist forces of reaction, militarism, and revanchism, which are trying to create new conflict situations, escalate the arms race, cast into doubt the sovereignty of states and inviolability of existing borders... These forces are provoking interference in the internal affairs of states, and would like to dictate to the peoples, what internal order ought to exist in one country or another, and what parties may or may not participate in government activity.

The most acute and pressing task of today remains the cessation of the arms race and implementation of disarmament, above all nuclear disarmament, which averts the threat of world war. Without this, it is impossible truly to make irreversible the positive tendencies in the development of international relations, and genuine security in the world cannot be ensured.

The peoples clearly see the responsibility of the most aggressive imperialist circles. If our countries have to take measures to strengthen their armed forces, diverting substantial funds from the national economy, and the constructive goals of socialist and communist construction—this is exclusively in the interests of reliably defending the peaceful labor of their peoples and containing the forces of militarism and war.

We are convinced opponents of the arms race... We consider that real preconditions for reduction of arms stockpiles exist... These preconditions are to be found in the broad aspiration of the peoples towards peace, and in the realities of the nuclear

age, when any military conflict can spill over into nuclear cataclysm, with catastrophic consequences.

The Warsaw Pact member countries advocate the reduction and liquidation of nuclear weapons, and a general and total ban on testing them. They are for strengthening provisions against nuclear weapons proliferation, on the condition that all countries have access to the use of nuclear energy for peaceful purposes, without any discrimination, under effective international control.

Guided by the aspiration to take a new effective step towards eliminating the threat of nuclear war, they propose to all countries which signed the Final Act (at Helsinki), to adopt a treaty barring the first use of nuclear weapons against each other, and express the hope that this proposal will be met positively.

The interests of deep normalization of international relations require overcoming the division of the world into opposing military blocs. The participants of the Political Consultative Committee session affirm their preparedness to dissolve the Warsaw Treaty Organization simultaneously with dissolution of the North Atlantic Treaty Organization, and as a first step, to liquidate their military organizations. They call on all states to undertake no actions which could lead to an expansion of existing or creation of new closed grouping and military-political alliances. One practical step in this direction would be the simultaneous cancellation of Article 9 of the Warsaw Treaty and Article 10 of the North Atlantic Treaty, which permit the expansion of participants through admission of new states. The Warsaw Treaty members are ready to enter the appropriate negotiations on this question.

Brezhnev: Wait for Answer on First Strike Ban

Dec. 4 — The following are excerpts of the speech by Soviet Union Communist Party General Secretary Leonid Brezhnev before the US-USSR Trade and Economic Commission as published in Pravda Dec. 1:

...We last met with you, respected members of the Commission, two years ago here in the Kremlin. That meeting was memorable to me, as was the good talk I had with leading representatives of the American business world in Washington in 1973.

It must be stated that I consider such contacts important, particularly from a political point of view, since I understand very well the great role which businessmen play — or can play — in the normalization of peaceful cooperation between states and between peoples. An analogous view was expressed in the letter I received today from President Ford....

Various solid deals have been concluded with American firms, including almost a billion rubles worth of various kinds of equipment to be supplies to us in the immediate years ahead.

Perspectives for the future could be quite good — if normal conditions were created for this by the American side. In this Five Year Plan, that is until 1980, we propose to increase trade

with the developed capitalist countries by over 30 per cent. According to the estimations of our organizations, the volume of our trade with the USA in industrial production and raw materials alone could be about \$10 billion, if not more. We would be ready to develop economic, technical, and industrial cooperation with you, including compensation deals, in many branches of industry....

But of course, this will only be possible if the main question is resolved: if the USA puts an end to discrimination towards the Soviet Union in questions of trade and credit allocation. The promises of the U.S. government in this connection, which were made as early as 1972, remain unfulfilled at this time. And this, of course, seriously hinders the development of our trade with you, and economic relations in general....

In sum, according to various calculations, American firms over the past two years have lost orders from our country amounting to a total of one and a half to two billion dollars. Whether this is a lot or a little is for you to judge...

We are now living to a large extent on what might be called old capital. For example, equipment for a chemical complex, for the KamAZ (Kama River truck plant — ed.)...and various other facilities has been supplied almost completely according to

contracts signed even before the USA introduced its discriminatory trade legislation.

Thus correcting the abnormal situation is up to the American side. We are ready to move ahead to develop economic ties in various directions, to trade with both large and medium-sized firms, but only on the basis of full equality and mutual benefit. And, of course, we resolutely reject any attempts to link trade with any sort of political conditions, and we will not permit any kind of interference in our internal affairs. This must be made clear once and for all....

Some are maliciously spreading notions about some kind of military threat that supposedly emanates from the Soviet Union, as if our country were interested in continuing the arms race. They are even putting out scare stories about some sort of Soviet "preparations for a first nuclear strike" on America. For whom and why it is necessary to babble such rubbish, I do not know, but the fact is that such chatter does exist.

The absurdity of such fabrications, one would think, are obvious. They contradict the whole policy of the Soviet Union, which is directed at reducing, and ultimately also fully eliminating the threat of nuclear war, at curtailing the arms race, at the development of peaceful coexistence between states....

As concerns the Soviet-American dialogue, we have proposed to the USA to mutually renounce the creation of new generations of atomic submarines like the Trident and new heavy bombers like the B-1, as well as the corresponding types of Soviet submarines and bombers. We have proposed the mutual withdrawal of all nuclear-arms-bearing ships from the Mediterranean. All these proposals remain in force.

A new indication of the peace-loving character of our policy is the proposal made by the Soviet Union and its Warsaw Pact allies to all participants in last year's Helsinki conference, including the United States — to conclude a pact on non-first use of nuclear weapons against each other. We await an answer to this proposal and we hope that it will be positive.

Thus talk about some kind of sinister plans of the Soviet Union in relation to the USA is pure invention. And malicious invention at that. For it provides a cover for unbridled inflation of military budgets and further arms buildup. And that is a dangerous thing. It cannot be rule out that by raising a hue and cry about imagined Soviet intentions, some in the United States are themselves fostering plans of a "first strike" without being aware of the consequences. As for the Soviet Union — and I want to repeat this with all forcefulness — it has been and remains a

convinced opponent of all such adventurist conceptions, as of nuclear war in general. We adhere to the agreement with the USA on averting a nuclear war, and we presume that the American side too will fulfill its obligations under this agreement.

