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**EXECUTIVE  
INTELLIGENCE  
REVIEW**

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**New Solidarity International Press Service**

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# EXECUTIVE INTELLIGENCE REVIEW

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# EXECUTIVE INTELLIGENCE REVIEW

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## IN THIS WEEK'S ISSUE

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A **political crisis** of potentially earth-shattering dimensions looms in the **United States' foreign policy**...yet the possibility of a positive resolution is **nearer than ever before**...This analysis by the **U.S. Labor Party's director of intelligence** of the current, increasingly public wrangle over the direction of U.S. policy leads off our **INTERNATIONAL** report...with an overview of the policy poles defined by "Tories" Henry Kissinger and Zbigniew Brzezinski on the one side...and the **best initiatives** among U.S., Soviet and Western European leaders on the other...Including the story of how the **New York Times** attempted to "**leak**" its way into imposing **Britain's policy** on the controversial **neutron bomb** on the U.S. Administration...

\* \* \*

The **City of London's reaction** to even the threat of a victory for U.S. national interest has been intense...Our **SPECIAL REPORT** presents U.S. Labor Party chairman **Lyndon H. LaRouche's** dissection of the latest ploy of British intelligence's "**surrogate warfare**"...explaining the **political motivation** behind the **terrorist threats** on France's Giscard, Pope Paul VI, and the head of Italy's Communist Party...No doubt **spurring the British** on: rumors on the still-panicky money markets that any improvement in the stan-

ding of the dollar could mean an "**unstoppable plunge**" for the **shaky British pound**...see **ECONOMICS** for the story...

\* \* \*

That crucial fight over America's role in the world is also the solution to the puzzling problem of **how to evaluate Jimmy Carter's Latin American and African trip**....You've heard the Republicans, the press, and the "experts" on the subject...now our **INTERNATIONAL** report puts the story together in a way that finally makes sense...revealing the workings of the Brzezinski-out-of-Kissinger **confrontation** strategy..."**The Cuban Missile Crisis of 1978**," as one British newspaper happily put it...what Secretary of State Vance and UN Ambassador Young did to **hobble** the Brzezinski scenario...how (in their own words) the **Latin Americans responded** to Carter's Brzezinski-authored offers of collaboration against the "Cuban Peril"...evaluations of what Vance and Young accomplished, **and what they didn't**, by African and Washington observers...some samplings of **British outrage** at Andrew Young's "impudent" statements about Britain's ugly role in southern Africa...Barry Goldwater's **bending the knee to Britain**, in his own mini-version of "Roots"...all in **INTERNATIONAL**...

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# Prevent U.S. Foreign Policy Collapse

*The following analysis was released on April 5, 1978 by U.S. Labor Party Director of Intelligence Criton Zoakos.*

Unless Secretary of State Cyrus Vance utilizes the remaining three weeks before Soviet President Brezhnev's visit to West Germany to formulate and advance forcefully vigorous foreign policy based on the three pillars of: 1) high-technology Third World development; 2) drastic expansion of world trade levels; and 3) cooperation with the Soviet Union on disarmament, joint nuclear energy development, and space exploration, — then the world will otherwise head for a major crisis by mid-summer. It will be nothing less dangerous than a disintegration of all U.S. foreign policy.

Qualified Administration officials have emphasized on repeated occasions that such a mid-summer crisis would either take the form of a harsh military confrontation between the U.S. and the USSR with entirely unpredictable consequences, or a profound collapse of the United States' international leadership role with catastrophic consequences to this nation's economy, and the stability of large portions of the Third World. Under the circumstances of the latter case, the Carter Administration itself is unlikely to survive in its present form. The time limit is the end of May UN arms control debate.

Important developments in Moscow and Western Europe during President Carter's recent trip to Nigeria leave no doubt that the possibility of a successful resolution of the crisis is nearer now than it ever was before. Obstacles, however, especially such as those created by British diplomatic efforts and by destabilization attempts led by the Kissinger-Brzezinski-Henry Jackson trio are increasing in direct proportion to the growing possibilities of success. The efforts of U.S. Ambassador to the United Nations Andrew Young, and those of Secretary Vance, to define a positive U.S. foreign policy toward the African continent are useful because they point in the direction toward which the Administration must move — they are, however, pitifully limited.

If the United States, in the next two weeks, puts forward an ambitious industrial and agricultural development program for black Africa, defines such a program to be the fundamental U.S. strategic objective for the area, and announces that it is prepared to judge the actions of other powers — including the Soviet Union, Britain, France, and the Federal Republic of Germany — from the standpoint of America's fundamental commitment to African development, then a major step will have been taken in defusing a number of flashpoints which are at this time seriously jeopardizing relations between the two nuclear superpowers.

The U.S. Labor Party and associated forces have al-

ready committed resources and efforts to vigorously push this approach.

## *Cooperative Approach*

Soviet President Brezhnev's decision this weekend to visit Bonn during the first week of May offers a more than welcome opportunity for hammering out precisely such a cooperative approach both for Africa and the Third World generally. It is well known that during their unscheduled meeting last weekend, French President Giscard d'Estaing and German Chancellor Helmut Schmidt dealt with the issue of expanding the levels of world trade flows, which is an imperative precondition for the very future survival of French and West German industries. According to French government sources, the two leaders also agreed to jointly resort to "an effort to educate President Carter on economic and international political matters." The sources, reported by French national radio on April 5, continued that "the European leaders will not remain content with the past American policy of benign neglect." Moreover, the report continued, the leaders pointed out that "President Carter wants both detente and the neutron bomb, which are absolutely irreconcilable."

This increasingly resolute attitude among West European leaders is giving Mr. Vance a much-needed flanking support for his announced trip to Moscow later in April. The ostensible purpose of the trip will be to discuss "ground rules for Africa," and, very likely, the May arms control debate of the United Nations, plus, of course, SALT. Less publicized will be the effort to arrange a Carter-Brezhnev summit in early May, possibly in Bonn.

Rarely in history has so much rested on the shoulders of solitary individuals as it does now on the shoulders of a few like Messrs. Vance, Young, and a few others in the Administration. Beside the weight of their tasks, these individuals are further burdened by the handicaps of a manipulated President, the systematic sabotage operation of the British faction inside the Administration — Brzezinski, Schlesinger, Blumenthal, and Miller primarily — and also their own inexperience in acting forcefully in situations of world crisis. Circumstances however, have determined that the major issues of world peace or war, world depression or prosperity will be decided, to a significant degree while these forces will occupy offices in the Administration during the next months.

Responsible Americans in government, business and private life should not lightly dismiss our warnings about the activities of the British agent faction around Brzezinski, Kissinger, Sen. Henry Jackson and certain well-known others.

Brzezinski, the National Security Advisor, is a very dangerous man for the period ahead. His well-known short temper, low tolerance level, and proclivity to chew on White House carpets do not qualify him for the job. Throughout the past month, not only has he been attempting to manipulate President Carter into confrontation postures, but his advice to the President on

## Soviets:

### N-Bomb Outrages World

Soviet Foreign Minister Gromyko said in a speech in Helsinki, Finland April 4 that the neutron bomb is "not the private affair of a certain country but a question of mankind as a whole." He said that the Soviet Union expects "a reasonable attitude" from the United States and its allies on the neutron bomb, according to the London *Guardian* April 5.

Soviet Ambassador to East Berlin Pyotr Abrassimov said in a press conference April 4 that Moscow is prepared for negotiations with Washington over the neutron bomb, reported the London *Financial Times* April 5. He said that talks "can take place between those who maintain they have a bomb and those who could produce it quickly... If one assumes realism and common sense will prevail in the U.S., then I firmly believe it will not affect relations between our two countries." Abrassimov said that Soviet President Brezhnev is likely to raise the issue during his meetings with West German Chancellor Helmut Schmidt in May.

The "International Week" column by Vladimir Bol'shakov in *Pravda* April 2 reported:

"The past week was full of contradictory reports from the U.S. First, the American papers wrote that President Carter had supposedly renounced plans for production of neutron weapons. Then, it was reported that circles close to the President did not confirm this information. It was suddenly declared that the White House will start up neutron production in the middle of April. So then there appeared 'verified rumors' from the NATO headquarters, that in the middle of April the NATO leadership would officially call upon the President of the U.S. to begin neutron bomb production, not waiting for agreement from West European governments.

"Evidently all these 'trial balloons' were sent up in the pages of the newspapers in order to test the reaction of the world public whether it would reconcile itself to the barbarous Pentagon plans.

"The reaction of the world public, and particularly West Europeans, is unambiguous on this count — all the peoples are saying a decisive 'No!' to neutron death.... It is typical that the Vatican came out with an anathema against the neutron bomb, and this has exerted a definite influence on the thinking of believers in Western Europe. It is not only Catholics who do not want to pray for the neutron bomb, but also Protestants, Orthodox and even Carter's co-religionists, the Baptists...."

such key issues as the Middle East crisis, the Rhodesia situation, SALT and Western Europe, has invariably been warmed over from the editorial pages of London's *Daily Telegraph*. He must be contained.

Unfortunately, for this country to be saved, it must be treated on the assumption that it has been left virtually ungoverned, in the sense that its present Administration is incapable of adequately responding to the perils ahead. Responsible forces in the American business community, in government, and in private life must shape a national policy "counterpole" together with the U.S. Labor Party's leadership to fill the vacuum during the crisis. These efforts domestically, coupled to similar announced policies of key western European government, business, and religious forces, have a modicum of chance for success.

## Press 'Leak' Used To Run U.S. Foreign Policy

*New York Times* columnist Richard Burt, a former associate of London's International Institute for Strategic Studies, revealed in a front page story April 4 that President Carter "had decided against producing the controversial neutron bomb" because he feared its development "would harm disarmament prospects." Washington observers immediately concluded that the President's decision had been leaked to preempt it. Declared one well informed Capitol Hill source, "I think you can assume the story was reported by people who want the bomb."

The effort to force Carter's hand on development and deployment of the neutron bomb is part of a larger British effort to provoke a U.S.-Soviet confrontation. Proponents of the neutron bomb are trying to sell it in the West on the basis of its limited destructive powers, and thus its suitability in a limited confrontation.

The Soviets have warned Carter that development of the neutron bomb would be taken as an antagonistic act against the Warsaw Pact, and view the weapon as evidence that the U.S. believes that a limited nuclear war can be fought in Europe — a doctrine originating with Henry Kissinger and promoted by James Schlesinger when he was Defense Secretary. Rejecting Kissinger's scenario as insane, Soviet officials have repeatedly stated that once forced into a war, they will go all out to win it.

### *Neutron Press Bomb*

The Burt announcement was carefully timed to undermine Administration efforts to improve US-Soviet relations, released on the heels of Secretary of State Vance's announced plans to meet with Soviet Foreign Minister Gromyko in Moscow in April. The Burt piece also coincided with statements by U.S. SALT negotiator Paul Warnke that "90 percent of the problems" between the United States and the Soviets on SALT had been settled.

The article was in print on the eve of a trip to Washington by West German Foreign Minister Gen-

sch, who had come to the U.S. to discuss Carter's intentions on the bomb. Burt's article preempting Carter's negotiations, also made exaggerated claims that the Germans particularly want to see production of the bomb at some point.

Many Europeans, particularly in Belgium and West Germany, have opposed the bomb, fearing it would make nuclear war more likely and an intense debate is raging in Europe on this issue. Because the Federal Republic of Germany is in a delicate position as a frontline state, officials there have left the decision about production of the bomb officially up to the U.S., indicating that they would then decide about its deployment on their territory.

As a result of Burt's article, the neutron bomb issue became a major topic at White House press briefings throughout the week, and was a major theme in the east coast press. Burt declared on April 5 that he had been successful in getting Carter to reverse his decision. In

another *New York Times* story, Burt wrote that "Carter is reported reconsidering a ban on the neutron bomb." Bernard Gwertzman, also a *New York Times* reporter praised Burt for making Carter's decision very difficult. In a companion piece appearing under Burt's April 5 article, Gwertzman gloated, "Even under the best of circumstances, decisions on the way such an announcement should be made and what it should say, would be difficult. But the Administration's problems were compounded by an article in the *New York Times* today reporting that Mr. Carter had decided against the neutron bomb."

The *Washington Post* was even more blunt in congratulating Burt's efforts to reverse Carter's policy. An article by Walter Pincus April 5 declared, "Proponents of the weapons within the Administration tried to get Carter to reverse his latest position. Disclosure by The New York Times of Carter's decision may have accomplished that. Yesterday, the decision was described as still not final."

## The Carter Trip:

# Brzezinski's Quest For A 'Missile Crisis'

The net result of the just-concluded four-nation tour by President Carter is that Zbigniew Brzezinski came dangerously close to engineering a "geopolitical axis" that would have led the United States straight into a new Cuban missile crisis faceoff with the Soviet Union. Only last-minute resistance from the Obasanjo government in Nigeria and from circles associated with U.N. Ambassador Andrew Young and Secretary of State Cyrus Vance fended off a complete foreign policy triumph by the National Security Council Advisor in his quest for a superpower "incident" over Cuban involvement in Africa.

As developments now stand, however, Brzezinski has dramatically improved his position in the ongoing battle within the Administration for control over U.S. foreign policy and over the President himself.

Brzezinski's primary objective on every stop of the tour — Venezuela, Brazil, Nigeria and Liberia — was to create the sort of anti-Cuban hysteria that would give a veil of legitimacy for confrontation with Moscow. On the Latin American leg of the trip, Brzezinski was successful, as evidenced by significant anti-Cuban foreign policy shifts in both Caracas and Brasilia. Analysis of the communiqués, Carter's speeches, and principal press coverage shows that during this half of the tour, Brzezinski was in almost complete control of U.S. foreign policy.

Brzezinski's biggest problems were encountered in Nigeria. Carter arrived in Lagos reading from the same National Security Council (NSC) guidelines he followed in South America regarding U.S. "concern" over Cuba's presence in Ethiopia. The Obasanjo regime, however, simply refused to play along, telling Carter that it is up to the sovereign Ethiopian government to decide to whom it will turn for military aid. It was also in Nigeria that

Andrew Young was able to regain the President's ear to a certain extent, as Carter denounced the British-authored "internal solution" for Rhodesia — a scheme that would heighten tensions throughout the southern portion of the continent — as "illegal".

Nonetheless, such steps merely stall the Brzezinski strategy. As long as Vance and Young fail to articulate a positive, global development policy for Africa, while Brzezinski and his allies remain in office, the imminent danger of a U.S.-Soviet confrontation remains.

The front page editorial in the semi-official Brazilian daily *O Globo* on April 3 is a clear sign that Brzezinski intends to step up the pressure against Cuba regardless of Nigeria's refusal to endorse his aims. If not in Africa, then in Latin America — particularly as a counter to Mexico's prodevelopment influence.

"Soviet expansionism in Africa," *O Globo* said, "puts the Atlantic coast of South America under the gun." Signalling a complete turnaround in Brazilian foreign policy, the editorial went on to suggest breaking relations with Angola and embarking on an "intensive joint effort with the other Latin American foreign ministries and with indispensable U.S. participation to find common ways and means of confronting and deterring the latent menace.... Tomorrow, the Americans will be in danger."

Cuba was first fingered as the prime Brzezinski target behind the Carter tour in an article in London's *Daily Telegraph* on March 27, the day before Carter arrived in Caracas. Under the heading "The Cuban Missile Crisis of 1978," Robert Moss wrote that "Soviet strategic missiles" are being "smuggled back to Cuba," and directly goaded Carter by suggesting the Soviets rightly doubt his "will to respond" to the USSR's "notable strategic advances in Africa." (For fuller excerpts, see below.)



### Venezuela and Brazil

Brzezinski heavily stressed the Cuba issue the following day in Caracas in his briefing to the U.S. press corps on the talks between Carter and Venezuela's President Carlos Andres Perez. Perez, under heavy pressure from Brzezinski-aligned forces internally, immediately showed the results of such arm-twisting by alluding to the "danger" of Cuba's Africa involvement, and by including a denunciation of "the presence of foreign forces in Africa" in the final joint communiqué.

In Brazil, Brzezinski was able to line up the Geisel government against Cuba by downplaying the touchy issues — human rights and nuclear technology transfers — that the Brazilians thought Carter would raise. Instead, Carter, under Brzezinski's instructions, flattered Brasilia's self-image as a nascent "big power" which has to be consulted by the U.S. on "global responsibilities" — such as Africa. This slightly refurbished resurrection of Henry Kissinger's "special relationship" with Brazil, first proposed in February 1976, so overwhelmed the flat-footed Brazilian officials that the lead headline of the *Correio Brasiliense* in Brasilia of March 30 read: "Jimmy Carter Arrived and Did Not Attack Us." As the *Christian Science Monitor* pointed out March 31, as soon as Carter sat down with Geisel for the first round of talks, the U.S. chief executive began "consulting" his counterpart on big-power global problems, which suddenly "changed the atmosphere." Carter went so far as to propose a "hot line" between Brasilia and the White House!

Whatever differences loomed prior to Carter's arrival were papered over. The human rights issue was quietly

filed away after Brzezinski reviewed Geisel's political reform program and deemed it "dynamic." As for the nuclear question, Carter simply explained that he was not opposed to Brazilian nuclear energy per se, only to the West German fuel cycle transfer. *O Estado de Sao Paulo* explained the following day that in light of Brazil's "new status as a great power," it must "share with the U.S....the grave responsibilities for the destiny of the West....(Therefore) collective interests temporarily take on the greatest weight." The hysterical anti-Cuban editorial in *O Globo* April 3 (see page 6) makes clear what these "interests" are.

Brzezinski's retreat of Henry Kissinger's policy of a "special relationship" with Brazil simultaneously reactivates moves toward a modified South Atlantic Treaty Organization-type pact, which would be able to undertake anticommunist police actions in that arena, "independent" of the U.S. The present version, like Kissinger's original, necessarily envisages Brazil as the center. However, there have been problems as to whom the other Latin American and African participants could be. Nationalist factions in Brazil represented by Foreign Minister Azerado da Silveira refused to consider an alliance with South Africa, Kissinger's first choice on the African side. The long historical rivalry between Brazil and Argentina created difficulties for pulling Buenos Aires into this arrangement, as well. Hence, the importance of Venezuela and Nigeria. A "Brazilianist" New York commented April 5 that a SATO axis based around these three countries is indeed a Brzezinski option.

### The British View: 'Cuban Missile Crisis of 1978'

*The following remarks by Conservative Party speechwriter and British intelligence stringer Robert Moss appeared in the March 27 Daily Telegraph, in his article, "The Cuban Missile Crisis of 1978":*

The Russians are building a pen for their nuclear submarines in the Cuban port of Cienfuegos. This, according to senior Western military observers, is the evidence of recent American aerial surveillance.

There is a strong suspicion that Soviet strategic missiles have already been smuggled back to Cuba....

This time round, things are rather different. According to reliable sources in Washington, the Carter Administration has so far made no attempt to warn off the Russians.

Nor has it done anything about alerting the American public to what could easily develop into the Cuban missile crisis of 1978....

Similarly, the current Soviet leadership might have drawn the conclusion, after 15 months of confusion or inaction in American foreign policy, during which the Russians have been allowed to make notable strategic advances in Africa, that America's leader lacks the will to respond.

They are also well aware that they are in a much stronger strategic position than in 1962, and that Mr. Carter would need even stronger nerves than

President Kennedy to call their bluff.

Yet, American failure to resist such gross provocations as a new Soviet bid to install nuclear missiles just off the coast of Florida would amount to a damning admission of weakness...

It is in this context that President Carter's "cold war" speech in North Carolina on March 17 must be considered.

Mr. Carter's pledge that the United States will match Soviet military capabilities and will mobilize the forces to "counter any threats to our allies and vital interests" reassured many of America's friends who had been puzzled and disheartened by its failure to respond to Soviet aggression in Africa....

The Russians will not judge Mr. Carter by his words, but by his actions.

In the chancelleries of the world (and not least in Peking), assessments of what the Carter Administration really means will not be based on an occasional speech that may well be primarily directed at a section of domestic opinion but on how Mr. Carter and his advisers cope, or fail to cope, with the realities of power....

The Chinese will be watching the development of the Cuban missile crisis of 1978 as keenly as anyone in the West. As the Russians test Jimmy Carter, the questions get progressively tougher. Let us hope he can come up with the right answer to this one.

### *Nigeria Cool*

With the Latin American side of his operation well sewn up, Brzezinski tried the same routine in Nigeria. Carter opened his four-day visit to Lagos with a Brzezinski-scripted speech that attacked Cuban presence in Africa as a "new form of domination or colonialism" and insinuated that the Cubans were Soviet "proxies." To soften this line a bit, Carter offered the Nigerians what the April 3 *Daily Telegraph* of London called a promise to apply "more pressure than ever" against the white minority regimes in southern Africa.

Lest such so-called concessions prove insufficient, Brzezinski's friends in London published a steady stream of classic horror stories in the press, as exemplified by the April 2 *Sunday Telegraph* article, "Angola: Land of Cuban Terror." "Children have been shipped to Havana," reported the *Telegraph* with typical British reserve, "possibly to be used as cheap labor on sugar plantations."

Brzezinski's ploy was not well received by the Nigeria appreciate Soviet military aid. The Soviets supported the Lagos government against the British-engineered Biafran secessionist operation. The U.S. and British media immediately picked up Obasanjo's displeasure, and the final joint communiqué omitted any reference to the issue.

The Nigerian position intersected with a growing

awareness among certain U.S. factions behind Vance and Young that continued Brzezinski control over the situation could lead to war. The hysterical outbursts against Young this week by British political figures and press indicated how seriously this potential threat to Brzezinski's British interests is being viewed.

Young took initial steps to take advantage of this potential by making a separate trip to Africa preceding Carter's, for the purpose of strengthening his hand against the British "internal solution" for Rhodesia. He also set up meetings between Vance and high-level representatives of the front-line states while in Lagos with Carter. In turn, Vance has announced that he will travel to Africa to meet separately with Patriotic Front leaders and with Rhodesia's Ian Smith, prior to his visit to Moscow later this month.

These measures, however, are mere preconditions. Granted, Vance and Young succeeded in convincing Carter to condemn the "internal solution." But veteran observers in Washington were pessimistic this week, pointing out that unless Washington and Moscow agree to a development policy for the continent, the present situation is heading for a sharp escalation of the fighting on all sides in the Rhodesian question, which in turn will strengthen Brzezinski's hand in convincing Carter to perceive African policy in "anti-Soviet" terms.

—Chris Allen

## Venezuela

### Carter Backs IMF, 'Gasahol'

Instead of the heralded announcement of a major U.S. policy shift towards the Third World, President Carter told the developing nations and his expectant Venezuelan hosts in Caracas that the U.S. considers its contributions to the International Monetary Fund to be its contribution to the demanded new world economic order. Carter then preached about "limited resources," the need for population control, and called for global conservation of energy!

In a speech delivered to the Venezuelan Congress, Carter stated that "in managing the international economy," the U.S. gives "particular importance to the expansion of the International Monetary Fund," promising that his Administration will "pressure to achieve the rapid approval by Congress of our own contribution to the supplementary means of financing recommended by Mr. Witteveen." He further chastised OPEC for not applying their "excess wealth" to bail out the developing nations' debt as well.

Carter also proposed the creation of an "american foundation for technological cooperation" to handle

increased transfers of technology, but gave the medieval Brazilian program of producing energy from sugar cane — so-called gasahol" — as an example of the "technologies" the U.S. would be offering: "We have begun to cooperate and plan for the judicious use of the earth's limited resources, such as food," Carter said, "and now we should do the same with energy." He then called for the world to "dedicate a larger part of our vast technological resources to world efforts to develop new energy sources, such as solar, and as some Latin American nations have shown us, even sugar and agricultural products."

While Carter made the token promise to supply the Brazilian nuclear program with enriched uranium when he arrived in that country, he immediately reiterated the U.S.'s adamant opposition to Brazil's agreement with West Germany for the construction of a reprocessing plant. Instead Carter pushed the as-yet undeveloped technology of thorium, a supposedly weapons-safe process, as an alternative program for Brazil — a pie-in-the-sky scheme that Brazilians have thus far refused to fall for.

### 'Confront The Communist Menace'

*The front-page editorial in the semi-official Brazilian daily O Globo of April 3 revealed the true central topic of Carter's visit. The editorial, titled, "Danger in the Americas," directly follows the Daily Telegraph line that the Cubans are shifting their theater of operations to Latin America. O Globo details the data on Cuban troop presence in various countries which was first issued by Brzezinski as saying that the Cubans are putting forth a greater proportional effort than the U.S. did in Vietnam.*

All this means the Soviet invasion of the continent, in which the Cubans play the role of mere assistant, in payment for its huge debts to the directing power. The expeditionaries from the distant island themselves take the work and the risks which the Muscovite sponsor does not want or is not able to assume directly. They teach, train, plan, operate, shoot, kill, and also die following Kremlin orders.

Soviet expansionism in Africa puts the Atlantic shore of South America under the gun and should arouse, as top priority, the strategic defense interests of Brazil. As it controls more and more of the vital points, seas and routes of the African continent, the advance of the USSR nears our ocean frontier and our own geographic body.

Brazilian foreign policy erred in extemporaneously recognizing the communist government of Agostinho Neto in Angola.... Now there is no time to lose. President Geisel must get Itamaraty (the Foreign Minister — ed.) moving on an immediate and intensive joint effort with the other Latin American foreign ministries and with indispensable U.S. participation to find common ways and means of confronting and deterring the latent menace.

Today, the Soviet-Cuban conspiracy endangers the stability of the African continent. Tomorrow, the Americas will be in danger.

It is up to Brazil, with the responsibilities inherent to the position it holds on the international scene, to take the initiative of bringing the Hemisphere to react, before it is too late.

#### *Brazil's "New Status"*

*The liberal daily O Estado de Sao Paulo exemplified the euphoric Brazilian reactions to Brzezinski's revival of Kissinger's "special relationship" in its lead editorial. O Globo of March 31 and Folha de Sao Paulo the previous day reached identical conclusions. These excerpts are from the O Estado editorial, titled, "The Traditional Alliance is Reinvigorated":*

Carter not only recognized the Western vocation of Brazil... but also invited our country — in accordance with its new status as a great power — to share on an equal basis with the U.S. the grave responsibilities for the destiny of the West, whose existence and whose fundamental values at this moment face serious dangers, which were so realistically analyzed by the U.S. president in his latest speech in Wake Forest University in North Carolina.

...What was most important was that Carter did not

only pronounce words, but he transformed the first negotiations with Geisel into a consultation between chiefs of state on the problems of the Middle East and the "Horn of Africa," theaters of wars which threaten to degenerate into a general conflagration and which could affect the vital point for the survival of the West: oil supplies.

...He also made the logical conclusion from the statements by the Brazilian Foreign Minister, which we consider an act of statesmanship... Da Silveira... affirmed: "In exceptional circumstances, in the face of threats and grave danger to the survival of all, it is natural that collective interests temporarily take on the greatest weight."

### The New "Geopoliticians" In Venezuela and Brazil

The *Christian Science Monitor* of March 31 gave Zbigniew Brzezinski the credit for engineering Carter's dazzling diplomatic maneuvers in Brazil, by pointing out that the lanky Pole, as a Columbia University professor five years ago, predicted that "Brazil had more of the makings of a superpower than Japan." He also foresaw that Brazil would be "the source of future Latin American hostilities."

This is the sort of parlance accompanying a revival of the British geopolitical concept of a Brazil-led SATO, or South Atlantic Treaty Organization, which would have a supposedly free hand in confronting "communist aggression" on NATO's "southern flank." The target, of course, is Cuban presence not only in Africa, but in Latin America as well. Thus, under the operant Brzezinski-British gameplan, not only the South Atlantic "rim" but South America as a whole must be organized "geopolitically" around Brazil... or become the object of Brazilian "hostilities."

Such a geopolitical notion is known as Brazilian "living frontiers" — the assertion that Brazil's borders are where Brazilians happen to be; if Brazil's population expands outward, so do its frontiers. It is not accidental that Brzezinski's "working sessions" in Brasilia were held with Golbery Couto e Silva, President Geisel's chief adviser. Golbery is also the author of the "living frontier" doctrine.

Brzezinski's victory in securing an anti-Cuban turn in Brasilia is a clear signal that Golbery has been given the assignment of reorganizing the South American continent according to what the New York Council on Foreign Relations euphemistically calls "new geopolitical realities."

Among these new realities is the fact that a move to isolate Cuba in Latin America will be much more feasible if Venezuela cooperates. One geopolitical think-tanker linked to Riordan Roett's School of International Studies at Johns Hopkins University commented this week that Venezuela and Brazil will "inevitably" be drawn into a "symbiotic relationship" in order to fend off

"Soviet infiltration" of the continent. The current efforts to create an "Amazon pact" that would revolve around Brazil and Venezuela is the first step toward such a relationship, he said. Meanwhile, a Brazilian specialist in New York directly linked the Amazon pact with the attempts to revive a SATO involving Nigeria and Venezuela. Caracas's sudden enthusiasm towards the Amazon pact in recent months, he continued, is crucial. "Venezuela is the last piece."

## Africa

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### Nigeria: What Kind Of U.S. Policy?

The African portion of President Carter's recent trip most sharply evidenced the growing policy disagreements of Secretary of State Cyrus Vance and United Nations Ambassador Andrew Young with National Security Advisor Zbigniew Brzezinski. While Brzezinski urged Carter to highlight the presence of Cuban troops in Africa, Vance and Young's efforts were directed at convincing the President that an "internal settlement" in Rhodesia excluding the forces represented by the Patriotic Front would not only be unacceptable, but a dangerous folly for U.S. Africa policy generally.

A well-informed African diplomat offered his perception of the trip's outcome in a recent interview.

*Q: What do you see as the effect of the condemnation of Smith's internal solution in the joint communiqué signed by Carter and Nigerian President Obasanjo?*

A: There is essentially no change in the situation. The Patriotic Front and front-line states made the concession of agreeing to UN-supervised elections, hoping that the Anglo-Americans would concede to a joint British-Patriotic Front-administered interim period leading to independence. The questions of administration of the interim period and the composition of the army (that is, of a major role for the Patriotic Front — ed.) — these are not new. These have always been the two key issues. We have already been through all the meetings Carter has now proposed. We didn't get any signals from Carter indicating concrete steps to resolve these issues.

Rhodesia's Prime Minister Smith is already denouncing the attempts by Carter to call for further meetings. He thinks he has a lot of room to play in the situation. Brzezinski's anti-Cuban, anti-Soviet diatribes have convinced him that if the war escalates, the U.S. will eventually be forced to come to his aid, directly or, most likely, indirectly.

My prognosis is that the guerrilla war against Smith is going to rapidly intensify.

*Long-time Washington observers are predicting a grim result should National Security Advisor Brzezinski's strong influence on Carter continue. A Capitol Hill reporter evaluated the effect on U.S. policy in Africa should Africa's planned meeting of all parties involved to work out a settlement for Rhodesia fail to come off:*

Golbery's counterpart in Caracas is the man who has singlehandedly redirected the Pérez government towards the Amazon pact, Foreign Minister Simon Alberto Consalvi. In fact, within the past year, Consalvi has assumed almost total control over every facet of Venezuelan foreign policy.

Not incidentally, when Brzezinski was forecasting Brazil's superpower status at Columbia five years ago, Consalvi was studying under him.

*Q: What are the chances that the Carter Administration will be able to resolve the Rhodesia crisis with this new round of proposed meetings?*

A: I doubt that the all-parties meeting can be pulled off. Carter's strategy now rests entirely on these meetings, and if they fail he is in big trouble. If the fighting escalates, and the frontline states bring in Cubans to defend themselves, then I think it is very probable that Carter, at Brzezinski's bidding, will run full speed into a confrontation with the Soviets.

### Young Pushes Africa Development...

Young met Carter in Nigeria after completing a tour of southern and eastern Africa, where he tried to set the groundwork for renewed negotiations along the lines of the Anglo-American plan. Since the Anglo-American plan provides a basis for negotiations that at least includes the Patriotic Front, the British have tended to impede any progress toward it.

Previously, Young had met with Kenyan Foreign Minister Waiyaki, and reiterated that the U.S. was interested in developing Africa, not in destroying it.

Young is now being identified as the leader of a faction in the Carter Administration opposing the internal solution and seeking to arrange an acceptable solution to the Rhodesia crisis that will include the meaningful participation of the Patriotic Front. As a result, Young is being attacked by public figures and press in Britain.

### ...And the British Don't Like It

*In a speech at Oxford University on April 1, Harold Wilson, who was British Prime Minister when Rhodesia illegally declared independence, strongly attacked Young:*

I have a feeling that people in Britain are soon going to get a little tired of the sententious pronouncements of Mr. Young on the subject of Rhodesia...What is particularly irksome is his statement this week implying that Britain simply wanted to abdicate all responsibility for the problem...If it is not for Britain to decide, still less, with great respect, is it the duty of the New York office of the U.S. Ambassador to the United Nations? It is for the Rhodesian people to give their verdict on "acceptability."

*In an article by Stephen Barder in the Daily Telegraph of London, on April 3, 1978:*

Meanwhile, once again a contretemps has blown up over the tactlessness of Mr. Young.

In press interviews published in Lusaka and Lagos last week, he indicated that America was having to keep the British up to the mark in the matter of standing by the Anglo-American proposals.

In fairness, it has to be said that Mr. Young is not alone amongst American officials in suspecting that, for two pins, Britain would dump the Rhodesia mess in their lap. Indeed, some observers, myself included, feel that they hope to be able to pin the blame on the wicked British if Black African hopes are dashed regarding the rapid removal of Mr. Smith from the Rhodesian scene — which now seems to be a minimum demand.