We highly value what has been done by our two countries to lessen the threat of nuclear war. We are ready to go further in this direction, in cooperation with the new American administration, if it too will act in this spirit. The Soviet Union believes that efforts must be stepped up to conclude a new agreement on limitation of strategic offensive weapons on the basis which was agreed upon not long ago at Vladivostok. We think that it is time to put an end to the nearly year-long "freeze" that Washington put on this important question. The Soviet Union is ready to discuss new possible steps to effectively prevent the spread of nuclear weapons across the planet, and also other measures to lessen the threat of nuclear war....

Uruguay CP Chief: SATO Augurs World War III

The following is a paraphrase of an interview with Prensa Latina, granted by Rodney Arismendi, Secretary General of the Uruguayan Communist Party, on Nov. 30 in Havana, Cuba.

The attempted politico-economic integration of the Latin American Southern Cone threatens the sovereignty of the nations of that region. The multinationals, Washington and Brazilia would be the main beneficiaries of this tendency, pushed mainly by the military governments of Brazil, Chile, Uruguay, and Bolivia.

The Brazilian military has extended its zones of influence in the Cone, with the aim of achieving a politically and economically interrelated area of which Brazil would be the center.

The possible creation of a South Atlantic Treaty Organization is a threat to international peace and détente. Public opinion and progressive governments should impede any economic or political military alliance of governments who in the name of so-called Western Civilization, augur the imminent beginning of World War Three.

Palestinian Issue Near Resolution

Exclusive to NSIPS

The final major impediment to the rapid reconvening of a Geneva conference for a settlement in the Middle East is the thorny question of the participation of the Palestine Liberation Organization in peace talks. The crucial linked question of the PLO's continued existence as an autonomous political entity, is on the way to being resolved, due to delicate pro-PLO intervention by Egypt and Saudi Arabia within the Arab sector, and due to the international support for the PLO by the Soviet Union and its Warsaw Pact allies.

In an uncharacteristically informative report, the New York Times' Henry Tanner from Beirut, Lebanon, claims today that Egypt, backed up by the Saudis, has won a battle within the Arab world for a recognition of the ultimate independence of a Palestinian state formed in the currently Israeli-occupied West Bank and Gaza strip territories. Tanner reports that the Egyptian position prevailed over attempts by Jordan and Syria to subsume any Palestinian entity under the umbrella of a Syrian-controlled confederation. Syrian domination of the PLO has been the key ploy in Secretary of State Kissinger's efforts to manipulate Syrian dictator Hafez Assad for the creation of a continuing crisis in Lebanon.

Tanner further reports that three of the four largest Palestinian commando groups — El Fatah, the leftist Popular Democratic Front for the Liberation of Palestine, and the Damascus-based Saiqa group — have reached an agreement on working towards an independent Palestinian state in the West Bank and Gaza, a policy that implicitly recognizes the state of Israel and departs from previous Palestinian policy calling for a "democratic secular state" in all of Palestine, which had been consistently rejected by the U.S. and Israel. Tanner reports that a "virtual consensus" has been reached throughout the Arab world on the independent state policy. Tanner includes Iraq and Libya in this consensus, a highly unusual gesture from a newspaper which has repeatedly sought to implicate Iraq and Libya in extremist Palestinian terrorist activity.

The Egypt-Saudi-PLO diplomatic efforts coincide with a series of significant shifts within both Jordan and Israel that are rapidly creating the conditions for a Geneva conference by early March, 1977, the date upon which both the governments of Egypt and Israel came to agreement during this past week. According to yesterday's Baltimore Sun, a substantial faction of Jordanian bankers and ministers, congregated around Prince Hassan, the brother of Jordan's King Hussein, want to relinquish any Jordanian claim over the West Bank and to allow this area to be handed over to Palestinian leaders. This faction, which is believed to be closely connected to British banking houses from the days of British control over Jordan, is reportedly more concerned with Jordanian national development than with the various schemes for joint Jordanian-Israeli control over the West Bank that have repeatedly been floated by Rockefeller-linked U.S. policymakers and Israeli warhawks in the past few weeks. An important input into the Jordanian internal situation over the past month has been the unprecedented visits to the country by delegations from Poland, the German Democratic Republic, and Hungary, all to discuss economic development.

Simultaneously in Israel, Premier Yitzhak Rabin over the past week has initiated a decisive and noticeable turn toward

advocating policies for overall settlement of the Mideast crisis based on regional economic cooperation and development. Rabin is reliably reported to be backed by a strong Israeli nationalist faction that is favorable to relinquishing the territories occupied by Israel since 1967. While Rabin has dangerously maintained his public refusal to deal at all with the PLO, informed sources in the American-Israel Public Affairs Committee — the key institution in the U.S. Jewish Lobby — suggested this week that in the changed atmosphere evolving now in Israel, a solution may soon evolve in Israeli-Palestinian negotiations. If the Arab countries propose that Israel negotiate with the Damascus-based Palestine National Council, "70 per cent controlled by Fatah," rather than the PLO itself, Israel would have no choice but to open negotiations with the Palestinians, since a vast majority of Israelis support discussions with the Palestinians, "no matter what the right wing thinks," the source insisted.

In totality, the above developments seriously undercut the Kissinger scheme to have Assad control the Palestinian movement and the plans to use Syrian pressure on the PLO as a means of igniting further combat in Lebanon. This policy line was conducted by West Germany's *Suddeutsche Zeitung* today, which reported an Assad-Arafat "power struggle" for the PLO. On Nov. 24, Syria's government-controlled *Al Baath* newspaper editorialized in favor of surgically cutting the PLO away from the Palestine National Council, i.e., destroying the PLO as an institution. This policy would have necessitated a new round of Palestinian-Syrian warfare in Lebanon, as the Palestinians leadership would never accept such liquidation. Reliable observers reported that Assad only ordered the editorial in terror of Kissinger-conducted threats that Israel would launch an attack against the Syrian army if Syrian forces did not "restrain" the PLO.

After Nov. 24, Syrian leaders and rightist forces openly threatened to provoke such combat over the issue of Palestinian and leftist refusal to unilaterally disarm themselves in Lebanon by today, as the Syrians were demanding. On Dec. 1, in an obviously staged affair, Syrian Foreign Minister Khaddam, an architect of the Syrian intervention in Lebanon, survived an assassination attempt that was immediately attributed by the New York Times to the "Black June" terrorist group and to Iraq. When the bogus "Black June" group committed a terror raid on a Damascus hotel in September, a major Syrian intervention into Lebanon was begun against the PLO and left, and it was widely assumed later this week that the bogus assassination attempt would provide a pretext for a Syrian move against the PLO-left once more.