## The State Department Shifts

On Friday, March 31, National Security Advisor Brzezinski leaked charges about "massive" Cuban military activity in the Ethiopian province of Eritrea to reporters. That same day, in the daily U.S. State Department briefing, U.S. officials downplayed the issue in the face of a barrage of questions from reporters on the number and activities of Cubans in Ethiopia. The State Department spokesman said: "Only a negotiated settlement can resolve the Ethiopia-Somalia conflict. The Organization of African Unity is meeting in early April in this regard. Contrary to reports in the press in Britain and elsewhere that the Ethiopians are committing atrocities in the Ogaden region (the region Somalia unsuccessfully tried to annex — ed.), Ethiopia is helping to rebuild the Ogaden...."

On Monday, April 3, following Carter's speech in Lagos, Nigeria, the State Department spokesman adopted a harder line on the Cuban issue. This time the State Department spokesman stated, "The Cuban forces in Ethiopia are excessive. There should be an early and rapid withdrawal."

### *Washington Post Charges Carter Sympathy for Guerrillas*

*Undermining the efforts by Andrew Young to resolve the Rhodesia crisis peacefully, the April 4 Washington Post editorially endorsed the internal solution, which excludes the Patriotic Front from participation in the government.*

In Lagos...Mr. Carter seems to have succumbed to Nigeria's uncomplicated fervor for a Patriotic Front guerrilla victory. The final communiqué omitted any

mention of progress in Salisbury, though a multiracial interim government now actually exists there...

We understand that the administration seeks to draw internal and external forces together, the better to bring peace to Zimbabwe, preempt Cuban-Soviet intervention...Virtually all his (Carter's) rhetoric favors the external people. He holds Salisbury to lofty moral and political standards, while often appearing to wink at failings of the Patriotic Front. He refuses to say the one thing that might most clear the air: that if the guerrillas reject a fair opportunity to come home while Salisbury moves to honest majority rule, the United States will go with Salisbury. His performance is all the more baffling when you consider that the internal settlement looks to be more democratic, moderate and multiracial than any government the guerrillas might construct.

### *Boston Globe and Goldwater Defend British Empire*

*Here are excerpts from an editorial in the April 1 Boston Globe, criticizing Andrew Young for his "reprehensible" attacks on British policy in Africa:*

Young has tweaked the tail of the British lion in a manner unbecoming our ambassador...We think he is dead wrong to stand in the way of Rhodesia's chance for peace, and to insist on guerrilla participation in the new government...What is reprehensible is the insulting tone he continues to use against the British.

*The Globe quoted the London Daily Mail:*

"The British are heartily sick of being insulted. We get it from the three half-penny soap opera at the UN, and we get it from international hustlers wanting to work the old anti-imperialism routine. We don't expect to get it from a member of the U.S. cabinet."

*The Globe concludes:* These episodes aren't in the interest of peacemaking. They are not consonant with the mission of the United Nations...Mr. Young's tail-tweaking does not enhance the image of the U.S. as a mature and responsible international arbiter, sensitive to the human rights of allies like the British.

*U.S. Senator Barry Goldwater (R-Ariz.) supported the internal solution in Rhodesia and advocated that the U.S. lift the arms embargo against South Africa during a speaking tour of South Africa that ended the weekend of April 1.*

*Goldwater made Andrew Young the major target of his remarks throughout the tour. He also contended that blacks in the U.S. opposed Andrew Young:*

"Andy Young speaks only for Andy Young, although his position gives his words more credence than they deserve....Most Americans don't know why Carter tolerates him....I don't think many of the black people (in the United States) even look on Andy Young as a black man. Have you ever seen him? He's not very black."

# London Threatens Terrorism Against The Papacy

*The following analysis was released on April 1, 1978 by U.S. Labor Party Chairman Lyndon H. LaRouche, Jr.*

This past Wednesday, March 29, British secret intelligence channels launched a wave of propaganda assaults on the Papacy. Two days later, the self-designated "economic division" of the terrorist Red Brigades issued a statement marking out Pope Paul VI for an early death.

Opening announcements of the British threats to the Papacy appeared on the March 29 *Daily Telegraph* and the *Evening Standard*, echoed in Germany by two articles sharply critical of the Vatican in the same day's *Frankfurter Allgemeine Zeitung*. The *Daily Telegraph* article was by British Secret Intelligence Service (SIS) agent Luigi Barzani. The *Evening Standard* piece, by Jeremy Campbell, was published the following day in the daily *Repubblica*, a principal organ of environmentalist and terrorist-sympathizer propaganda in Italy.

The British Secret Intelligence Service (SIS) has not simply lost its wits. The recent public attacks, first on the Italian freemasons in the SIS-linked Italian weekly *L'Espresso*, and this week's open attack on the Papacy, are only the latest phase in such SIS assassinations against Vatican-linked figures as the British SIS killing of Jean DeBroglie in France. Once one is informed of what is really behind SIS's desperation in attacking the Vatican, the reasons for this week's developments become quite clear to any sensible and well-informed person in public life.

The Catholic Church has always had within it an important network of dedicated humanists committed to the creation of an ecumenical world order in which the improvement of the condition of life of persons throughout the world serves as an indispensable building block for establishment of durable peace. Since the 1975-1976 period, this ecumenical force within the church has developed improved collaboration with humanist, city-builder currents of international freemasonry. In effect, to summarize the present situation in the broadest terms, Pope Paul VI is for both Catholic and non-Catholic forces alike a rallying-point against the kinds of evils represented by Robert McNamara's fascist policies for the World Bank, and by the environmentalist and terrorist forces.

Although these sorts of humanist-city-builder forces do not in themselves represent a formal political power in the world, they represent channels in and out of governments of numerous nations.

## Current Developments

Currently, two recent developments have sent London into a panic. The first of these developments is the defeat of London's protégé François Mitterand during the recent French elections. President Giscard's victory over Mitterand came as an electrifying encouragement to certain important forces within the United States. Those U.S. forces, committed to the Export-Import Bank policy circulated by the U.S. Labor Party, are determined to launch the program of \$200-300 billion dollars annual increase in U.S. exports which will rescue the value of the dollar and put the world on the track to general recovery from the present depression. An alliance between the USA and President Giscard's Gaullist France around this policy is viewed as key to an alliance among the U.S., France, Italy, Japan, Chancellor Schmidt, Saudi Arabia, and other key forces to the same purpose.

...Interior Minister Cossiga formally invited the wolves (British SIS and Israeli intelligence) into Italy to seek out the wolf-cubs among the Italian sheep...

If this effort begins to succeed, and if the U.S. and the Soviet Union develop a global cooperative agreement modeled on President Eisenhower's atoms for peace in this setting, world recovery — and world peace — are within reach. At the same time, the British monarchy's grand scheme for global fascist zero-growth SDR dictatorship under the International Monetary Fund goes down the drain forever.

The crucial problem facing the humanist city-builders' faction is that although our forces have more than adequate objective strength to crush the British liberal bestialists and their environmentalist and terrorist allies, only a minority of the prodevelopment forces have the qualities of understanding and moral commitment required for the undertaking. Most of our prodevelopment allies are significantly confused on crucial issues of policy and tend to blunder and vacillate under the pressures and deceptions deployed by the British and their accomplices. In this circumstance the channels of

leading moral influence throughout the world are decisive in determining whether the world comes out of the present depression or follows the British IMF neo-Schachtian austerity policies into the inevitable consequences, thermonuclear World War III.

#### *The Moro Case*

We do not possess at the moment any indications that London consulted Henry A. Kissinger on the present Secret Intelligence Service attack on Pope Paul VI. However, the overall British operation against Italy, like the recent Israeli invasions of Lebanon, have been under Kissinger's overall direction. Although British agents Walter F. Mondale, James R. Schlesinger, Zbigniew Brzezinski and White House staffer Stuart Eizenstat have been London's main direct channels into President Carter's ear, it is the Trilateral Commission's Henry Kissinger who has lately shown approximately as much influence out of the government office as he commanded under Nixon and Ford. Whether Kissinger was or not consulted concerning the present British attack on the Vatican, that attack, like the Moro kidnapping, is an outgrowth of Kissinger's "ninety-day scenario" for Italy.

Recently, Kissinger has received two major setbacks in Italy, in which connection the moderate forces of the Italian Communist Party (PCI) and key forces around the Vatican were marginally decisive. Kissinger and London were determined to bring down the prodevelopment government of Prime Minister Giulio Andreotti by breaking the de facto programmatic alliance between the Andreotti government and the PCI. This failed. The new Andreotti government has been established. In immediate reac-

...Three times since the end of World War II, British intelligence has prevented the U.S. government from carrying through policies which would have ensured durable world economic prosperity and global peace...

tion to this Andreotti success, London launched the Moro kidnapping — choosing second choice Moro because of the superior quality of the PCI leader Enrico Berlinguer's security arrangements. Immediately, informed Christian Democratic and PCI circles pointed in the direction of British and Israeli intelligence services as the coordinators of the Moro kidnapping by the British and Israeli intelligence controlled Red Brigades.

Under pressure, the Andreotti government capitulated to the British on the Moro kidnapping affair. Interior Minister Cossiga formally invited the wolves (British SIS and Israeli intelligence) into Italy to seek out the wolf-cubs among the Italian sheep. (Naturally, the Italian security services are not exactly impressed with the few tidbits of worthless gossip London has forwarded to date of information on this matter). However, the PCI did not capitulate, and the Vatican's *Osservatore Romano* gently rebuked the Christian Democracy's dealership for making the blunders of judgment which could have been avoided if the Christian Democratic leadership had turned "to God" for counsel in the matter.

British intelligence press conduits in Italy pump out regularly the story that the Red Brigades were trained for a short period in Czechoslovakia during the spring of 1968 (under British agent Dubcek's regime, incidentally) — when every intelligence agency of every principal nation possibly excepting Federal Republic of Germany's agencies — has massive evidence that the Red Brigades, like the Baader-Meinhof, are under British SIS control (cut-outs and conduits duly taken into account). The Vatican is one of the important institutions which has extensive and correct knowledge of the British games in these and other connections.

...Since that bloody reign of terror under foolish Rousseauvian Robespierre, the silly old game of "right versus left" has dominated the mythologies which in turn rule the muddled, buzzing brains of foolish political leaders and self-styled scholars at all levels...

It is relevant to add that U.S. Ambassador to Rome Richard Gardner, the second of London's ambassadors to Rome, refused to provide Italy with CIA assistance in the Moro kidnapping until the PCI changed its line on the authorship of the Red Brigades. It is notable that prior to his appointment to the Rome ambassadorship, Richard Gardner was executive of the agency which planned such environmentalist hooliganism as Creys-Malville and Brockdorf.

In London's advertised view, destabilizing both the Vatican and the PCI leadership with new acts of British international terrorism would tend to ensure the capitulation and collapse of the Andreotti government, putting the Kissinger "ninety-day scenario" back into operation.

#### *The Anti-Communist Racket*

Both the Jeremy Campbell piece and the March 29 *Frankfurter Allgemeine Zeitung* piece by Heinz-Joachim Fischer focus their attacks on the Vatican on the issue of the Vatican's "Ostpolitick" policy. It is notable to compare the Campbell and Fischer articles with the way West Germany's Christian Democratic Union has run off the rails since Christian Social Union leader Franz Josef Strauss's attacks on CDU leader Helmut Kohl. It is also relevant to compare this with the spate of articles by British SIS operative Robert Moss (an immediate subaltern of Winston Churchill III in the SIS executive).

Three times since the end of World War II, British intelligence has prevented the U.S. government from carrying through policies which would have ensured durable world economic prosperity and global peace. The first of these acts of British sabotage was directed against the administration of Franklin Delano Roosevelt. That sabotage was organized by the same Winston Churchill who put Mussolini into power in Italy and who supported Hitler in Germany until after 1938, the same Winston Churchill who was the grandfather of Robert Moss's superior in SIS, Winston Churchill III. The second British sabo-



tage involved the U-2 incident and related affairs, and was directed against President Dwight Eisenhower's atoms for peace program. The third British sabotage was directed at the "Rogers Plan" of the administration of Richard Nixon, in which Henry Kissinger — trained by the Sussex Division of SIS during the 1950s — was the key operative.

...The function of this right-versus-left mythology is to defeat the humanist forces (the city-builders' forces for technological and cultural progress) by dividing both the humanists and antihumanists into right-left factions...

Today, it is much the same. The British, whose opposition to high-technology progress has put them into opposition to peaceful nuclear energy development since 1943-1944 (according to official U.S. files), are determined now as three times before, to use a heating-up of the Cold War as the key political tool for accomplishing their evil, neo-Malthusian fascist purpose.

The British game is the same game SIS executive Jeremy Bentham used in France during 1792-1794. In alliance with Geneva-based British agent Necker, and the Duke of Orleans, another British agent, British SIS sent London-trained agents Danton and Marat into British agent Robespierre's Jacobin "left." A Dionysian rabble — complete to the scholarly detail of Phrygian caps — was used by SIS agents-provocateurs Danton and Marat as a battering ram to decapitate the humanist leadership in France, and to prevent France from adopting a republican constitution modelled on the U.S. Constitution. Since that bloody reign of terror under foolish Rousseauvian Robespierre, the silly old game of "right versus left" has dominated the mythologies which in turn rule the muddled, buzzing brains of foolish political leaders and self-styled scholars at all levels.

The function of this right-versus-left mythology is to defeat the humanist forces (the city-builders' forces for technological and cultural progress) by dividing both the humanists and anti-humanists into right-left factions. By pulling the mass social forces of skilled and semiskilled working people away from the forces of industrial and agricultural progress, along right-left lines of division, several foolish, tragic results ensue.

The modern version of this folly is the division of political forces into pro and anti socialist forces. The industrialist faction, terrorized by the communist bogeyman, allies with any degenerate wretch who advocates anticommunism three times a day, with little regard for the wretch's own policies for society. The labor movement, in turn, feels obligated to show at least compassion tow-

ard the demands of anything the babbling leading press calls "reformist" or "leftist." Each, the right and the left, seek to strengthen their respective factions by making appropriate compromises with their presumed allies of the right-left conflict. The real issues are lost in the rotten compromises that ensue, and the labor movement and industry are sent into head-on, mutually weakening social collision, to the effect that the British liberals once again step in as at the 1815 Treaty of Vienna, and pick up the pieces at the expense of the mutually exhausted industrial and labor movement contenders.

The experience of two past world wars ought to warn us of the susceptibility of Germans, among others, for falling prey to the British manipulation of their minds. At the turn of the century, following the departure of British agent Bismarck, forces in Germany were moving toward two key alliances, one alliance involved the forces around Hanotaux in France — forerunner of the deGaulle-Adenauer alliance. The other was with the forces of Count Witte in Russia. British operations succeeded in manipulating Germany, France and Russia into conflict postures. During Weimar, the Rapallo forces sought economic cooperation with the Soviet Union, while forces such as those around Stinnes sought alliance with France. London pushed Hitler on the German industrialists, through Schacht and Schroeder's bank, and so World War II was created by the Astors, the Churchills and their evil ilk. Many leading Germans have obviously learned nothing to date from 75 years of German history, including the crushing consequences of two world wars.

An ecumenical order in the northern Eurasian continent — among the CMEA, the Federal Republic, France and Italy — along a modern version of the lines sought by Hanotaux, Witte and the forces of Rapallo is the "geopolitical key" to world peace and to global economic recovery. The Vatican, as a body of dedicated shepherds (pastors), rather than mere foolish sheep, is dedicated to bringing into being that ecumenical order in which the foolish sheep will at least survive so that their children or grandchildren might rise out of sheeplike ignorance into the state of reason which distinguishes true human beings.

Since the onset of the present century, since Lord Milner's forming of the Round Table organization for SIS, London for three-quarters of a century has been dedicated to the geopolitical "Eurasian land-mass" strategy which British agent Helphand (Parvus) sold to the Kaiser's intelligence for a downpayment of 1 million reichsmarks. The same plan was dictated into Hitler's "Mein Kampf" by British agent Haushofer and Haushofer's protégé Rudolf Hess. The British are pursuing a modified version of the same plan today.

If the British can kill the shepherds — as they murdered Juergen Ponto with Hamburg maenad-tool Susanne Albrecht — then the liberal wolves of London can more easily herd the sheep into a fascist order under the IMF, can set up the chain of events which leads to a Pacific thermonuclear war between the Soviet Union on the one side and the United States and China on the other — the new version of the Milner doctrine. So, the British have publicly marked out the best-known shepherd, the Vatican, for assassinations.



# Carter Set Up For One More Fall On Economic Policy

The City of London and its spokesmen in the Carter Administration and the U.S. press have once again set up the President of the United States to take a political beating on economic policy, this time by loudly beating the drums for a whole series of impossible "anti-inflation" and "dollar support" measures designed to cripple U.S. industry. The antidevelopment forces are broadcasting that if President Carter does not announce such suicide measures in his upcoming speech on economic policy the week of April 10, he will prove himself an economic "chicken."