But while new fighting is today reported in Lebanon, first reports indicate that it has been instigated by rightist militias and not the Syrians. Over the past 48 hours, both the Syrian and Jordanian governments have publicly supported Egyptian calls for a Geneva conference, and there is no Syrian government communiqué yet in response to the Khaddam affair. It is reasonable to assume at this point that Saudi and Egyptian pressure is aborting any new Kissinger Lebanon war schemes; yesterday, Saudi, and Kuwaiti representatives arrived in Lebanon to help supervise the disarmament of all militias and armed groups, attempting to reverse the anti-leftist inequities introduced by Syrian troops over the past two weeks.

South Africa Becoming Isolated as Rhodesian Settlement Nears

Dec. 4 (NSIPS) — Venezuelan President Carlos Andres Perez this week declared the cessation of trade relations between his country and South Africa. Perez was speaking during a stopover in New York on his way back from a tour of Great Britain, Italy, and the Soviet Union.

At the same time, Israeli Prime Minister Yitzak Rabin and Foreign Minister Yigal Allon together in "high level consultations reassessed" their relations with South Africa, according to the Israeli daily *Ma'ariv* last week, and the possibility of reopening relations with Black Africa. One of the key black African countries in this maneuver is the British bastion of Kenya which has been making overtures to the Israelis for some time. Although the Israelis are unlikely to completely sever relations with South Africa, even a cooling of ties will shatter Secretary of State Henry Kissinger's plans to pull together an alliance of outlaw states including both Israel and the Mideast, equipped with nuclear weapons.

Within South Africa British allied forces are coordinating action for a political assault on the Afrikaner Nationalist government. Early this week, Chief Gatsha Buthelezi, the former government puppet who heads the Zulu bantustan, called for the formation of a Black United Front in South Africa, to be composed of representatives of all non-white ethnic groups. In contradistinction to the Institute for Policy Studies-sponsored black racist-provocateur organizations, Buthelezi specified that his organization would not be "anti-white, but pro-South African, black and white."

At the same time, the Progressive Reform Party, run by mining magnate and British ally Harry Oppenheimer, and another small white opposition party called for full power sharing, essentially majority rule, between blacks, "Coloreds," Asians, and whites. The Progressive Reform Party also called on the main white opposition United Party to join them. "This is likely to split the United Party ..." editorialized the *London Times*, "but the majority could join in a sizeable white opposition with principles that would bring it within loud-hailing distance of the non-enfranchised black parties."

Rhodesian Settlement In Offing

Strides were also made by the British and the African Front Line states toward a settlement of the Rhodesia crisis and the isolation of the fanatics racist illegal regime of Ian Smith. Last

weekend, former Rhodesian Prime Minister Garfield Todd, a long-time British agent and now a member of Joshua Nkomo's negotiating team in Geneva, demanded that the British agree to take a direct role in the interim government in Rhodesia, including, if necessary, the raising of a Commonwealth peacekeeping force. British Foreign Secretary Anthony Crosland Dec. 2 told Parliament that "The United Kingdom is prepared to play a direct role in a transitional government if it is the general view that this would be helpful."

As Crosland spoke, a delegation from the Zimbabwe People's Army (Zipa) arrived in Geneva to directly represent themselves at the conference. Although the *New York Times* yesterday viewed their arrival as a cause of "concern," most of the world press recognized the delegation's arrival as a sign of progress toward settlement. Smith and his regime has been left as the only obstructionists at the conference.

Looking at the prospect of peace in Rhodesia, the Atlanticist-controlled South African government, under pressure from its right wing, is reportedly ready to scrap its policy of non-intervention in Rhodesia. The pretext for this change in policy is a rumored Cuban troop buildup in Mozambique, a rumor accompanied this week by a terrorist scare near the Mozambican border in which a massive seal and search operation was conducted in search of a few suspected terrorists who had escaped from a police van. The South African regime has also ordered a clampdown on the black population with mass arrests of suspected rioters in black ghettos after disturbances in Guguleto township near Cape Town.

The **BLACK HEART** of **TAKEO FUKUDA**

Part II in the next issue of *NSIPS Weekly*

Peru Government Threatens Arrest of Entire NSIPS Staff, Frame-up of Vasquez Prepared

Dec. 3 (NSIPS) — The Director of National Security of Peru, acting through Superior Commissary Ruiz, yesterday threatened to arrest staff members of New Solidarity International Press Service in Lima and to illegally shut the NSIPS Lima post office box.

At the same time, a preliminary report on the jailing of Luis Vasquez, NSIPS Director in Peru, who has been held illegally without charges for 48 days, prepared by National Security officials and seen by NSIPS representatives recommended that Vasquez be accused of "violation of the national symbols and the institution of the Armed Forces." Mr. Vasquez' wife reported that, after six weeks of "investigation," Mr. Vasquez' passport had recently disappeared from their house. Reliable sources informed NSIPS that National Security now has the passport in its possession, suggesting possible preparations for deportation.

Mrs. Vasquez, also an NSIPS correspondent in Peru, sent an open letter to Peruvian President Morales Bermudez two weeks ago protesting the closing of the Lima NSIPS office, the detention of her husband, and police harassment of NSIPS staff. Mrs. Vasquez received a reply from the Secretary General of the Republic several days ago, stating that the presidency could not take any action, and had turned the case over to the Central Office of Information (OCI). OCI is directed by the Ministry of the Interior, presently directing the repression of NSIPS and its representatives in Lima.

Earlier this week, Peruvian government sources report that the Interior Ministry planned to charge Vasquez with disseminating "subversive literature," with having connections to the Fishermen's Federation of Peru and the union's "subversive strike," and with "carrying arms."

Yesterday, stating that he was acting on instructions from National Security Director Pena Salcedo, Superior Commissary Ruiz "requested" of an NSIPS correspondent that the news service immediately turn over the key to its post office box and warned that anyone opening it would be detained by the Peruvian political police. Ruiz then grilled the correspondent about the activities of several other NSIPS staff members. When the correspondent informed him that she had no further information, Ruiz ominously warned, "Well, then, we'll look into that,"—with the clear implication that further detentions are being considered.