## THE ADMINISTRATION

The cue was given by an April 4 editorial in the *Financial Times* of London, which held up Vice-President Walter Mondale's loud braying "on the need to make drastic economies in the U.S. use of oil," as the model for responding to the booming U.S. trade deficit. The *Financial Times* warned Carter that "a half hearted statement by the President will do more harm than no statement at all."

For the past two weeks, Mondale's British colleagues, Treasury Secretary Werner Blumenthal and Federal Reserve Chairman G. William Miller have been making their own threatening noises about presidential imposition of a \$6 per barrel import tariff on crude oil, if the crude oil equalization tax is not incorporated in the Administration's energy bill. The *New York Times* and *Washington Post* have repeatedly floated scenarios in which the Administration would "bargain" Congress — panicky over the steep hike in the Social Security payroll tax voted last year — into agreeing to pass the crude oil tax, with the proceeds going to "finance" a reduction in the payroll tax. Yet, sources on Capitol Hill in a position to know the views of such powerful figures as Speaker of the House Tip O'Neill and Senate Finance Committee Chairman Russell Long, give such a strategy no chance of success.

Miller, point-man in the "anti-inflation" campaign, and acting openly as a British agent to sabotage the Presidency, has been threatening to jack up interest rates and plunge the economy into recession if harsh measures are not adopted. This stance was fully endorsed by the *New York Times* April 3 editorial page.

In a letter to House Banking Committee Chairman Henry Reuss, Miller forecast a higher rate of inflation than official Administration projections, and predicted a lower rate of economic expansion. Reuss, another disciple of British-system economics, had sought such

predictions from the Fed for some time. But he was turned down by former Fed chief Arthur Burns who argued that such disclosure would compromise the independence and integrity of the institution.

Backing up Miller, inflation fighters like Barry Bosworth of the Council on Wage and Price Stability have been issuing statements designed to pave the way for some form of wage and price controls, preferably the Tax-Based Income Policy (TIP) proposals of the Brookings Institution's Arthur Okun and Fed Governor Henry Wallich. TIP would "reward" employers who held down wages with tax breaks. Miller himself is calling such ideas "intriguing" in the full knowledge that the White House has no intention of implementing them.

In fact, after the massive publicity, Charles Schultze of the Council of Economic Advisors will deliver an "anti-inflation" packet to Carter that is pure bluster and bluff, designed to discredit the President on the entire issue. "The President will not say anything new on inflation," Schultze's office admitted.

### *Protectionism vs. Exports*

Efforts by Special Trade Negotiator Robert Strauss, U.S. Export-Import Bank Director John Moore, and sections of the Commerce Department to get a Presidential commitment to an aggressive high-technology U.S. exports policy in the context of expanding the total volume of world trade — the one approach which could bolster the dollar and raise U.S. industrial economic performance from present near zero-growth levels—have not been notably successful. The Administration sent no one to testify at recent Senate hearings held by Sen. Adlai Stevenson (D-Ill) on export policy, on the grounds that its policy is not yet formulated. Reports that a special interagency task force on exports has been assembled persist, but it is said that the President will be forced to say nothing about exports in his speech beyond a vague commitment to encourage them, perhaps with a swipe at Japan, the Western nation presently most committed to accelerating high-technology capital-intensive economics. While Japan has been massively supporting the dollar, Blumenthal and his henchman at the Treasury, C. Fred Bergsten, are doing their best to bankrupt the Japanese economy, by encouraging protectionist sentiment against "Japan, Inc."

Strauss and friends are now contemptuously referred to by the British crowd as Carter's "political advisors," and the Schultze-Blumenthal "economists" toe-dance which is wrecking the U.S. economy is celebrated as responsible opinion by the likes of Leonard Silk of the *New York Times*.

## Press To Carter: Inflation, A Test You Will Flunk

*New York Times*, editorial "Inflation: Mr. Carter's Time Is Short," April 3:

The Carter Administration's concern about inflation appears to be moving out of the Chicken Little phase. Instead of continuing, like that famous fowl, warning that the sky is falling in, the President and his top economic advisers plan to announce a new anti-inflation policy this week.

We have heard such promises before, but a credible anti-inflation policy has yet to spring forth. If anything, the Administration has contributed to the problem. . .

The challenge to the President is clear. Unless he takes a tough stand now he runs a serious risk of spiraling inflation, to be followed almost certainly by recession. The new chairman of the Federal Reserve Board, William Miller, has made it clear that if the White House does not lead the fight against inflation, the Fed will play Lone Ranger again and do the job in the only way it can—through tight money and high interest, meaning an induced recession. . .

The behavior of Mr. Carter so far has been disturbingly reminiscent of Mr. Nixon. . .

*New York Times*, "The President and Inflation: Politics versus Economics" by Leonard Silk, April 4:

The President's new anti-inflation program will, in the view of his advisers, put him "more directly out in front" of his troops in leading the campaign for wage and price restraint. His aides will continue meeting with business executives, and he is going to send his key inflation fighters, among them Barry Bosworth, director of the Council on Wage and Price Stability, out to talk to the unions as well.

Mr. Bosworth is seriously worried by the statement of Frank Fitzsimmons, president of the teamsters' union, that the truck drivers will seek pay increases in 1979 at least as big or bigger than those just won by the United Mine Workers. The Council on Wage and Price Stability estimates that the rise in miners' pay will amount to 37 percent to 38 percent over the coming three years. . .

Inflation has thus far not had a high priority in Mr. Carter's Administration. For instance, there was joy in the White House over the settlement of the coal strike, and assertions by the President's political advisers that he had won an important victory. But his economists warn that "one more such victory and we are lost." . . .

The President's economists are depressed over how much needs to be done just to chip a percentage point or so off the inflation rate. To the argument that it may not be worth the political cost, they reply that, if inflation is not curbed this year, it will accelerate in 1979—unless, as is probable, it causes a sharp recession.

The Federal Reserve has no intention of supplying the money to keep an accelerating inflation rolling.

*Financial Times* (London), "The Wilting Dollar," (editorial) April 4:

Despite the greater concern which the U.S. Administration has shown in the past few months about the

weakness of the dollar, the weakness has persisted. A variety of different factors can be cited to explain this. First, a number of observers both in the U.S. and abroad are still at least half convinced that some members of the Administration are not averse to seeing pressure put in this way on strong economies like Japan and West Germany, which they may regard as not doing enough to promote world economic recovery. . .

Second, some of the Arab oil producers, concerned about the decline in value both of their dollar assets and the real price they receive for their oil, have been talking both about diversifying their assets and claiming compensation for the fall in the dollar. Third, the size of the coal miners' pay settlement—followed by a speech from the leader of the Teamsters—has helped to reinforce fears about the future course of inflation. . .

### *Trade Deficit*

Finally and most recently, at the end of last week, came the very poor trade figures for February. . .

Mr. Miller has concentrated more on the fact that, however deplorable the consequences in terms of economic growth, interest rates are bound to rise further if inflation continues at its present rate and the trade deficit at its present level. Finally, Vice President Mondale has once again reiterated the need to make drastic economies in the U.S. use of oil. These are only possibilities. The one certainty is that a half-hearted statement by the President will do more harm than no statement at all.

*New York Times*, "How Miller Views Change in Inflationary Pressures" by Leonard Silk, April 5:

G. William Miller, chairman of the Federal Reserve Board, believes that the balance of pressures between inflation and unemployment are shifting and that monetary and overall economic policy must shift to keep the economy growing steadily. "The forces of inflation are creeping up faster than expected," Mr. Miller said in a telephone interview Tuesday, "and I am worried about higher interest rates on capital, especially long-range capital. If interest rates go too high, they are bound to have an adverse impact on growth." . . .

Mr. Miller feels that there are limits to what monetary policy can do to combat inflation and rising interest rates. He wants to see a more specifically targeted attack on inflation by the Administration, and he asserts that "all Government policy makers are now agreed on that." . . .

### To Jawbone, or Not to Jawbone...

An April 5 interview with a ranking official of the President's Council of Economic Advisers (CEA) revealed what parts of Carter's "anti-inflation" strategy will be.

*Q: Both Federal Reserve Chairman Miller and Treasury Secretary Blumenthal have supported this week the idea of a \$6 per barrel tax on foreign oil. The CEA is drafting President Carter's major April 11 anti-inflation speech. Will the \$6 oil import tariff be mentioned in the President's speech?*

A: I don't know where you got the idea that would be in the speech.

Q: From what Blumenthal and Miller are saying publicly.

A: I can tell you that such a proposal will not be in the President's speech. The President is concentrating on the energy bill before Congress which we are now trying to pry out of committee. This is what will be said about conservation. . . nothing else will be said.

Q: Is the President going to stress jawboning as the way to fight inflation?

A: Yes, but we would prefer, if we didn't have to, to not jawbone anyone. The President is not going to say anything new on inflation.

Q: Will the President say anything about exports? I heard he would talk about the Export Task Force, which (syndicated columnist) Hobart Rowen reported on last week?

A: That may be. I haven't seen any extant proposal.

### "Inflation Is For Real"

*Here is what a senior economist on budget matters at the Brookings Institution had to say.*

Q: The Tax Incentives Program (TIP) will not go through Congress this year, and it seems you don't favor a "Phase I, Phase II" approach to inflation. What can you use to fight inflation?

A: Jawboning, guideposting, and prenotification.

Q: What happens if this isn't enough to stop labor and industry from asking for higher wages and higher prices?

A: Then we'll have to have public tongue-lashings, like COWPS (The Council on Wage and Price Stability) criticism of the Farm Relief Bill.

Q: However, it looks like Congress will pass the Farm Relief Bill. . .

A: Yes, but the President is going to veto it.

Q: The House Ways and Means Committee Chairman Al Ullman (D-Or.) said April 2 that he would like to see part of the Crude Oil Equalization Tax (COET) go to fund the Social Security System. But an aide to Speaker of the House Tip O'Neill said that the COET hasn't a chance in hell of passing the Congress. What do you think?

A: If you're trying to say that the COET is in big trouble, you're right.

Q: Citibank, in its monthly economics newsletter said that after the first quarter, inflation will taper off. Is Citibank right?

A: Food prices may decline. However, the inflation is for real, and not psychological.

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## Chicago Call For Positive Exports Policy

*Exclusive from Chicago*

The 41st annual Chicago World Trade Conference ended two days of meetings and speeches by passing a resolution telling the Carter Administration that the U.S. needs a positive, consistent and determined policy on exports. The conference held April 5-6, was sponsored by the Chicago Association of Commerce which is one of the largest Chambers of Commerce in the country, and the International Trade Club. The 400 representatives of business, labor and industry heard, among others, Robert Malott, chairman of the Farm Machinery Corporation; Frank Weil, Undersecretary of Commerce; and Earl Butz, former Secretary of Agriculture.

Stressing the need for public information, a labor-industry alliance and government intervention in promoting exports, Robert Malott said, "We have to sell the public on the absolute necessity to expand exports, we must show how that will strengthen the dollar, reduce inflation, and create more jobs for American workers." He called for "publicly understandable statistics" to demonstrate the interdependence of the world economy, and "economic and defense reasons to accelerate the development in the Third World."

Malott also recommended a "substantial increase" in Export-Import Bank lending capability, but gave no figure for increased lending, and urged that the Eximbank focus on "more difficult credit risks," letting private credit take care of the others.

The Farm Machinery Corporation official proposed to the conference that it pass a resolution directed at government officials indicating the need for a comprehensive trade policy. Malott was quite specific, calling for a cabinet-level "Department of International Trade" which should be immediately preceded by "setting up an interim body, composed of the Commerce Department, the Treasury, the State Department and the Eximbank."

Frank Weil called the U.S. balance of trade deficit "not a balance of payments deficit, but an export problem. We must increase exports," he said, "we're not committed to limiting imports or imposing import tariffs, which cause inflation. I'm speaking for the Commerce Department, not the President, but increasingly this is the position of the President."

Weil told the conference, "although the Administration's proposal to expand the Export-Import Bank of the United States will undoubtedly help the American exporting community, I believe we can and should go further. We need to consider Eximbank credits for plant and equipment investments that are geared to exporting. We need to involve private financial institutions in export finance to a greater extent than at present."

In addition to recommending an expansion of the Eximbank, Weil said, "national export policy should be built on one of America's historic strengths: leadership

in science and technology." Therefore he recommended that the federal government invest in research and development programs designed for export.

In the question and answer period, Malott questioned Weil on how to involve labor in export expansion. Significantly, Weil responded that Special Trade Negotiator Robert Strauss, often identified as the leader of the Administration's "export faction," is working on the problem by rallying labor to the export-expansion perspective.

During a dinner keynote speech, former Secretary of Agriculture Earl Butz said that the U.S. has the potential for vastly expanded agricultural exports and hit the Administration's cutback policy. The national challenge, said Butz, is to develop the means to feed as many new people in the next 25 years as the human race has learned to feed in its entire history. If we fail, the entire framework of world peace will be upset and could lead to man's final act of self-destruction.

#### *Text of the Resolution*

The final resolution of the conference was a modified reflection of Robert Malott's proposal, and reads in part:

"In view of the declining value of the U.S. dollar, America's record 1977 and worsening 1978 trade deficits, the country's deteriorating international competitive position, rapidly rising protectionist sentiments, an increasingly competitive global marketplace, and the myriad of export subsidies granted foreign companies by their governments which are denied to U.S. exporters. . . .

And since the U.S. is the only major industrialized

country without a cabinet-level department for international trade and the only trading nation where international economic policy is subordinated and diffused through a dozen government agencies. . . .

Therefore, be it resolved that we, the participants of this 41st Chicago World Trade Conference, do by voice vote recognize the need for a positive, consistent and determined policy on U.S. exports, with clearly defined goals, and so applaud recent actions and efforts in this direction by our Special Trade representative. . . .

Be it further resolved that the following policy recommendations be considered as essential to realizing this country's full export potential:

First, America must aim for tax parity with foreign competitors.

Second, America must aim for credit parity with foreign competitors.

Third, America must achieve a reduction of non-tariff barriers to U.S. exports.

Fourth, America must build positive economic relations with other nations.

Fifth, America must negotiate non-discriminatory treatment of international investment. . . .

Sixth, America must expand U.S. government export promotion programs.

This is the challenge before our country. Such a policy, fully implemented, would enable U.S. companies to compete favorably and effectively in the international marketplace. It is a policy long overdue and sorely needed. The gravity of America's deteriorating export posture and the competitive challenges ahead demand no less than a national export policy."

## Kissinger Tour— A Web Of Lies, Provocations

Henry Kissinger, the British Secret Intelligence Service agent of influence posing as an "elder statesman" of the United States foreign policy establishment, is currently spreading poison throughout U.S. political life through an open channel provided by the Republican National Committee. On April 6, Kissinger will address Republican Party fundraising dinners in 12 locations via a coast-to-coast radio hookup.

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### FOREIGN POLICY

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Kissinger is expected to whip up maximum hysteria on the issue of Soviet influence around the globe and will portray the Carter Administration as unable to deal effectively with expanding Soviet power. Kissinger intends this to strengthen the hand of National Security Advisor Zbigniew Brzezinski and others inside the Administration urging a series of geopolitical "confrontations" with the USSR.

The preview of the Kissinger line was delivered to a crowd of 2,000 people in Richmond, Va. April 1. The event was the Richmond Public Forum to which former

President Gerald Ford had been invited to speak; Ford cancelled his appearance, pleading an illness in the family.

Kissinger was questioned by a panel of three NBC reporters. A limited number of questions from the audience was subsequently submitted in writing, and following a screening process, Kissinger responded to several.

Kissinger's remarks emphasized Soviet and Cuban presence in Africa, with extended references to the Middle East, terrorism and communism. He explicitly rejected questions about economics, pleading ignorance.

Here are Kissinger's remarks, paraphrased except where direct quotations are indicated.

### U.S.-Soviet Relations

#### *Shoot First And Ask Questions Later*

France could have stopped the Nazis if she had crossed the Rhineland with one division in 1939. France didn't act because the leadership wanted absolute "certainty" of the situation. The result of this inaction was the catastrophe of World War II.

A parallel situation exists in Africa today. "In 1975, we could have stopped the Cubans and Russians in Angola

without military force. But now we have to make a choice. Can we let this pattern be accepted? Do we wait for a major upheaval. . . If you want to have certainty, you must risk paying the price of a major catastrophe. To prevent disasters, you must live with uncertainty. . . We must act before all the facts are in."

## Administration Opposition to "Internal Solution" for Rhodesia

### *Allow Blackmail by Smith to Avoid Blackmail by Radicals*

"We must not give the impression that we support the people who shoot their way into power. . . We must not allow ourselves to be blackmailed; some officials are giving the impression that we are being blackmailed." Asked who he was referring to, Kissinger replied "An odd ambassador here and there." United Nations Ambassador Andrew Young is the most outspoken opponent of the internal solution.

## Carter's Trip to Africa

### *No Improvement in Relations*

Asked if U.S. relations with Nigeria had improved since his tenure as Secretary of State, since Carter was able to visit Nigeria whereas Kissinger was persona non grata two years ago, Kissinger replied that he did not know what Carter would be saying, but "if we make any concession to the radicals, that is not an improvement in relations."

## The Horn of Africa

### *Cubans a Threat to Middle East*

Kissinger made much of "17,000 Cuban troops in Ethiopia," which he presented as strategically important because it is located across the Red Sea from Saudi Arabia, affecting the Middle East.

## Israel's Invasion of Lebanon

A reporter stated, "You have come out against people shooting their way into power. Isn't that what Israel is doing?" Kissinger replied that Israel was a completely different case, and that he supported Israel 100 percent in its actions in Lebanon. "It's tough negotiating" . . . but necessary.

## On Terrorism

### *A Legitimate Sociological Phenomenon*

Youthful terrorists in Europe are comparable to the "New Left" in the United States. "These youth are seeking something beyond the day-to-day experience of working to make a living. . . They are looking for a purpose beyond merely tactical considerations. . . The problem is that many Western governments no longer look as if they are mastering the future."

## Democracy

### *A Failure*

Congress is "a chaotic organization" with too much control over foreign policy. Evidence of this was successful congressional opposition to Kissinger's own 1975 demand for U.S. support of South African-sponsored guerrilla factions fighting against the MPLA government of Angola. Relations between Congress and the executive must be "rebalanced." "The major necessity of industrial democracies is to give people the impression that they know what to do." The problem is "leaders (who) spend all their time getting into office and (can't) think about what they will do."

One of the West's major problems is high-technology, capital-intensive economic policy, which, Kissinger said, generates high unemployment. Soviet problems are far worse, however, as they cannot even devise a system for legitimate succession of leaders. Provided the leadership problem in the West can be overcome, new energy technologies and increased productivity are possible.

# How You Get The News

*We have been provided with a rare opportunity to look into the heads of the White House press corps and behind the scenes of what goes into the journalism that results in the generally incompetent and insipid White House*

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## THE PRESS

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"news" of the daily press. On the day that the following "press pool report" was filed, President Carter had just delivered his nuclear warhead-rattling Wake Forest speech calling for thermonuclear showdown between the U.S. and Soviet Union. Yet, by dint of that peculiar institution of modern American journalism called the

"human interest story," the White House press corps was assigned to follow Carter directly after his speech on a typical "vote-getting" junket, to get the story of "what the President did that day." The "press pool," designed as a small, representative group of journalists delegated to accompany the President on occasions of importance where attendance is severely limited, and to report back to the scores of other White House correspondents not in attendance, is thus called into service by editors who "know what their readers want," to report on-the-minute details of the President's itinerary—what he wore, what he ate, etc.

Immediately after arriving at the DeSoto Hilton, our leader ducked out the back door without any pool (ie., briefing to the press—ed.) for a quick visit to Pinkie's Bar across the street.

Pinkie, according to local press people, ran a legendary watering hole. Unfortunately for Savannah, he died last year. Pinkie Masters was his name, and he reputedly ran local political campaigns from the bar.

Another unscheduled event was also laid on at the DeSoto Hilton. Carter dropped in for a few minutes at a reception for 150 loyal campaign workers from the Savannah area. He stayed just long enough to describe Pinkie's death as "one of the saddest things that has happened to us, to lose a great American like that."

The crowd at the reception had begun celebrating St. P's day early. To get in they had to have a small blue stick-on dot given out by your friendly security people. A sizeable portion of those in attendance chose to wear their dots on their foreheads.

On the way into the hotel, the man who is making us miss St. Patrick's day at the Class Reunion also accomplished what your pool believes to be another first. He stopped and shook hands with a dog. That's right, a medium-size brown, fuzzy one being held by a guy wearing a baseball cap a la Eisenhower except instead of CVN 69 his said "For the love of Benji."

In the finest tradition of the Irish, a fist fight broke out in the crowd just as the commander-in-chief arrived at the DeSoto. Apparently someone was blocking someone else's view. It didn't appear too serious and Carter saw none of it.

The crowd outside the DeSoto was pushing 1,000. When

Carter entered he spent a few minutes shaking hands in the lobby as a group of kids chanted "We want Billy."

He then pretended to go to his room but instead ducked out the back door and into Pinkie's.

Back on the ship, you saw most everything of interest. While the planes were coming back in, Carter and Rosalynn sat in the air officer and assistant air officer's chairs and watched. When the first planes came into view, Carter asked, "Are these the birds that are going to land?"

Squatting between the two chairs and explaining everything was Cmdr. Needham Lowery, the air officer who is also a Georgian. Sipping a cup of coffee, Carter watched as Cmdr. Philip Robbins, the assistant air officer, directed the planes in. The two misses were real, according to Navy officers in the room, and were not staged for Carter's benefit. A total of 21 planes were recovered out of 34 that were launched. The others went elsewhere, mostly to the USS JFK.

Before leaving, Carter shook hands with all of the pilots and some of the crew members from the planes that had participated in the exercise and returned.

"That was very fine," he told one group, and, to another group, "I'm still one of you."

Flight back was uneventful. You saw the crowd at the airport. The only thing worth mentioning at the airport was Carter pausing at the fence to kiss a set of about one-year-old triplets all decked out in yellow-hooded jackets and red pants. They obviously are not Irish.

## Maryland House Passes Exim-Nuclear Resolution

The Maryland House of Delegates on April 3 reaffirmed that state's commitment to an America devoted to industrial and energy growth. By a 75-to-25 vote, the House passed the *Joint Resolution Concerning Technology, Production, Energy, Growth, and Trade* (HJR 95):

For the purpose of requesting that the Congress of the United States enact a comprehensive and balanced energy program based on advanced technologies; requesting that Congress act in a timely fashion to recharter the Export-Import Bank of the United States before a certain date and facilitate the bank's ability to play a major role in American trade policy; and requesting Congress to expand the funding base of the Export-Import Bank and view the sponsorship of high technology trade for the purpose of creating jobs . . . .

The stability of the United States dollar is a matter of concern to the security and economic well-being of the entire world . . . .

Co-sponsored by delegates David Shapiro (D-Baltimore) and Casper Taylor (D-Cumberland), the bill asks Congress to develop "a comprehensive and balanced energy program based on advanced technologies" including the fission breeder reactor and the efficient magnetohydrodynamic (MHD) technique of

coal use. These technologies should be exported, the bill demands, and, in that context, the Eximbank should have its lending capacity increased to \$40 billion.

The federal government should "view the sponsorship of high-technology trade as its 'jobs' policy," the bill states, since the investment of the \$40 billion "will create 11 million high-skilled jobs for American workers."

The resolution now passes to the state Senate to be reviewed by the Economic Affairs Committee.

The Maryland resolution, which was initiated by the U.S. Labor Party, is similar to other memorial bills to Congress which have passed or await legislative action in eight other states. In Maryland, a state which has lost over 41,000 high-technology jobs over the last seven years, the bill is likely to become an issue in a November gubernatorial race where U.S. Labor Party candidate William Salisbury has already made economic growth a major issue of debate.

### Who Supports HJR 95

*As detailed in Executive Intelligence Review No. 11, Vol. V, the Maryland development resolution has drawn wide support from state industry, the utilities, and private citizens. It has also won endorsements from the local chapter of the NAACP, the Export-Import Bank, and the Virginia State Commissioner of Banking.*

*Here are portions of some of the letters received by the resolution's co-sponsors following introduction of the Maryland resolution:*

Harald Schutz, Sc.D.  
Director, Department of Science and Engineering  
Maryland Academy of Sciences

I want to tell you that I am in full sympathy with Item 1 of the proposed resolution, which urges the Congress of the United States to enact a comprehensive and balanced energy program based on advanced technologies. I would like to commend you sincerely for this approach, since I feel that only our rich resources of brainpower can get us out of the energy crunch and the huge deficits in international payments.

Jesse Freeman  
Gaithersburg, Maryland

I make the following points as a private citizen:  
... I believe that the further development of nuclear-type technologies will result in facilities that involve less environmental risk than the presently existing ones. I know from experience, and would like to bring the point before the General Assembly, that coal and oil power plants do not perform and cannot afford as large a degree of environmental analysis and safeguards as do nuclear utilities, because they are not as efficient in terms of labor or resources... In general, more efficient and economical means of power generation have resulted in higher levels of environmental safety.

I congratulate you for your leadership on bringing before the General Assembly the urgent question of the economic health of the nation, and for giving the people of Maryland an opportunity to express their support for policies enhancing the development of technology.

Enolia McMillan  
President  
Baltimore Branch NAACP

The Baltimore Branch of the National Association for the Advancement of Colored People (NAACP) endorses bill HJR-95.

We believe that the passage of this bill with its proposed policies will provide our nation with the research, the trained workers, and the energy which is essential for a healthy economy with an adequate supply of jobs.

We urge you to vote for its passage.

Wilbur E. Harrison, President  
Harrison Associates, Inc.  
Baltimore, Maryland

This is to express my support for House Joint Resolution No. 95, first introduced and read on February 24, 1978. I am particularly interested in the aspect of supporting the encouragement of fusion energy development by the United States of America.

I speak from a background of being a concerned businessman and citizen, an engineer and a recent president of the Catonsville Business Association and

Rotary Club of Catonsville, Maryland. From this background, I believe that a significant segment of responsible citizens from this area would concur with this position.

Thomas J. Hatem, Chairman  
Public Service Commission  
State of Maryland

The Public Service Commission of Maryland would favor the enactment of the comprehensive and balanced energy program based on advanced technologies that would benefit the citizens of Maryland in addition to others throughout the nation.

Dr. James H. Baroff  
Energy Policy Consultant  
Washington, D.C.

*(In testimony before the Maryland General Assembly on HJR 95):*

Your timing in presenting resolution 95 is excellent as National Energy Plan number two (NEP-2) is now evolving at the White House and within the Department of Energy. With Energy Plan number one still stalled in Congress it is clear that the Administration could use advice from the state legislatures and other affected parties.

... I am in agreement that "Atoms for Peace" is still a desirable goal. I am also convinced that nuclear safeguards can be established so that the export of nuclear technology does not have to carry with it any significant threat of proliferation of nuclear weapons. ...

Vladimir Wahbe, Secretary  
Maryland Department of State Planning

In addressing the nation's balance of payments problem and continued pressure upon the dollar in foreign exchange markets, I have noted with emphasis that the resolution not only calls for the reduction in imports that the application of advanced technologies in the energy field would make possible, but the expansion of exports that the application of advanced technologies to all sectors of industry and improvements in the nation's overall competitive position would make possible. It is the export side of the nation's balance of payments — to which the resolution accords equal attention — that is all too frequently neglected in current discussion. The resolution is thus to be applauded for its timely reminder of sound principles of international economics.

*A Maryland House of Delegates memo dated March 15, 1978, reads:*

Mr. Patrick D'Addario, a representative of the Congressional Relations Department of the Export-Import Bank gave his support to HJR 95, as amended, over the phone....

According to Mr. D'Addario, "We hope to be able to continue and expand the financing support which we have been able to extend to American exporters, especially those in Maryland, over the next five years."



# Europe Seeks Revival Of U.S. National Interest

French President Valéry Giscard d'Estaing and West German Chancellor Helmut Schmidt have agreed to jointly intervene in the American fight over economic and strategic policy. This was the story being relayed in European media reports and recent private statements following an unscheduled summit meeting between the two during the March 31 weekend.

The essence of the intervention is to transmit the facts that Europe "can no longer tolerate America's policy of benign neglect for the dollar" and "the U.S. cannot have both the neutron bomb and the SALT treaty," said French government radio broadcasts April 5.

The same day, a West German diplomat confirmed that continental governments are keenly monitoring the battles in and around the U.S. Administration over U.S. export-drive proposals. "They are all highly sympathetic to an export drive," he reported, "as long as it's not the trade-war variety."

Europe has actively looked to the U.S. over the past three decades for the simple reason that the fate of the continent depends on American policy. Wars, global economic contraction, and havoc in a monetary system that for sheer proportional reasons cannot forego the dollar are threatened by malign or incompetent U.S. policies. Full-speed self-expanding European growth is in contrast offered, should the U.S. mobilize its nuclear technology resources and preeminently skilled work force under conditions of a working peace with the USSR. To the extent that Schmidt and Giscard intend to pursue their national interests, they are obliged to press the United States to follow its own.

This incipient Schmidt-Giscard initiative is linked to other growth-promoting efforts at the private-sector level.

The public proposal by former Vice-President Nelson Rockefeller to create a new corporation for redeploying billions of Arab petrodollars into energy and agricultural investment in the U.S. and the developing sector, a proposal announced March 29 by the New York *Daily News*, is far better known in Western Europe, in fact, than in the United States. Even before the Rockefeller announcement the proposal was being intensively discussed among European government officials and financial directors.

In France, the key state administrators who run much of the economy were briefed on the plan by Premier Raymond Barre himself, Paris business and bureaucratic sources told this news service. Barre is in a good position to follow up on this development, since the new French cabinet shows a more definite bent than the

old toward trade promotion and high-technology industry. Announced April 5, it places French Atomic Energy Commission chief André Giraud at the head of the industry ministry, whose former head, Jacques Monory, will beef up a new economics ministry. The new minister of trade is Jean-François Deniau, until now the president of the Franco-Soviet Joint Commission.

The "Wall Street Journal" of France, *Les Echos*, gave the Rockefeller plan feature coverage, stressing the signs of a shift in Washington itself toward a commitment to global industrial growth. (We reprint a translation below.) For France and West Germany, no less important than the economic particulars of such a plan—still not known as Nelson Rockefeller prepares a spring trip to Saudi Arabia and Kuwait to wrap up agreement and work out details—is the political essence of Rockefeller's effort, namely, cooperation for technological modernization of the Middle East. This is opposed to the Kissinger-contrived showdowns with OPEC whose crippling effects on Western Europe are still apparent four and a half years after the 1973 oil embargo.

### *Honest Linkage*

Europe's need is for a sound U.S. policy toward the American economy, the Middle East — and, of course, the USSR. The Soviet dimension was summarized by David Satter, the Moscow correspondent of the *London Financial Times*, on April 5 (amidst a blizzard of twisted reports on the same page that Bonn demands a neutron bomb deployment). The correspondent writes that in the absence of the neutron bomb, Soviet President Leonid Brezhnev will at minimum take the occasion of his May trip to Bonn to sign long-delayed agreements on scientific, technical, and cultural cooperation, plus legal assistance (the latter probably involving joint efforts against terrorism). The visit could well end, continues the *Financial Times*, in an unprecedentedly strong declaration of detente coupled with "new large-scale joint ventures" for trade and investment. Clearly, West German complicity in neutron bomb deployment would untie the whole package, Satter observes in conclusion.

What is most important is that by all indications the French and West German leadership is not viewing itself as forced to choose between alliance with a schizophrenic Carter Administration or abandonment of the Atlantic alliance. Key public and private leaders are trying to actively support the best elements in the U.S., how well and how far being qualifications that mainly depend on those Americans. The *Les Echos* article's reference to a



trans-party "big business" grouping catalyzed by the U.S. Labor Party into challenging the Carter Administration's initial "zero-growth" direction amounts to a citation of programmatic organizing's impact on previously divided and semi-conscious "interest groups" in the national interest.

#### *Structure-Building or Citybuilding*

The convergence of Western Europe's own national interests with those of the U.S. as the key to world peace and prosperity was self-evident to leaders and populations around the world during and after World War II. It was equally plain that this common interest involved peaceful development of Soviet industry and resources in order to multiply the rate of world economic and energy growth. In other words, the U.S., working with the USSR, should and could take charge through a United Nations-International Monetary Fund framework of putting its industrial-political leverage to the best international use. Otherwise, the USSR and Europe could grow only slowly and autarkically, barring a third world war, and the post-colonial regions would suffer Malthusian horrors of population contraction. What in fact happened was a back-and-forth between the two extremes, depending on who defined U.S. national interest.

In the late 1940s, the Marshall Plan provided basic raw

materials and infrastructural goods to avert outright starvation and impel "European recovery." But this was a belated little Cold War *pis-aller* compared to the initial American conception of the Bretton Woods-founded World Bank as a true "Bank for Reconstruction and Development," issuing long-term credit for technological proliferation on a huge scale. By the late 1940s, the U.S. was not providing such capital to Europe, which would have spun off triangular trade with Eastern Europe and the other underdeveloped sectors.

Moreover, the "fiscal conservative" operators who took over the International Monetary Fund were insisting that everyone adopt the model that had supposedly produced a West German economic miracle—the only way to finance capital investment is within your own borders, by starving your work force; the only way to promote exports is bitter currency devaluations, import penalties for the population, and diversion of national resources from balanced, advanced industrial growth!