These new threats and the charging of Vasquez on obvious trumped up charges, mark an escalation in the repression of NSIPS as part of a U.S. State Department-coordinated effort through the Peruvian Interior Ministry to eliminate political opposition in Peru, to the right-wing military's program of

murder and austerity.

A Labor Party spokesman denounced the repression against NSIPS, and hundreds of other unionists, journalists and leftists in Peru, as an outrage against basic human rights and civil liberties, and a violation of the very tenets of the "humanist and Christian" Peruvian Revolution. The Labor Party is urging its supporters, and any concerned citizens in the U.S., Europe, and Mexico to support the Commission of Inquiry formed by NSIPS to investigate the matter, and to take whatever independent action is possible to force the immediate release of Luis Vasquez and the reopening of the news service in Lima.

Though physically unharmed, Vasquez has been subject to continual psychological warfare and pressure, and held in the most inhuman jail conditions. The Interior Ministry police have repeatedly threatened Vasquez with deportation to Spain, immediate trial by a military court, or claimed that he would be released "at the end of the week." Vasquez has been held in a 12-by-12 foot jail cell designed for two or three inmates with 30 other political prisoners. There are no chairs or beds in the cell, which is so crowded that the prisoners must take turns sleeping or sitting on the bare floor.

Hundreds of unionists, journalists and other militants have been arrested by political police over the past three months on various unproven accusations of "subversion," in an attempt by the right-wing military faction in Peru to eliminate any opposition to a Chilean-style coup. Not one political prisoner has been tried to date, and the State Security police jails are filled to overflowing. Legal aid is useless, as long as no official charges are brought, and under the present worsening political conditions in Peru, habeas corpus is simply thrown out the window.

The Peruvian Interior Ministry has consistently refused to respond to official inquiries by NSIPS directors in the news service's New York headquarters, and has flagrantly disregarded documents from the NSIPS headquarters declaring that Vasquez, as the Lima branch director, is not responsible for the content of either the weekly newspaper Nueva Solidaridad, or press releases, reports, etc. published by NSIPS.

The NSIPS call for the formation of an independent international Commission of Inquiry to investigate the circumstances of the repression and secure the release of Vasquez has been endorsed by 15 leading religious and political figures in Mexico, the U.S., Italy and West Germany. A delegation from the U.S. Labor Party notified officials of the Peruvian Embassy in Washington, D.C. in a meeting Wednesday that the Labor Party, the recognized third major party in the U.S., is mobilizing forces across the country to demand the immediate release of Luis Vasquez.

Mexico's New President Seeks Impossible Compromise

Dec. 4 — José Lopez Portillo was sworn in as the new President of Mexico in Mexico City Dec. 1 succeeding Luis Echeverria, a prominent Third World leader in the fight for a new world economic order.

Portillo's inauguration took place in a tense environment; 25,000 police patrolling the capital in the aftermath of five bombings set off by the CIA's 23rd of September League, a gang run by the Monterrey group of fascist industrialists linked to the U.S.

In his first address to the nation and in his chosen cabinet, Lopez Portillo has demonstrated that he will try to maintain a centrist position of compromise between the Echeverria fight for a new world economic order and the demands of the New York banks, Jimmy Carter's backers and the International Monetary Fund for the looting of Mexico's natural resources and the murder of half its population through slave labor. In an editorial yesterday, the New York Times noted that the new president will have to "walk a political tightrope."

Lopez Portillo's compromise, however, is totally untenable. The Mexican nation is in the middle of a pitched battle over the question of agrarian reform between the peasantry and working-class Echeverrista forces and the latifundistas led by the Monterrey Group. In the last few days, the Monterrey-supported latifundistas have openly threatened to renew their Chilean-style strike of a few weeks ago unless the lands expropriated by Echeverria's presidential decree Nov. 19 are returned to them. The peasantry has continued its mobilization in the states of Durango and Sinaloa, demanding the continuation of Echeverria's progressive agrarian policies.

Lopez Portillo's cabinet, a graphic display of his political tendency, combines elements of all political shades. Nothing more clearly reveals the position of Lopez Portillo than the naming of Jesus Reyes Heróles, who distinguished himself as president of the ruling PRI party by always remaining neutral between the opposing pro-Aleman and pro-Echeverria factions, to the powerful post of Minister of the Interior. The greatest concession to the right wing was the appointment of Carlos Hank Gonzalez, a henchman of the Monterrey group, as mayor of the Federal District, a powerful post which includes within its jurisdiction Mexico City and its 14 million inhabitants. The Secretary of Finance and other administrative cabinet posts controlling the country's natural resources, such as the state-sector petroleum company, PEMEX, remain in the hands of technocrats or individuals who, for the most part, would not oppose the looting of the country's natural resources to pay the debt. On the other hand, the important political cabinet posts remain in the hands of staunch Echeverristas, as in the case of the Secretary of Agrarian Reform.

The Cuban news service Prensa Latina characterized Lopez Portillo's first address to the nation as a "severe austerity program," while the Mexico City daily Excelsior headlined a front-page article on Dec. 2: "The World Bank and Chase Manhattan agree that there will be more foreign investment with JLP."

The Washington Post and the New York Times highlight Lopez Portillo's call for a "reasonable truce," as well as his veiled attacks against Echeverria: "Let us put an end to hate, rancor, fear and impatience.... Our first task is to put an end to panic-stricken and frantic activity." The financial press meanwhile centered its commentaries on the economic

measures put forth by Lopez Portillo, which constituted the bulk of his speech. Despite the new president's austerity pledges, the Journal of Commerce asks, "Will President Lopez Portillo be able to implement pro-business policies if former president Luis Echeverria chooses to use his considerable influence to oppose them?"

Lopez Portillo Inaugural Speech

Dec. 2 — The following are excerpts from a page two article which appeared in the Journal of Commerce, presenting a synopsis of the inaugural speech by incoming Mexican President José Lopez Portillo. The speech centered on national economic issues and proposed administrative solutions, making no mention of the fight for a new world economic order.

...In a strongly worded inaugural speech that dealt mainly with Mexico's current economic problems, the new President pledged to maintain convertibility of the peso, set up mechanisms to control the public debt, institute a system of progressive taxation and provide enough credit to stimulate investment.

He promised relief for companies with debts in foreign currency and higher interest rates on long-term deposits.... The new President also announced that Mexico would again begin to mint silver coins — what he called "our strong pesos" — in order to "offer Mexicans attractive options for saving and allow us to fight inflation and sudden changes in the rate of exchange."