European opposition prevented Europe from being wholly conquered by this "Third World" formula. And the Eisenhower Administration finally moved to supersede the Cold War with its Atoms for Peace initiatives and to pump serious investment into Europe. While London-hired populists were allowed to screech "dollar imperialism" and "multinational bargain-

### French, German, Soviet Relations: Two Views

*In an April 6, 1978 interview, a senior Kennedy Administration foreign policy official discussed the importance of French-German relations:*

*Q: What do you think of reports this week that Schmidt and Giscard are going to "educate" President Carter?*

*A: It's certainly not something to be paranoid about. At this point, they have positive policies, we don't. They have a right to lecture us. During the Kennedy years we still had authority, moral sway, over the shape of Europe....*

*Q: What do you have in mind? What about the de Gaulle-Adenauer special relation, wasn't that against U.S. authority?*

*A: Well, when de Gaulle first made overtures to Adenauer for a special Franco-German summit, Adenauer came to us and asked us what we thought. My view was, "By all means, accept." At the time we were tied up in so much, we would have been happy to see a responsible French-German policy team. I encouraged the idea, Adenauer went ahead.*

*What really cooled the thing down was de Gaulle's refusal to give those concessions that Adenauer needed to make the thing stick domestically in West Germany....De Gaulle still had a fear of Germany overshadowing France, thought Germany had to be controlled. I once asked de Gaulle, "I don't really understand your concept of 'Europe,' can you explain it?" De Gaulle said*

*"France is the heartland of Europe, the core, France is Europe. We've seen what Germany has done to Europe in three wars, Germany is not Europe, Germany wanted to destroy Europe.... Italy, Benelux are not Europe.... Britain is nothing." In essence I think de Gaulle was right — France should have been the center of Europe — and had he not been so strident toward the Germans, it would have been.*

*Financial Times of London, "Bonn Favors Deployment," Moscow Correspondent David Salter, April 5, 1978.*

*For the Russians, Mr. Brezhnev's Bonn visit will be an opportunity to give fresh impetus to East-West détente but only if the question of the neutron bomb has been effectively laid to rest.*

*Soviet-German relations have been good since the 1970 Moscow Treaty.... There are three pending Soviet-German agreements on scientific and technical co-operation, legal assistance and cultural co-operation.... Mr. Brezhnev's visit could end with the signing of these agreements, or with a joint statement of principles on détente.... The visit could also be the occasion for announcing new large-scale joint projects.*

*A great deal will depend however on whether the West Germans have agreed to the deployment of neutron weapons on their soil.*

hunting," the late-1950 policy meant a real effort to bring integrated mass-scale advanced production to Europe, a policy in the immediate interests of USSR-Third World customers and U.S. exporters. A comparative "miracle" of European production and living-standard increases did occur at this point.

Although some of Kennedy's chief advisors on foreign policy not only sanctioned but welcomed the deGaulle-Adenauer alliance as in the European and American interest (see below), the Democratic administration's financial team moved at once to choke off direct private investment in Europe. This policy built up the Eurodollar market and also led to the 1971 U.S. trade deficit and dollar crash, while restoring the Cold War. In the early 1970s, the Nixon Administration proved that, with government political and financial sponsorship, America and Europe could simultaneously achieve rapid expansion of manufactured exports. During the Ford interregnum and throughout the Carter Administration, Europe ardently maintained private ties with groupings in the "Sunbelt," Midwest, and New York in an effort to restore and expand positive U.S. economic weight.

It is therefore the case that chatter about "Europe versus America," and actual policy mistakes like de Gaulle's backfiring pressure tactics against the dollar in 1967-68, are the product, not of reflection on national interests, but of London balance-of-power thinktanks and Rothschild manipulations.

Instructively, the linchpin West German financial diplomat during the Ford-Carter years, Jürgen Ponto, did not run around proposing European "blobs," "pegs," "coordinations," "zones," and the like. He pushed on all fronts for nuclear energy development, Third World industrialization, and state financing for both. His monetary proposals involving Soviet transfer rubles and South African gold supplies were, and are, strictly means to that end — which precisely explains their potency. When, in the words of French national radio, Schmidt and Giscard prepare to sort out "the incoherence of American foreign policy" and "educate President Carter," they do not express the repellent arrogance of Old World *declassés*, but an effort to draw practical prescriptions from the past 33 years of European-American experience.

—Susan Johnson

## Rockefeller's Development Proposal

*From the French financial daily Les Echos, April 4, "U.S. Initiatives to Better Cooperate with the Oil Producers," by Ralph Back:*

M. Nelson Rockefeller, former Republican Vice-President of the United States, one of the most influential men in the country in political and economic matters, is presently negotiating with Saudi Arabia setting up a joint-venture corporation whose aim would be to use the Saudi petrodollars for investments in the United States as well as in developing countries.

At the same time, at the request of the Rockefeller Foundation a group of energy experts, including some of the most famous, just pulled together a report advocating the creation of an international forum by the governments of the industrialized countries and the oil producers. Expecting a grave crisis in world oil supply, the experts estimate that such a forum should take certain measures to deal with this situation and avoid competition among consumer countries in the face of scarcity. Thus, a number of recommendations:

(1) Industrialized countries must establish incentives for oil exporters such as Saudi Arabia, the United Arab Emirates, Kuwait, and Libya (i.e., producers with small-size populations) to increase production to a maximum.

That would notably involve the possibility of facilitating their investment in industrialized countries, and the inclusion of the oil producers in the economic and political "summits."

(2) The exporting countries would be invited to play an increased role in the public and private international institutions dealing with finance, currency and trade.

(3) Participation in the effort of certain countries such as Mexico and Iraq, for them to be able to develop their energy resources.

(4) The objectives and agenda of certain oil exporters' development plans should be revised to avoid any shortfalls that could jeopardize their political stability, economic progress and the production of exported oil.

(5) Industrialized countries should economize efficiently on energy and develop alternate forms of energy.

The report further underlines the importance of continued friendly relations between the United States on the one hand, and Iran and Saudi Arabia on the other, so as to further political and military stability in the Gulf, provided, however, that those relations do not put the United States in a privileged position for oil supply, to the detriment of other consumer countries. Expert observers of White House policymaking see those two initiatives of the Rockefeller clan — when put side by side with the Caracas declarations of Jimmy Carter in favor of an economic "New Deal" with Third World countries, as a sign that Washington policy is in the process of shifting. The Rockefellers, who, it is known, have the President's ear, were, like the Carter Administration, hostile to OPEC investments in the U.S. and any institutionalized collaboration with developing countries.

The adversaries of Jimmy Carter, the "big business" faction in both the Democratic and Republican parties which opposed him along with the U.S. Labor Party which is very active in this battle against what it (the Labor Party) calls "zero growth," do not hesitate to welcome the initiatives of Mr. Rockefeller, whom they had fought up until now.

*From the New York Daily News, April 6, "Rocky Will Go To Mideast" by Robert Geline. On March 29 the News published the first report on Rockefeller's development proposal.*

Nelson Rockefeller will fly to Saudi Arabia and Kuwait within the next few weeks to discuss with the Saudi royal family his plans to form a corporation that would use billions of Arab petrodollars to finance energy and food projects here and in lesser developed nations.

It was learned that the purpose of the trip is to move the delicate talks with the Saudis toward closing a deal to fund the new corporation, which would be based in New York City.

Rockefeller has informed the State Department of his impending trip. Sources at the department said that he had done so "as a matter of courtesy." They added that Rockefeller is pursuing his talks with the Arabs as a private citizen.

## Pound Plunge Foreseen...

# No Technical Solutions For The Dollar

Despite outgoing U.S. Federal Reserve chief Arthur Burns's March 31 call for large-scale intervention in defense of the beleaguered U.S. dollar — including U.S. gold sales — international currency markets remain panicky. Burns's proposal was welcomed by Swiss National Bank head Fritz Leutwiller, and is widely regarded as a concession to European central bankers, who are standing by to purchase U.S. gold at the revalued market price if and whenever a public auction should be held.

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## FOREIGN EXCHANGE

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Nevertheless, central bank intervention remains at best a "bridge" to tide the dollar over until a major Eximbank-financed export drive can be gotten underway.

Ironically, the British pound sterling is in much worse shape than the dollar, and if it were not for the dollar's weakness the pound could undergo an "unstoppable plunge," in the phrase of the April 4 *Daily Telegraph* of London. The British currency has declined nearly 10 cents in the last two months to the \$1.86 level and, according to the *London Times*, the Bank of England has had to spend nearly \$900 million in its defense in the last few weeks.

To avert a pound collapse, City of London merchant bankers and British monetary officials have orchestrated the recent round of rumor-mongering about an expansion of the European currency snake to include the French franc, Italian lira, and the pound sterling. Other central banks would then have to bear the burden of intervention to keep the bloated sterling in line with other European currencies.

The News disclosed last week that Rockefeller has been pursuing plans for a new development corporation that could create thousands of new jobs, affect balance of payments accounts, currency valuations and the standard of living in many countries.

Apparently all that stands between Rockefeller and his key associates in the project, former CBS president Arthur Taylor, and George Woods who used to head the World Bank, is a commitment from the Saudis to provide the fledgling corporation with investment capital.

A plan for the new corporation has been on file with the New York secretary of state's office since March, 1977. Incorporated here as the SARABAM Corp., the company's certificate of incorporation gives it a broad charter to undertake practically any aspect of food and energy development, from exploration to sales or distribution.

### *Burns's Gold Initiative*

In a parting interview with Washington reporters on March 31, his last day at the Fed, Arthur Burns called on the Carter Administration to mobilize a total of \$70 billion in financial resources to support the dollar. Burns suggested that U.S. gold reserves — whose total market value is \$50 billion — be sold on the open market in exchange for foreign currencies, that the U.S. market \$10 billion worth of foreign currency-denominated bonds, and that the U.S. sell \$2 billion worth of SDR (Special Drawing Right) holdings and utilize its borrowing rights at the International Monetary Fund. Underlining his differences with Blumenthal's "malign neglect" stance toward the dollar, Burns declared, "I fear that if the dollar continues to depreciate, it may bring along serious international and political troubles. In other words, the recovery of the international economy which has been sluggish may be cut short. This is not only of economic importance but it has far-reaching political consequences for the Western world."

Burns's call for a public gold auction was immediately seconded by Thomas Wolfe, a well-known gold expert who was in Gerald Ford's Treasury Department.

According to a U.S. stock broker — and subsequently confirmed by a source close to the Swiss National Bank — any public gold auction would involve a behind-the-scenes arrangement with other leading European central bankers, who would take up the bulk of the gold as payment for the foreign currency swap loans that they have been extending to the U.S. government. Thus, despite all public protestations to the contrary, gold will in effect have been "remonetized" — brought back into the international monetary system.

Sources close to Burns say that Burns himself hopes gold remonetization can be avoided, but this is nonetheless the logical result of his proposal.

For this very reason, Washington think-tank sources report, Blumenthal's Treasury Department is strongly opposed to such a public auction. On April 5, Treasury Undersecretary Anthony Solomon attempted to dismiss the rumors of an imminent gold sale: "From time to time we do sell gold, (but)...there's no special sale being planned right now."

Nevertheless, even if Burns's plan should be implemented, \$50 billion in gold reserves are obviously no match for the \$600 billion in dollars — American IOUs — sloshing around overseas. Unless the U.S. mops up these IOU's through a major "hard commodity" export drive, any gold sale will, at best, merely postpone the next dollar crisis or, at worst, allow the British to manipulate a 1971-style run on U.S. gold reserves.

The inadequacy of some European officials' thinking on this question was best illustrated by Swiss National Bank head Fritz Leutwiller, who on April 3 issued a statement simultaneously praising Burns's gold sale proposal and demanding cuts in U.S. domestic energy consumption, a measure which would merely speed America's deindustrialization.

#### *Snakes in the Grass*

Meanwhile, the City of London has managed to dupe some leading Continental bankers into embracing its plan for an expanded European currency "snake" to prop sterling, albeit with little hope of actually bringing this strange animal into existence. The April 5 Dow Jones ticker carried a report, date-lined Brussels, that the April 7-8 summit of EEC government heads in Copenhagen would "discuss forming a European currency bloc to counter erratic movements of the U.S. currency." Citing unidentified "high monetary and government sources" in the EEC, Dow Jones stated, "the idea of stabilizing foreign exchange rates of European currencies is being advocated by Britain, France, and West Germany...Initial exchanges at the expert level appear to indicate an EEC currency bloc could be formed along the broad outlines of, but not identical with, the current European joint float, the snake."

Last week's issue of the London *Economist*, however, inadvertently lets slip the fact that the "European currency bloc" is in fact a British plan with a "Europeanist" cover. The *Economist* claims that French President Giscard is applying pressure to West German Chancellor Schmidt to reflate his economy, and is also ready to push for bringing both the French franc and sterling into the

snake. Although Giscard's press secretary, Pierre Hunt, did hint vaguely that Giscard wanted to make Europe a "zone of monetary stability," all the evidence points to close collaboration between Giscard and Schmidt going beyond purely monetary considerations.

Unfortunately, this has not stopped the head of West Germany's Commerzbank, Robert Dhom, from advocating a "European solution" for the dollar crisis. Albert Coppe, president of the Société Générale de Banque, a Belgian bank with possible British ties, told reporters in Washington that the snake should be expanded to include the French franc, British pound, and Italian lira.

#### *Calling Britain's Bluff*

But as even the British financial press has admitted openly, even the hint of a stronger dollar could easily blow sterling out of the water. Britain's industry has been stagnating at abysmally low levels for months, its exports are falling, and the myth of financial salvation through North Sea oil has recently been popped.

In an April 4 column titled "Stopping the Nonsense," the British *Guardian's* financial editor, Hamish McRae, warned that a dollar recovery could trigger a panicky exodus of the "hot money" which flowed heavily into London last year back into the dollar. To avoid sterling collapse, McRae lectures, Callaghan must hold back on his reflationary budget plans, which would feed British monetary growth and inflation.

Still another warning came from W. Greenwell's, a London stock brokerage firm: "recent excessive monetary growth has definitely become significant." According to the *London Times*, Greenwell's further declared that "if monetary policy were tightened in the U.S. and not in Britain, a run on sterling was probable." Although the latest banking figures indicated that monetary growth declined somewhat in the month ending mid-March, money supply is still running at least 1 percent over the official target of 13 percent. Britain's official holdings of foreign currency reserves also dropped \$381 million in March — \$281 million net of debt repayment — indicating that capital flight may already have begun.

The dilemma for the Callaghan government is that if it tries to defend sterling by adopting a restrictive budget and jacking up interest rates, it will also destroy the international credibility of Callaghan's "coordinated reflation action program," aptly acronymed CRAP.

—Alice Shepard

## W. German Bankers Stave Off Economic Collapse

West German industrial and government circles are desperately attempting to halt the decline in industrial orders and the stagnation in industrial output forced on their country by the collapse of the U.S. dollar. Their efforts are directly responsible for the unexpected upturn in West German domestic industrial orders for capital equipment, which began in October 1977 and has continued at the modest rate of 3 to 5 percent per month into January of this year.

It is widely hoped in these West German circles, typified by the leading spokesmen for the two major commercial banks, Deutsche and Dresdner, that the resounding defeat of French Socialist leader François Mitterrand in the French elections will pave the way for a rise in exports and industrial investment simultaneously in both countries. Two developments in France have been interpreted by informed circles as a strong opening to Franco-German cooperation on solving long-

standing economic problems in both countries. One is the appointment of Jean François Deniau, former head of the Franco-Soviet Mixed Trade Commission, and a specialist on European Economic Community affairs, to the post of French Foreign Trade Minister; the other is the decisively conservative character of the new French cabinet as a whole.

### West German Domestic Capital Goods Offset Worst Effects of Dollar Collapse

	Domestic Capital Goods Orders % Change over 1976	Industrial Output % Change Over Previous Month	Domestic Engineering Output % change over previous month
Aug. 1977	1.4	1.8	8.
Sept.	8.3	0	19.
Oct.	11.6	0	14.
Nov.	15.6	0	13.
Dec.	14.0	2.6	14.
Jan.			29.

Source: Bundesbank, Deutsche Bank

In West Germany, the modest pickup in domestic capital goods orders and output results from a two-pronged effort to open Mideast, Latin American and African markets for exports, and to use these openings as an encouragement to firms to unlock their bank accounts and invest. In January West Germany was the only western country to strike a balance of payments surplus with the Mideast oil producing countries, as especially Iran forwarded major contracts in the shipbuilding sector.

On the domestic front, "There are many indications that, at long last, orders are being placed for much-needed replacements of standard plant and equipment," according to the Commerzbank. One of these indications is the 6 billion deutschemark hike in bank lending to the manufacturing sector, in the fourth quarter of 1977, following over a year of stagnation in industrial borrowing.

#### Risks Remain for Banks

Over most of 1977, West German bank earnings were sorely affected by corporations' refusal to invest, despite historically low interest rate levels (imposed to discourage hot money inflows out of the dollar). Over 30 percent of profits for commercial and large state-owned banks were earned in Eurobond marketing operations, centralized in Luxembourg, and other foreign banking operations. This year, it is expected that a new record volume of 80 billion in deutschemark-denominated Eurobonds will be issued (following 78 billion marks in 1977).

Earnings on this large volume will be one of the buffer zones protecting the banking system from the immense

problems created by the collapse of the dollar. Reliable sources estimate that in order to maintain trading volumes, West German banks have taken up 160 billion deutschemarks in highly unpredictable foreign currency transactions. A renewed British merchant bank "bear raid" attack on the dollar could provoke major foreign exchange losses in the crucial private banking sector.

A December survey in the *Financial Times* on West German banking, as well as the *London Investor's Chronicle* March report on Luxembourg banking leave little doubt that London is maliciously anticipating such a crisis. *Investor's Chronicle* peddles the lie that Luxembourg banking authorities are presently contemplating the imposition of stringent controls on foreign banks based there due to reports that a major West German bank has already incurred substantial foreign exchange losses.

The *Financial Times*, on the other hand, issues the proposal that West German regional authorities clamp down on state-owned banks moving into Luxembourg and related foreign markets to force them to concentrate their financing activities on "regional" — or labor-intensive — development.

In sum, West German banks have adopted a long-term practice of the Japanese financial community, namely the maintenance of export and corporate financing at high financial risk, to prevent a spiraling downturn in industry. The government's contributions to this effort were visible most recently, during the state visit of Brazilian President Geisel to Bonn. At that time, a series of accords for Brazilian participation in West German nuclear breeder and fusion power research were signed.

This visit had a direct impact on French-Brazilian relations, aiding the conclusion of two years of negotiations for a \$1 billion capital equipment sale by one of France's leading engineering firms, Creusot-Loire, for a Brazilian hydroelectric project. The equipment sales are being financed by a private banking consortium which includes Banque de l'Union Europeene, a leading Franco-Belgian representative of European programs to develop the Third World.

#### French Companies Threatened

In France, strict limitations on bank lending to private sector corporations, coupled with the relative weakness of the franc, which imposes high domestic interest rates, creates a situation in which it is impossible for private banks to play a "fire brigade" role on the Japanese or West German model. This fact pinpoints the stupidity of conservative, anti-Gaullist and British-leaning circles in France which have recently been screaming for a "return to free enterprise" and substantial industrial price hikes as the solution to the country's economic ill-

Since the election outcome, government experts in France have predicted a modest 4 percent rise in private corporate expenditures in capital equipment will occur. Similarly, West Germany's industrial daily *Handelsblatt* recently insisted that French companies "are prepared to look afresh at the 'bypassed opportunities' let go during the insecure political period of the past few months, and to 'newly conquer' both the domestic and foreign markets." As could be expected, moreover, "West German importers are taking advantage of the

decline in the rate of the franc" to up their purchases of French goods. Preliminary estimates mark a 6.5 percent hike in French exports for the month of February.

The serious weakness of the French economy, however, cannot be underestimated. Not only did bankruptcies once again rise in January 1978, but major mechanical engineering firms and fiber producers in the chemicals sector were only able to ward off what Banque Nationale de Paris described as "potentially catastrophic" yearend results because of the European-wide boom in the auto industry last year. The weak financial position of the country's chemical industry was further highlighted by the fact that its earnings deteriorated despite a 6 percent rise in turnover in volume

terms, a considerably higher increase in sales than occurred in either West Germany, or Britain.

The limitations in West Germany's "fire brigade" approach are also evident though as soon as the upturn in engineering products is compared to the absolute decline in producers and chemical goods output during 1977.

The efforts by private bankers and government officials in West Germany to keep the economy afloat are part of expectations that an international recovery program led by the U.S. with an expansion of East-West trade is a feasible, foreseeable solution to the dollar collapse, and that Franco-German cooperation will simply be one source of pressure for getting U.S.-Soviet economic collaboration underway.

—Renee Sigerson

## Congress Avoids Need For U.S. To Be Major Food Producer

Conferees from the House and Senate Agriculture Committees could have used their recent get-together to initiate legislation to expand American farm exports. The need for such an approach, both from the standpoint of American agricultural development and that of food-short Third World nations, could not be more desirable. But instead, House-Senate Agriculture conferees, under Republican Senator Robert Dole of Kansas, approved a

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### AGRICULTURE

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farm aid package featuring the "Flexible Parity Act of 1978," which will pay farmers not to produce. Patently inflationary, and administratively a nightmare, the legislation will "aid" American agriculture to remain stagnant and Third World nations to remain food-short.

The approved plan sets target prices and crop loan support rates according to a sliding scale — by individual farmer, according to how much of his cropland up to 50 percent (for wheat, feedgrains and cotton) he chooses to take out of production in 1978.

The conference bill, already denounced as a "cruel hoax on farmers," is not expected to get through the Congress, much less past the President. But the conferees' approval of the silly measure has temporarily tabled serious discussion of expanded farm exports, which are a critical element in an increasingly heated national debate over the U.S. Export-Import Bank's and industrial America's role in programs for world development.

The side of this debate which stands for zero-growth in American agriculture and starvation abroad made itself felt this week in other places besides Robert Dole's Senate-House conference. A series of editorial statements in newspapers and news "leaks" from the office of Dr. Peter Bourne, the heroin advocate in the Carter

Administration, announced that a 20-page memorandum outlining a "world hunger program" has just been given to President Carter by...Dr. Peter Bourne. According to syndicated columnist Jack Anderson, Carter is being pressed to adopt and unveil the program before Congress by May. If he does, it will be a major victory for the World Bank, the London Rothschild family, and any other person who believes that American farmers ought to have frozen production in 1865.

Bourne's "hunger program" emphasizes the "Chinese model" of backwardness on the family farm — "labor-intensive self-sufficiency." This "key to solving the world hunger problem" bears the hallmark of the World Bank, that helped draft Bourne's memorandum. It is an unambiguous attack on technology-proud American farmers who want to feed an industrializing world. It is an attack on Third World industrialization, which only the produce of American agriculture could make possible.

Dr. Bourne laid the broader issue on the table in an editorial feature in the April 4 New York Times. He announced a "national debate" on "a policy governing the entire American presence in the developing world," and advocated a "broader strategy" for "land reform and the redistribution of wealth." To Bourne the *production* of wealth is not within the realm of imagination, and "Redistribution of wealth" is convenient World Bank short-hand for crippling the production of wealth by promoting subsistence agriculture and "cottage industry" in 15th century modes.

#### *Any Connections?*

When Senator Dole's conference meeting decided to pay farmers more not to produce, it was under pressure from the "farm strike" movement led by the anarchist American Agriculture Movement. The AAM has demanded "100 percent parity" in government price-supports; "farm strikers" actually packed the committee

room and lined the corridors outside while the conferees deliberated. Dole pleased them by introducing and gaining quick-pressure approval for the measure that Congress will never approve. The American Farm Bureau and Senator Herman Talmadge, chairman of the Senate Agriculture Committee, had wanted to strengthen existing land-diversion programs to alleviate downward pressure on grain prices. House Agricultural Committee chairman Foley (D-Wash.) made a last-minute effort to substitute across-the-board increases in government target prices and loan-support rates. But the AAM's harassing action, which has included "take-overs" of the Agriculture Department and Secretary Bergland's office in the past month, got Senator Dole's proposal approved, as Senators rushed for the exit and Easter Recess.

Notably, Dr. Bourne's "world hunger program" release of this week, and Senator Dole's spokespersonship for the American Agriculture Movement demands, appear to be connected. The American Agriculture Movement was created and is funded and controlled by the Institute for Policy Studies in Washington, D.C. which has been using a variety of front organizations to stage the "farm strike" — operating through an intermediate group "A.C.O.R.N.," (Associated Community Organizations for Reform Now) headquartered in Arkansas.

The victim of these shenanigans around farm policy will be the American farm industry, whose urgent problems and enormous productive potential to world benefit, are being systematically denied rational consideration among policy-makers as a result.

The facts of the issue are that both the short and long-term viability of the American farm sector rests with an immediate and vigorous push for rapid development of markets for farm-food products and capital-intensive technologies in the developing sector. Such a program would be a necessary aspect of a broader, high-technology American export program centering around the U.S. Export-Import Bank, which would accommodate nuclear and other exports to the Third World. An expanded Eximbank would thus "fuel" expanding rates of world economic growth, sufficient to absorb an expanded U.S. agricultural trade.

It is only on this basis that any more immediate government measures to ease the farm sector's cash flow crunch can be adopted without unleashing a speculative inflationary spiral in farm and food prices. Moreover, it is within this policy framework that efforts to reduce or otherwise control farm productivity and output can be seen for what they are — a cure worse than the disease. The realization of growing American agricultural "surpluses" in expanded trade for consumption is the sole, proper source of the industry's present and future profitability.

### Bourne: Do Like China

*Jack Anderson's syndicated column April 2 was devoted to a "confidential 20-page memorandum" authored by White House special advisor, Dr. Peter Bourne, on "the world hunger problem." Anderson's*

*glowing description of the document was partly as follows:*

While U.S. food programs may have saved millions from starvation since World War II, they may have actually hindered rather than helped bring about "the fundamental internal changes in developing countries that would lead to food self-sufficiency," the report suggests...

...The memo says candidly: "Our problems in the past have arisen largely out of our inability to separate our motivations and objectives with regard to world hunger from the domestically inspired need to dispose of large commodity surpluses."

...The confidential memo will become the basis for a special message that Carter will send to Congress in May on his proposals to combat world hunger. As the first step, he plans to sign an executive order establishing a presidential commission on world hunger.

...His advisers view his crusade to eradicate hunger as a vital extension of his human-rights campaign...

The memo cautions Carter that his proposal would be met with cynicism from less-developed countries...

But "the key to solving the world hunger problem," the report emphasizes, "must be to increase food production in those countries where hunger exists. It is above all their responsibility to deal with their own problem."

Bourne cites the Chinese Communists, who increased food production on their own. The report contends, therefore, that "the ability to increase food production is not, as we have often believed in the past, dependent on either massive transfer of expensive technology with heavy energy consumption or highly trained technicians."

It suggests that "more emphasis" should be placed upon "the immediate use of simpler voluntary efforts stressing self help and a sense of dedication similar to that which allowed the Chinese to overcome their food deficit."

### Bourne: Redistribute The Wealth

*Dr. Peter Bourne, special assistant to President Carter on drug abuse, noted as an advocate of marijuana and heroin proliferation, delivered a speech at "a population and food-policy conference in Washington" which someone at the New York Times "adapted" into an article appearing in the newspaper's April 4 edition.*

Too often in the past, the human rights issue has been used inconsistently as a political tool to justify reductions in the amount of resources we are willing to contribute to developing countries. We must work for the essential political changes a broader strategy would require: land reform and the redistribution of wealth....

Political courage will be required to manage a national debate on these issues and to derive a policy governing the entire American presence in the developing world. We need to discover what economic price we will have to pay to actually obtain some semblance of equity in the global distribution of wealth. We cannot continue to criticize the inequitable distribution of the benefits of growth in developing countries and not acknowledge a similar imbalance between our own industrial society and the rest of the world...



The State Of East-West Trade:

# Siberian Project Intersects Trade Finance Fight

A March 20-21 meeting in Moscow marked progress in the Soviet-American-Japanese project to develop the natural gas resources of Eastern Siberia, one of two huge Siberian natural gas deals conceived in the early 1970s. The consortium partners, Occidental Petroleum and El Paso Co. of the United States and Tokyo Gas of Japan, reportedly received the news that Soviet studies have confirmed at least one trillion cubic meters of natural gas in the Yakutsk region fields — enough to make the multi-billion-dollar commitment worthwhile.

But whether U.S. firms will be able to take part in the Yakutsk and other projects remains in question, given the profound opposition to expanded East-West cooperation among important groupings in the U.S. government.

At the next Yakutsk consortium meeting, set for May in Tokyo, negotiations will proceed on planning and financing the second stage of the project, starting with determining feasibility of constructing a pipeline (as long as the Alaska oil pipeline) from Yakutsk to the Pacific coast. Extraction and liquefaction facilities will also be projected. This stage will reportedly run approximately \$4 billion (estimates of the Yakutsk projects ultimate size range from \$10 to \$20 billion), a magnitude of investment requiring a more binding commitment than did the \$100 million invested in the initial exploration phase.

*Can the U.S. Participate?*

On the part of the USSR, the green light for Yakutsk signals readiness to resume détente with the U.S., provided that Washington turns away from the confrontation course being charted by National Security Council head Zbigniew Brzezinski. Soviet spokesmen affirm that Moscow is looking for stable long-term cooperation in developing the Siberian resources. The head of the Japanese delegation to the Moscow talks on Yakutsk was told by Soviet officials that the deal could yield 25 to 30 billion cubic meters of gas per year to Japan (more than double original forecasts) and supply Japan's liquefied natural gas needs for 50 to 60 years.

But the American firms interested in joining the Yakutsk development project must surmount a political barrier before U.S. participation becomes possible.

Billions for Siberian development could be a significant part of the sort of massive U.S. export expansion program that U.S. Export-Import Bank chief John Moore and many officials in other government departments believe as the solution to the continuing decline of the dollar.

And politically, Siberian investments, combined with a revival of U.S.-Soviet high technology research and development cooperation, would put firm ground under a new SALT agreement.

Thus on both counts the Siberian project turns up at the eye of the factional storms in Washington.

*The Soviet Trade Issue in the U.S.*

One of the flagship deals of the détente era, the Yakutsk project was stymied four years ago by passage of the Jackson-Vanik amendment to the Trade Act of 1974 and the Stevenson amendment to the Eximbank Act, which crippled the Exim facility and made lending to the USSR dependent on "freer" Soviet emigration policies. Without key Eximbank guarantees, commercial banks would not risk such an expensive long-term investment as the Yakutsk project — and the Japanese could not afford to foot the bill alone.

In the *closing months of 1977*, as the first decline in Soviet-American trade became apparent, an effort was mounted by influential U.S. business interests to repeal the Jackson-Vanik amendment. One possibility considered was to suspend the legislation for a trial period. Another was to "soften" its terms. Representative Vanik was himself understood to be amenable to changes in the restrictions.

When Secretary of Commerce Juanita Kreps addressed the Los Angeles session of the U.S.-USSR Trade and Economic Council in November, she called the large Siberian development projects "positively seductive," in light of U.S. large fuel import requirements. Kreps's speech, in which she urged all possible measures to expand trade even despite the persistence of the obstacles imposed by Congress, was read in East-West business circles as an invitation from the Administration for business to take an initiative on one or more large projects.

Attempts to break the trade deadlock coincided with the October issuing of a Soviet-American joint statement on reaching a comprehensive Middle East settlement and reports of progress on SALT following the visit of Soviet Foreign Minister Gromyko to Washington.

Soviet-American relations were turning for the better on all fronts.

*Scoop and Zbig Run Interference*

Scarcely were the trade moves charted, however, when all the machinery of the confrontationist faction went into motion. Chase Manhattan's *East-West Markets* was warned by a White House official in December that



financial initiatives on any big energy deal with the Russians — such as Yakutsk — would trigger the formation of a National Security Council *ad hoc* committee to review its security impact.

The idea of easing the Jackson-Vanik restrictions was attacked by Senator Henry Jackson, who (sitting on the Armed Services and Energy Committees of the Senate), reportedly threatened to block Senate approval of Carter's energy package and ratification of any SALT treaty in return!

Nevertheless, *Platt's Oilgram* reported March 31 that the Bank of America is presently considering an investment in Yakutsk to the amount of \$2 billion; Bank of America is willing to go in without the Exim guarantees. But for the Bank of America's commitment to stick, for its example to be followed by other banks and firms, the combined public and private sector political drive for an industrial growth and export policy in the United States is crucial.

—Rachel Berthoff

## Soviet-American Trade Drops Sharply

The volume of trade between the United States and the Soviet Union fell off by 26.5 percent in 1977, according to preliminary figures released by U.S. commercial officials in Moscow. The steep slide reversed the trade expansion between the two great powers, which took off at the start of this decade and then stagnated under the weight of legislative strictures and recession in the West.

As of the third quarter last year, Soviet trade with its biggest Western European trading partner, West Germany, was declining about seven percent below 1976 levels, while Franco-Soviet trade was holding steady. Japan fared slightly better, gaining 21 percent in total volume, 15 percent in exports to the USSR. (The pace of Japan's steel sales to the USSR, however, did not hold up.)

All of these countries did more business with the Soviets than the U.S.; the West Germans, almost doubled.

In reporting the 1977 decline in Soviet-American trade, the business pages of many American newspapers took note of the smaller Soviet purchases of U.S. grain, which resulted from the superior wheat and corn harvest in the USSR in 1976. Hopes are voiced that 1978 will see Moscow place more grain orders, after their modest 1977 crop fell short of the Soviet plan target. Trade publications are even praying that Soviet grain buys will spark a trade recovery.