The tone of the address, which lasted for one hour and 45 minutes, was firm but conciliatory, pledging protection for lower income groups while promising help for Mexico's financially pressed business firms.

Mr. Lopez Portillo promised to concentrate on controlling inflation through an integrated policy on profits, prices, salaries and taxation. Salaries, he said, "should be adjusted to the cost of living and to a code of incentives" and based on "trustworthy elements of judgment for wage negotiations." This may well mean the end of automatic annual wage increases.

Rather than specific price controls, he suggested "a well-balanced agreement on profits and salaries."

On taxation Mr. Lopez Portillo proposed reducing rates at the lower end of the wage scale to promote savings and consumption by lower and middle income workers.

The President addressed himself to the problems of Mexico's foreign debt a number of times during the speech. He said he will propose a new law governing the budget and public expenditures and a law on the public debt.

A single ministry will be placed in charge of programming the budget and public expenditures in order to consolidate the work of a number of different agencies. He said that internal investment would be relied on as much as possible.

"Investment... generates its own financing. And we will only resort to foreign financing to the degree that imported capital goods are required. With discipline, this is possible. That is what I offer," he said.

Mr. Lopez Portillo has repeatedly said that food production would be his number one priority. In the inaugural address he linked the production of food to the smoldering problem of land distribution, leaving open the possibility for new kinds of farm organizations....

Mr. Portillo also said the government will issue new long-term bonds backed by the production of basic raw materials and linked to the world market price of Mexico's most important resources including silver and oil.

Cabinet Rundown

Exclusive to NSIPS

The following is a brief political profile of some of the key cabinet appointments made by José Lopez Portillo:

Carlos Hank González: Mayor of the Federal District

As governor of the state of México (1969-75), the "professor," as he is called, led a major push for labor-intensive industrialization programs based on Rockefeller's fascism with a democratic face strategy. A darling of the Monterrey group, Hank González has been highly praised as the new right-wing "strongman" within the cabinet by UPI.

Santiago Roel: Foreign Relations

Santiago Roel is a right-wing intellectual born in the city of Monterrey. Although he has no previous experience for the Foreign Relations post, López Portillo has used Roel recently as his representative on trips to Spain, a country with which Mexico has not had formal diplomatic relations since the fascist takeover by Franco. UPI noted that his appointment constitutes "a serious effort to attenuate the atmosphere of confrontation with the Monterrey industrialists, and to distance the country somewhat from the Third Worldist course."

Julio Rodolfo Moctezuma: Finance Minister

As general director of the ruling PRI party's economic and political "brain trust," Moctezuma promoted the thesis that Mexico's main problem is its high rate of population growth. He has been denounced by progressive figures and press in Mexico as a pro-austerity technocrat. Moctezuma is considered a "Lopez Portillista."

Francisco Merino Rábago: Agriculture and Cattle-Raising Minister

Merino Rábago was named director general of the National Agrarian Bank last year, and he is widely recognized as a figure linked to Lázaro Cárdenas, the progressive anti-imperialist President of Mexico who nationalized the Rockefeller-controlled national oil industry during the 1930s.

Pedro Ojeda Paullada: Minister of Labor

A staunch Echeverrista during the previous regime when he filled the post of Attorney General, directing a successful campaign against the smuggling of drugs between Mexico and the U.S.

Jesus Reyes Heróldo: Minister of Interior

His assignment to this powerful post clearly reflects the centrist position of Lopez Portillo. He has always been a resolute liberal, and it is hoped that he will resist the right wing's drive toward "Chileanization." UPI reported the right wing's desire that "his role will be to calm the peasant unrest."

Oscar Flores Sanchez: Attorney General

Latifundist of Chihuahua state. He was undersecretary of cattle-raising during the government of right-wing president Miguel Aleman, a period in which many of President Cardenas' agrarian advances were dismantled.

Echeverria: Agrarian Reform Top Priority

Nov. 29 — The following are excerpts from Mexican President Luis Echeverria's press conference with newspaper editors today in Mexico City:

On Agrarian Policy:

Echeverria: I consider it top priority, since peasants are almost half our economically active population... Thus, if we don't want to definitely marginalize half the Mexicans, we have to radically transform our agrarian conditions.

...Agrarian reform is a surgical instrument to destroy a period characterized by extensive latifundias and the impoverishment of the peasant masses. ...The liquidation of the illegal hidden latifundias was a legal imperative. And we accomplished it. ...A durable peace in the countryside is the pillar of social peace in the country. ...One thing is certain: the solution to the peasant problems involves not only land distribution, but also the modernization of the productive apparatus and a series of social and political measures which facilitate the participation of the majorities in production and consumption. If we don't bring the peasants up to relative equality of consumption with that of the urban population, it will be impossible to create an industry capable of transforming itself technologically.'

...In order for there to be economic justice, I've been obliged to begin with social justice.

On New World Order:

Echeverria: ...We import inflation since the world reality is economic recession, unemployment and inflation. ...In sum, the 24 countries of the OECD have had those problems. How then are they not going to unfavorably affect our economy? ...The countries of the Third World have seen their current accounts balance deficits grow from \$9 billion in 1973 to \$44 billion in 1975.

On Third World:

Echeverria: I think the question of whether I feel the same way about relations with Algeria or Uganda as with a monarchy such as Saudi Arabia reflects a fundamental error of analysis. During my government we didn't follow a policy of metaphysical evaluation of the levels of political or social affinity we have with one or another Third World country. On the contrary, what we aimed for was to create adequate conditions for there to be a common, creative, policy on the general problems which affect the peoples which could have general agreements in order to mount a common defense of prices and raw materials. Because of this, all the international positions of Mexico in regard to the Third World have tended to be laid out in terms of general resolutions, like the Charter of the Economic Rights and Duties of Nations.

...We were of course closer to those leaders who share our ideas of history and the present reality, especially those who fought side by side with us to fight power politics and set up a New International Economic Order.

...The foreign debt of Third World countries rose to \$164,000 million, that is, \$31,000 million more than in 1974. This is a tremendously significant phenomenon.

As a consequence, the problems are global and can only be resolved completely from an international standpoint; in monetary terms, this means trade relations, international aid, and the establishment of priorities.

Jamaica's Manley Makes New World Order Issue of New Elections

Dec. 3 (NSIPS) — Having scheduled new elections in Jamaica for Dec. 15, Prime Minister Michael Manley, a pro-development spokesman for the Third World, has embarked on a political offensive to rout the opposition Jamaican Labor Party (JLP) by making the main issues his commitment to a New World Economic Order and his opposition's commitment to the U.S. Central Intelligence Agency. The incumbent Prime Minister told 120,000 followers at a Nov. 21 rally in Montego Bay that if elected, he would expand state control over all facets of the Jamaican economy and its foreign trade and expand special development projects in the bauxite and cement industries. Manley has also declared that the CIA's sole hope of preventing his election lies in JLP use of "the technique of the big lie," and related violence and destabilization of the island's governing institutions to facilitate outright vote-fraud.

Internal violence and economic blackmail have been directed at Manley's government since last January. His new campaign offensive ends months of official silence on the CIA-JLP "terrorism" and rumor-campaigns against him. Now, Manley is "breaking the rules" with ruthless attacks on the "Watergate"-style projects of his opponents.

Since last year, revealed the Nov. 15 London Times, the CIA has doubled its agents in Kingston, and these "are on a war-footing against Mr. Manley" because of his role in the Third World demands for foreign debt moratoria. "At least three U.S. Vietnam veterans," added the British weekly, Latin America, "are known to be organizing gangs in the volatile slums of Kingston...represented in parliament by Seaga," the leader of the Jamaican Labor Party.

Manley himself has warned of the possibility of electoral sabotage, and the New York Times confirmed that there is "wide speculation" that thousands of JLP "expatriates" will be flown to Jamaica from New York to vote for JLP candidates Dec. 15. Both right-wing and left-wing "pollsters" are now proclaiming a significant "shift to the JLP" in voter preference, a prediction for which there is no basis in fact but for a vote-fraud scenario.

"Many debtor nations are talking about a moratorium on debt payments," admitted a newspaper which has endorsed the JLP. "It must surely be against this background that one has to judge what has been happening here in Jamaica." Tremendous violence has gone on on the island all year, aimed largely against the Peoples National Party's (PNP) candidates and supporters. The violence is very purposeful, rightwinger Carl Stone inadvertently admitted in a recent "voter analysis" report for the JLP. The violence "could keep people away from the polls," said Stone; "My data suggests that a low poll would be to the disadvantage of the PNP."

Manley, however, has continued to blow the cover off each operation of the CIA-JLP forces as they are discovered, and his emphasis on international development has given the PNP campaign an international significance which could make fraud on Dec. 15 extremely "expensive" for Rockefeller faction strategists in both the present Administration in Washington and the Carter "transition team." Any attempt to defraud Manley will be read by European and Third World nations as a U.S. attack on their economic future.

Manley: The JLP and "The Technique of the Big Lie"

The following is excerpted from a speech delivered by Jamaican Prime Minister Michael Manley Nov. 19 at a mass rally of his Peoples National Party in Montego Bay. Manley announced that new elections would be held on Dec. 15, and then devoted himself to uncovering the sources for a rumor campaign against him which has led his opponents to go so far as to claim that the Cuban Embassy in Kingston contains special equipment to guide Cuban troop landings in Jamaica after a Manley electoral victory.

We are shortly to embark on the official election campaign. Everyone knows and accepts that elections tend to produce a lot of propaganda, exaggerations, distortions and even invective. We become accustomed to this and know that the voter learns how to get at what is relevant in spite of it.

However, there is a big difference between ordinary politics in this sense, and the use of what is known as "the technique of 'the big lie'." This happens when a Political Party sets out to create a totally dishonest and bogus story, either on the basis of a total invention, or by the deliberate misrepresentation of a half truth, for the purpose of confusing people and affecting the outcome of an election....

Now, during the past couple of weeks, there has been increasing evidence to suggest quite clearly that the JLP is planning to fabricate evidence designed to distort and grossly

misrepresent our relationship with Cuba. Against the background of this knowledge, a suspicious series of incidents have come to light.

The PNP has a radio communication circuit. In fact, both political parties have radio circuits since this allows campaign headquarters to keep in touch with all candidates. Recently it was reported to me that out of a clear blue sky on one of our circuits, a brief conversation in Spanish was heard followed by a PNP slogan in English. A careful check revealed that none of our people had done this and that others had heard the same thing.

Within a few days ago, two more reports of this came in. I checked the technical angle of this matter and, as I thought would be the case, had it confirmed that it is very easy for people with the right kind of equipment to beam a broadcast in on the PNP frequency and broadcast anything they like.

Putting two and two together, it was quite obvious that anybody could tune in on our frequency, get people to make any statement in Spanish, pretend to have recorded those statements and then reveal them to Jamaica as if they were real statements made by people acting on behalf of the People's National Party...

This made us think back and we noticed the fact that in recent months there has been a continuous, partly underground, attempt to spread the lie and the propaganda that there is some

secret deal between... the Government of Cuba... One version of the story that is spread is that the deal would involve the landing of Cuban troops in Jamaica. Needless to say, this is an absolute total and malicious lie.

In fact, the propagandist, Thomas Wright of the *Gleaner*, actually wrote a piece on Thursday which is designed to make people think the Cuban Embassy is preparing equipment to guide aircraft to landing in Jamaica....

As I have stated publicly before and repeat now, there is no such secret deal between either me or the Government of Jamaica and any foreign Head of, or Government of, another country.

It is obvious that a tremendous attempt has gone on over the last year to make the relationship between Jamaica and Cuba a matter of controversy. This is a free country and everybody has the right to their own opinion, and, obviously, not everybody will agree with our strong, Third World foreign policy. This is fair enough. However, it is a totally different thing to try to influence an election by any kind of lie or bogus distortion of the official foreign relations that are pursued by a Government on behalf of the people of a country.

This kind of local political action can have the most dangerous implications for our relations with other countries in the world. Therefore, I intend to speak about this in my capacity as Prime Minister since it is my responsibility to maintain our international relations on a sound basis where the truth and the facts are clear to everyone....

Let me then, once again, state simply and clearly what are the relations between the Government of Jamaica and the Government of Cuba, and why those relations are pursued, so that all can base their judgments and opinions on the facts and on the truth.

This Government has developed a Third World Foreign Policy because we do not see any real chance for small, poor countries like ours under the present world economic arrangements. Of all of the poor countries of the Third World, Cuba is our nearest neighbor, shares with us great dependence on sugar, is home to many of our migrants, has a long history of friendly relations with Jamaica and, most importantly, shares our dream of struggling to change the present world economic order which condemns the poor to their poverty for the rest of time. Consequently, we have developed relations with Cuba in the same way and for the same reason as the relations we have developed with Mexico, Venezuela, our CARICOM partners, Panama, Costa Rica and countries all over Africa.

Our relations with Cuba herself fall into four main categories:

Firstly, all of us in the Third World including Cuba, co-operate in the development of international strategies for dealing with the struggle for a New International Economic Order. In addition, we discuss strategies in the struggle against Apartheid and racism in Southern Africa.

Secondly, we explore with Cuba, as indeed we have done to an even greater extent with Mexico and Venezuela, possible areas of technical and economic co-operation.

Thirdly, we have had limited co-operation in the area of security and the training of Security Personnel. This became urgent at the time when Prime Minister Castro was due to visit Jamaica after my visit to Cuba....

Fourthly, we have been deeply concerned to try, small as we are, to play a part in relaxing and de-escalating the tensions and

difficulties between the Governments of the United States of America and Cuba....

(Manley went on to outline Jamaica's attempts to improve U.S.-Cuban relations, and its discussions in this regard with the U.S., Cuba, and African nations concerning the question of Angola. He emphasized that these negotiations involved no secret deals with any countries.)

...We have made no deals of any kind with any Government that may compromise either the security or the sovereignty or best interests of Jamaica, or of her Government, or of her people.

I state categorically that if any information is produced to suggest that any deal of this kind was made with any of these countries that this evidence is contrived; if it is a document it is forged; if it is a tape it is bogus — if it is claimed to be somebody's memory — he is a liar.

Of course, now that I have dealt with this possible subject for a "big election lie," they may come with something else to fool people. But let all know that, as our record over the past four and a half years shows, this Government is totally dedicated to the preservation and strengthening of our national independence and sovereignty. This has been and will always be our most sacred trust.

World Economic Problems Explain What Is Happening In Jamaica

Nov. 25 — The following is a selection from a column which appeared in the Jamaican Daily Gleaner signed "by Petras."

...Since 1974 the world economy has experienced the worst battering from inflation and recession since the war. Few countries have not been very adversely affected. The Third World countries (including Jamaica) have taken the worst beating, but even advanced industrialized countries like the U.S. and Great Britain and communist countries like Poland have had great difficulties.

Many Third World countries have gone broke or are on the verge of insolvency. Their foreign debt has been variously estimated as being in the region of \$150 to \$180 billion. Many creditor nations and bankers are beginning to doubt how much will and can be repaid and many debtor nations are talking about a moratorium on debt payments. In the world economic crisis of the last few years many countries have abandoned growth as an objective and are frantically seeking instead to merely stabilize their economies.

It must surely be against this background that one has to judge what has been happening here in Jamaica....

...Criticism (of the PNP) must be anchored in the enormous social and economic problems they have courageously attempted to tackle with such little support from the private sector. The PNP did not invent these problems. They were always there and have intensified due to the world economic situation. It is to their credit that they have had the courage to try to tackle so many of them in a situation in which a more conservative party would have abandoned people needs and poor people programs in order to concentrate entirely on stabilizing the economy (such as is happening in Chile and Brazil) with tragic consequences for the poor...

U.S. 'Free' Press Gags News of Labor Party Fraud Fight

Dec. 2 (NSIPS) — The story behind the bylines that goes unreported in the press and media...the how and why of decisions made to spotlight or censor the news...a "who's who" of press and media personnel, the facts behind shake-ups and shifts in the news reporting industry...that's what this column intends to report through current and historical accounts of the newsmaking story weekly.

The unreported story reported to NSIPS last week tells how the free press didn't report the news in the exemplary cases of the historic vote fraud investigations and legal suits being fought by the U.S. Labor Party in conjunction with the Republican Party, Conservative Party and American Independence Party. The following cases were related to NSIPS by the reporters who experienced the news gag firsthand (and who will not be identified except for newsmedia affiliation).

* A reporter from the Gannett chain's *Tarrytown Daily News* sadly admitted to NSIPS, "I hate to use this word, but I have to call it censorship," when the chain outrageously withheld from its own reporters AP and UPI wire stories on the national vote fraud cases. The journalist was able to get a story on the cases only by going directly to the sources — the principals involved in the suits — and interviewing them on the facts. The result was a top notch front-page lead in the Nov. 28 *Sunday Tarrytown Daily News* — a story the paper can be proud of, no thanks to Gannett's own wire service and Westchester-Rockland chain managing personnel. The article was syndicated by two other papers of Gannett's Westchester-Rockland nine-newspaper chain, the *Yonkers Herald Statesman* and the *White Plains Reporter Dispatch*, both of which had unsuccessfully petitioned Gannett's Albany and Washington, D.C. wire service bureaus and the chain's Westchester headquarters for the story.

* *The New York Times*, master of journalistic deception, runs a much tighter ship than its upstate competition. The *Times* kills its unwanted stories dead and habituates its reporters to lying down and taking it. One of the *Times*' young black reporters found his story on postcard registration and the U.S. Labor Party's New York vote fraud suit pared to one-third its original size in last Tuesday's *Times*. The surgery was performed to remove all mention of the fraud case, the USLP or its co-plaintiffs from the article which was further doctored to read like a paid advertisement for tombstone-voting postcard registration, given the stamp of approval by New York's Democratic Party at its postcard registration hearings last Monday. This reporter is part of a rumored informal caucus of loyal opposition at that press bastion who petitioned token black editorial board member Roger Wilkins to write an Op Ed "rebuttal" to the *Times*' editorial endorsement of racist Daniel Patrick Moynihan's New York Senatorial candidacy last month. The same reporter was assigned to report on the scandal of convicted felons running Ramon Velez' South Bronx methadone maintenance concession on the public dole — a scandal which can be laid right at James Earl Carter's doorstep through his friends and vote-getters Ramon Velez and Jules Sugarman — only to enable his editors to cover up this story too. The operation was performed this time by burying the article in the

back pages of the obscure Sunday night owl edition. No complaints from the *Times*' hand-picked "pack" however. They've been weaned on "all the news that's fit."

* In Cleveland, a gagged press corps has come up with an ingenious solution to the problem of news control. Reporters who are not being permitted to report what they know about the Labor Party's vote fraud investigation and explosive evidence of how the fraud was carried out, are instead calling up the Labor Party with inside scoops, like the UAW region head who did his duty for Carter on election day twice. They know the one paper in town that isn't gagged is *New Solidarity*.

Press Scoops

* A Washington, D.C. reporter confirmed this week the well known gossip on Capitol Hill that the CIA's own counsel, Mitchell Rogovin, "leaked" the Pike Committee Report on illegal CIA activities to former CBS-TV investigative reporter Dan Schorr and to others of the Capitol Hill press corps. Schorr was subsequently fired from his job at CBS and witch-hunted by Congress at the CIA's behest for spilling the agency's "secrets" to the American TV viewing audience. The whole story on this operation was first reported in NSIPS almost one year ago — and denied by every government official and their pet editors and publishers dedicated to protecting the Agency from the free press.

* Sources report to NSIPS that the *Christian Science Monitor's* Washington, D.C.-based "China watcher" reporter, Jeff Stein, is an avid spreader of Institute for Policy Studies slanders on the U.S. Labor Party and the National Caucus of Labor Committees. Stein is notorious for using his press "credentials" to raise the topic of the "violent Labor Committees" to any sizeable press gathering, no matter what the ostensible occasion.

In a testimonial to "objective" news reporting, the *Washington Post's* Nov. 28 front-page article, "U.S. Labor Party, GOP Join Forces in 4 Vote Challenges," was syndicated in the following papers last week with the following regional slants:

Pittsburgh Press — The "local angle" of all remarks by Pennsylvania USLP lawyer, former Republican Party congressional candidate from Pittsburgh John Bradley was edited out.

Wilmington (Dela.) Evening News — Large chunks of the article quoting Republican Congressman Guy Van der Jagt, a key mover of the national vote fraud cases and personal friend of President Gerald Ford, were taken out.

Los Angeles Times — "U.S. Labor Party" was replaced in this paper's reprinting of the *Washington Post* article's headline with "Marxist Group" and the next day's *L.A. Times* presented an editorial page cartoon showing President Ford denying "rumors" that he wants to "overturn the elections"...while furtively asking Fidel Castro to help him overthrow the U.S. government! The *L.A. Times* "morning after" spree also included a psychological warfare warning that Republicans could be investigated for fraud too, in a front-page article "inquiring"

into the circumstances of Republican Senator Hayakawa's victory over Democratic incumbent John Tunney. Gannett's *Plainfield Courier* (N.J.) carried the *Washington Post* article while the rest of the chain adhered to a black-out. *Long Island Newsday* reported the *Washington Post* article, omitting slanderous comments about the Labor Party included in the original version by *Post* reporter William Chapman. *The International Herald-Tribune* also syndicated the article, making it available to numerous international press.

Public Has A Right To Know About Fraud

The following is an article by conservative syndicated news columnist, Ralph de Toledano. It was syndicated by Copley News Service and other unaffiliated newspapers to over 100 daily and weekly U.S. newspapers throughout Illinois, Southern California, New Hampshire and Florida.

The Ralph de Toledano Column

November 24, 1976

by Ralph de Toledano
Copley News Service

WASHINGTON — A great silence has fallen over the media on a question of vital importance: Was Jimmy Carter truly elected president, or were enough votes stolen in states which could give President Ford an electoral college victory?

This is not a new question in contemporary American politics. A prima facie case can be made that in 1960 Richard Nixon lost the election because of massive vote fraud in Illinois, Texas and Missouri. For reasons which have never been fully explored, the then vice president refused to allow a test in the courts, and John F. Kennedy became President.

In the recent election, there is reason to believe that questionable and/or illegal voting procedures gave Mr. Carter five states, any two of which would have reversed the outcome. Those states are New York, Wisconsin, Ohio, Pennsylvania and Mississippi.

Suits have been filed in New York and Wisconsin, by the U.S. Labor Party, for investigation and recount — but if the media have given them any notice, it has been so small that even a careful reader to the newspapers like this writer has missed it. Yet the American presidency is at stake.

In Ohio, whose 25 electoral votes when added to those of one other state could turn the election around, there is strong evidence of irregularities in the Cleveland area, which is heavily Democratic.

The state went to Mr. Carter by somewhere between 4,500 and 7,500 votes.

In New York, affidavits are on file to show that in three large areas there were no registration lists. What's more, in New York City, many voting machines registered 200 to 300 votes for Mr. Carter even before the polls opened. So far, 120,000 votes have been challenged in the state, on the basis of sworn affidavits, and this is just for starters.

In Wisconsin, where Mr. Carter won by some 34,000, non-registered voters were told by election officials that they could vote merely by showing proof of American citizenship. That proof could be as flimsy as the unsupported word of an accompanying friend — who in turn could be qualified by the person who had just given him voting rights.

There are substantial indications of voting irregularities in Pennsylvania, particularly in the Pittsburgh area. These, too, are supported by affidavits. And Pennsylvania went to Mr. Carter with some 128,000 votes. Mr. Carter carried Mississippi by less than 12,000 votes.

So far, the White House has bowed to President Ford's insistence that he wants to be a "good loser." But Mr. Carter had an answer to that kind of approach. In his book, "Why Not The Best?" he wrote: "Show me a good loser and I'll show you a loser."

What is interesting is that Mr. Carter, the nation's First Moralizer, has done nothing to bring this situation to the attention of the reporters camped out in Plains, Ga.

There is an old proverb that a winning candidate never contests an election, but one would think that Mr. Carter would be above this kind of partisanship.

Because of the White House refusal to act, the battle for an investigation and a recount, through actions in the federal courts, is being carried by the U.S. Labor Party which fielded a candidate whose main "third party" thrust was against Mr. Carter.

Since the electoral college does not meet until mid-December, there is ample time for legal action to prevent the certification of Carter votes in the contested states.

Since Nov. 2, the media have been busily patting themselves on the back for their "evenhanded" coverage of the election.

But somehow, the press has no interest in determining whether or not the allegations and the affidavits being presented to the courts by the U.S. Labor Party's lawyers are founded on fact — or even whether acknowledged voting irregularities were of sufficient magnitude to give the election to Jimmy Carter.

What happened in the nation's polling places should be of much greater concern to the legions of "investigative" reporters than what Mr. Carter said to *Playboy* magazine or what Gerald Ford said about Eastern Europe. The public's right to know who won the presidential election is at issue.

But the national press knows that if it maintains the blackout on news about the contested states, very little is likely to happen. I hate to think that this is what's behind the great silence.

Walter Cronkite, where are you when we need you?