This speculation fails to face up to the sorry state of affairs in which two-thirds of U.S. exports to the other greatest industrial power in the world is made up of foodstuffs. What's more, the 40 percent drop in U.S.

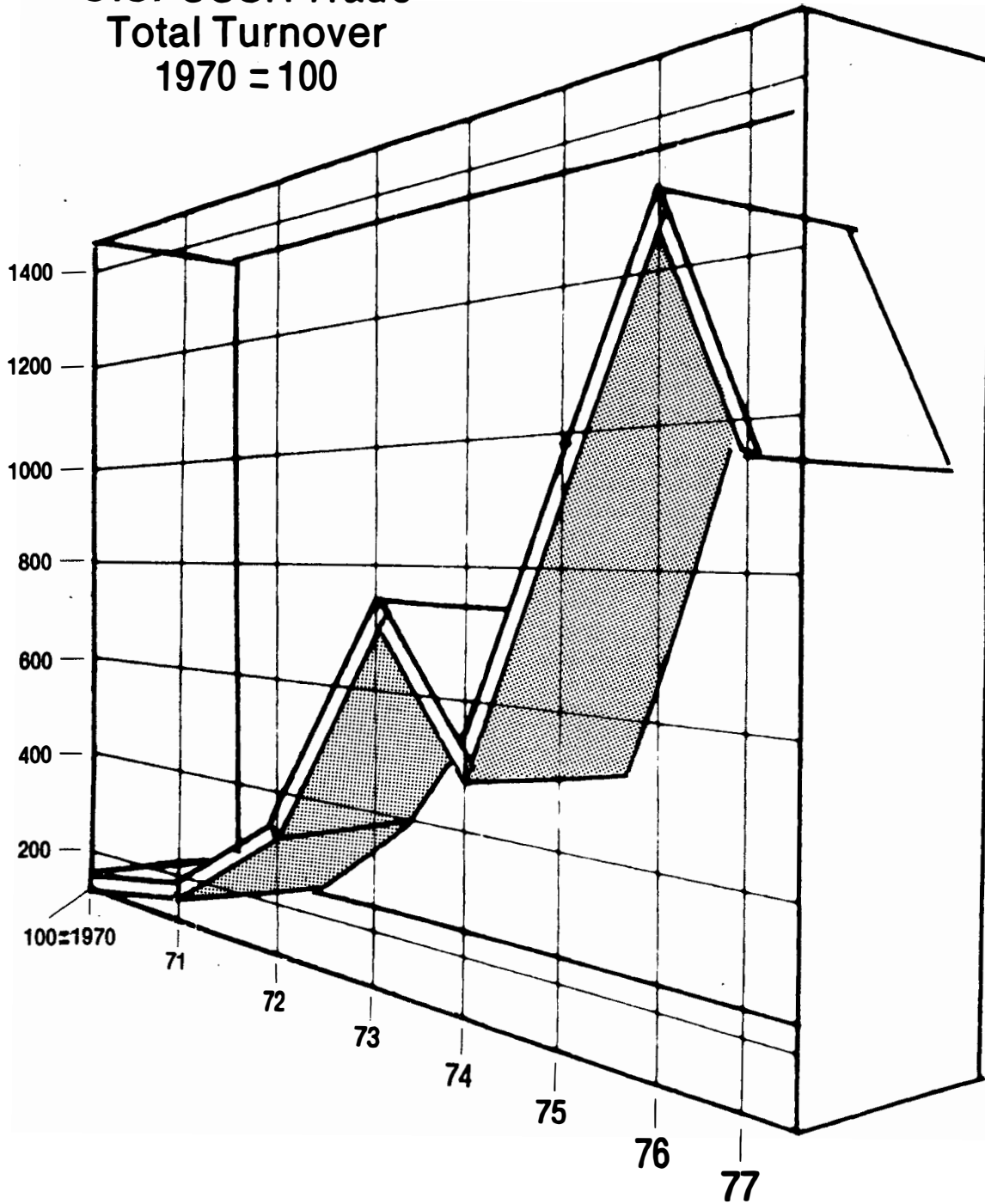
agricultural exports to the Soviets was matched by a 25 percent decline in industrial exports. U.S. industrial technology delivered to the USSR amounted to just \$500 million in 1977.

Given today's scale of U.S. trade deficit, the Soviet-American trade decline is but a tiny symptom of the malaise blighting U.S. exports. The 26.5 percent figure, after all, is a dollar volume drop to \$1.86 billion from a high of only \$2.5 billion; U.S. exports to the USSR were \$1.6 billion in 1976 and \$2.3 billion last year.

It is necessary, therefore, to consider not just what has been lost from 1976 to 1977, but where Soviet-American trade would stand if even the potential defined by the 1972 Trade Agreement had been realized. At the 1972-73 rate of expansion, Soviet-American trade would now be in the \$13 billion range.

Soviet Deputy Foreign Trade Minister Vladimir Sushkov gave a mid-1977 estimate of \$6-12 billion for the value of projects currently under discussion between U.S. firms and Soviet trade and industrial organizations. These are the big projects — the Yakutsk natural gas deal, petrochemical complexes in Western Siberia — which have been blocked by U.S. law. These projects would immediately send Soviet-American trade upward again, not through grain sales, but through strong U.S. industrial exports. This would mean jobs and business on the U.S. side, and the generation of Soviet export capacity — an important outcome of Siberian resource development — and future Soviet demand for still more American exports, as both economies strengthen and world trade expands.

# U.S.-USSR Trade Total Turnover 1970 = 100



# Trade Contraction Slows Soviet Development Plans

Soviet President Leonid Brezhnev, and Defense Minister Dmitrii Ustinov, have just concluded a rail tour of Siberia, visiting units of the Soviet missile corps and troops on the Chinese border. The trip also included inspection and planning meetings at factories and construction sites in the oil towns of Western Siberia and new industrial centers to the East.

Brezhnev made no secret of his concern that some of the great Siberian building projects of the current Soviet five year plan (1976-1980) are running behind schedule.

Planned Soviet industrial growth, and energy production in particular, is tied to what Soviet planners call "the shift of the country's energy base to the North and East." The pace of Siberian construction is crucial to overall Soviet economic growth. It requires, as Brezhnev stressed to officials in the central Siberian district of Krasnoyarsk, the rapid development of construction and transport. The biggest project in the package is the second trans-Siberian railway, the Baikal-Amur Mainline (BAM). The behind-schedule sites Brezhnev singled out included an oil refinery, a box-car construction plant, and others in the priority industrial categories.

Not every Siberian slow-down can be traced directly to the contraction of East-West trade, but in some instances the connection is dramatically direct. The Yakutsk natural gas project awaits Japanese and U.S. commitment, and Soviet planners are reportedly anxious to know whether the deal is "on" or not, for purposes of drafting the 1981-1985 plan.

The more general problems responsible for the lags in Siberia and, more broadly, the scaling down of industrial production targets during the current plan period — targets which have already slashed Soviet growth rates to their lowest since World War II — are rooted in the aggravated accumulation of production bottlenecks, the burden of an underdeveloped agricultural sector employing over 30 percent of the workforce, and the requirements of defense spending.

Every one of these trouble-causers in the Soviet economy could be erased in a program of Soviet-American entente coupled with an international

economic recovery program. Current Soviet policy, however, has been determined with no expectation of such a program. Whether a capitalist recovery is in the Soviet national interest is still a matter of contention in Moscow between advocates of a political alliance with progrowth industrial capitalists and the shortsighted cheerleaders of collapse in the West.

Even to the extent the plan *does* count on Western supplier credits for needed technologies and equipment, the Soviets are in trouble. Their overall foreign trade growth is on target at an annual rate of 10 percent, but the portion of commerce with the OECD nations has recently turned downwards after expanding throughout the decade.

The effects are most evident in Siberia, as well as in other major projects.

## *Doing Moscow A Favor?*

The Soviet leaders who say "let U.S. industry go to hell," among the best friends of the financiers of London, will be finished if the U.S. and the USSR join forces in a strategic entente oriented towards economic recovery.

The corresponding victims of British ideological warfare in the U.S. are businessmen and politicians who find something legitimate in a prospective "security review" which Zbigniew Brzezinski's National Security Council would launch if U.S. business sealed a major Siberian energy deal.

Would the U.S. be doing Moscow a favor? Rescuing the Soviet regime from destruction? Freeing Soviet resources to prepare aggressions?

Not at all! The Soviets intend to develop Siberia with or without the U.S. — the USSR's national mobilization of youth to build the BAM is ample evidence of that commitment. But the acceleration of Soviet industrial growth which full-scale Soviet-American cooperation can bring, and especially the pooling of resources for research and development, will strengthen the Soviet leadership tendency which is accurately labeled "pro-American," a faction which will act on the mutual interest of the Soviet and American industrial republics.

# Historic Supreme Court Ruling Eases Nuclear Power Development

In a landmark decision April 3, the U.S. Supreme Court reversed the previous decision on the development of nuclear power and remanded the *Vermont Yankee* and *Consumers Power* cases to the U.S. Circuit Court of Appeals for the District of Columbia. A stunning 7-0 vote lined up Court liberals and conservatives alike in a stinging rebuke, written by Justice William Rehnquist, of both the liberal Washington, D.C. Circuit Court of Appeals and the environmentalist intervenors. The Court's decision in these two cases cleared the decks for a political fight in Congress for the development of nuclear power.

The progress of the two cases, *Vermont Yankee Nuclear Power Corp. v. Natural Resources Defense Council* (NRDC) and *Consumers Powers Co. v. Aeschliman* has been closely watched by forces supporting nuclear power who believed that, given the issues presented, the court could very well take the opportunity to address the extensive common law case precedent created by environmentalists and Fabian lower court judges. It is this common law which has succeeded in obstructing the construction of every plant generating nuclear power.

Two major points were driven home in the forceful opinion of Justice Rehnquist. First, the courts cannot substitute their policy judgment for that of Congress. Second, the Circuit Court improperly intruded into the Nuclear Regulatory Commission's licensing authority by mandating more extensive and elaborate procedures than those required by law. Such "legislation by judiciary" has been the heart of environmentalist legal strategy. The April 3 opinion is the first in which the Supreme Court has directly reviewed the application of the National Environmental Policy Act of 1970 to the Nuclear Regulatory Commission. The decision can potentially halt the sabotage of nuclear power directed by Energy Secretary James Schlesinger.

The environmentalists had understood that an actual Supreme Court review of the National Environmental Policy Act (NEPA) and its procedures could prove extremely dangerous to their campaign to stop nuclear power through endless litigation, thereby defeating congressional intent to develop nuclear technologies. At the time the two cases were argued before the Supreme Court, the NRDC and other intervenors asked the court to dismiss them as moot. The Court refused that effort to derail review, noting that the Washington D.C. Circuit decides almost all challenges to administrative agency action and "the decision of that court in this case will serve as precedent for many more proceedings for judicial review of agency actions . . ." As well, the opinion notes, the NRDC has already cited the Circuit

Court opinion (in a case which they now claim is moot) as binding precedent for their renewed efforts to stop the construction of the Vermont Yankee plant!

The strong language of the Court's decision and its unequivocal attack on judicial efforts to circumvent the clear intent of Congress, mark a major turning point in the battle for the development of nuclear power. Environmentalists have relied upon extraordinary court-dictated regulatory procedures and requirements to indefinitely stall plant construction.

Consumers Power Chairman Selby remarked, "The decision will enable our people to devote 100 percent of their effort to completing the Midland plant on schedule instead of attending seemingly endless hearings." A Consumers Power attorney described the ruling as "a 103 percent victory."

The impetus the Court's decision extends far beyond the mere literal reading of the opinion. NRDC attorney Richard Ayres admitted, "The rhetoric is clearly helpful to industry. I can't underestimate the importance of the language. As a matter of law, it says the courts are not free to place procedural barriers in the way of congressional intent. However, the most troublesome thing is the language which is used . . ."

Ayres' assessment is correct. The court's decision, because it has remoralized pronuclear forces, approaches in historical importance the great decisions of the 19th century John Marshall Court — *McCullough v.*

## Where Do The Environmentalists Go From Here?

Natural Resources Defense Council attorney Richard Ayres, after the environmentalist defeat in the Supreme Court decision brooded: "In closing tighter the inquiry into procedures, the Nixon Court (in reference to the fact that many of the justices were appointed during the Nixon Administration) is showing again that it closes its doors to the average citizen and is responsive to big business. In our closing argument before the Court, we mentioned the comparison between procedures in the U.S. and in France, (West) Germany and Japan. There is no access for the individual citizen to government. *This accounts for the violence we have seen over there.* Over the past few years there have been a number of very violent incidents. *Citizens have to be heard or else go somewhere else.*" (Emphasis added.)

*Maryland, Gibbons v. Ogden* and the *Dartmouth College* case — which established by 1825 the legal basis for the development of the United States as an industrial power. The incompatibility of the Circuit Court's decisions against nuclear power with the U.S. Constitution's commitment to scientific and industrial progress was forcefully put before the court in the *Consumers Power* case in a widely circulated *amicus curiae* brief by the U.S. Labor Party. The influence of that brief is clearly shown in the language of the Supreme Court's opinion.

An immediate result of the Supreme Court decision will be to undercut Energy Secretary James Schlesinger's proposed Nuclear Siting and Licensing Act, which would provide government funding for Naderite environmentalist intervenors and would also give state agencies the same intrusive rulemaking powers which the Supreme Court has just denied the Circuit Court of Appeals. Schlesinger's bill was predicated on the demoralization of worn down industrialists. That demoralization has been erased by the Court's go-ahead for nuclear power. Now Congress has to make that decision a reality.

## What The Court Said

### *The Intent of Congress*

... Congress has made a choice to at least try nuclear energy, establishing a reasonable review process in which courts are to play only a limited role. The fundamental policy questions appropriately resolved in Congress and in the state legislatures are *not* subject to reexamination in the federal courts under the guise of judicial review of agency action... It (National Environmental Policy Act) is to insure a fully informed and well-considered decision, not necessarily a decision the judges of the Court of Appeals, or of this Court, would have reached had they been members of the decision making unit... Administrative decisions should be set aside in this context only for substantial procedural or substantive reasons, not simply because the court is unhappy with the results reached. ...

### *Conservation*

... The term "alternatives" is not self-defining. To make an impact statement something more than an exercise in frivolous boilerplate the concept of alternatives must be bounded by some notion of feasibility ...

as the Commission pointed out, the phrase "energy conservation" has a deceptively simple ring... Taken literally, the phrase suggests a virtually limitless range of possible actions and developments that might, in one way or another, ultimately reduce projected demands for electricity from a particular proposed plant. ...

### *The Role of the Washington D.C. Circuit Court of Appeals*

"... Neither the statute nor its legislative history (NEPA) contemplates that a court should substitute its judgment for that of an agency as to the environmental consequences of its actions..." (Quoting from *Kleppe v. Sierra Club*). We think the Court of Appeals has forgotten that injunction here... the Court of Appeals has unjustifiably intruded into the administrative process.

And, concerning the Circuit Court's order to return a reactor safety report to make its language understandable to laymen, "... it is simply inconceivable that a reviewing court should find it necessary or permissible to order the Board to return the report to ACRS. Our view is confirmed by the fact that the putative reason for the remand was that the public did not understand the report, and yet not *one* member of the supposedly uncomprehending public even asked that the report be remanded. This surely is..." judicial intervention run riot. ...

### *The Tactics of the Intervenors*

The proposed plant underwent an incredibly extensive review. The reports filed and reviewed literally fill books. The proceedings took years. The actual hearings themselves over two week. To then nullify that effort seven years later because one reports refers to other problems... borders on the Kafkaesque. ...

While it is true that NEPA places upon an agency the obligation to consider every significant aspect of the environmental impact of a proposed action, it is still incumbent upon intervenors who wish to participate to structure their participation so that it is meaningful... Indeed administrative proceedings should not be a game or a forum to engage in unjustified obstructionism by making cryptic and obscure reference to matters that 'ought to be' considered and then, after failing to do more than to bring the matter to the agency's attention, seeking to have that agency determination vacated on the ground that the agency failed to consider matters "forcefully presented..."

# Jack Anderson: Her Majesty's Columnist?

In July 1973 syndicated columnist Jack Anderson published charges that Richard Nixon, then President of the United States, kept a list of Republican senators who were subject to retaliation for actions displeasing to the White House. Anderson volunteered the names of ten such senators. The White House denied it, of course — but so did the senators. Some had received major dollar contributions from the Nixon campaign committee. Clifford Case of New Jersey, supposedly on “the list,” said that he was “unaware of any discriminatory treatment by the White House . . . in the important area of judicial and U.S. Attorney appointments, my suggestions, almost without exception, have been accepted.”

Anderson was wrong.

That same summer, Jack Anderson published charges that International Telephone and Telegraph Corporation (IT and T) had worked through a subsidiary to help install a “free golf course” at President Nixon’s San Clemente estate — in effect, a “bribe” to avert antitrust action against the corporation. After sensational headlines, the story turned out to be false. Anderson’s facts were wildly skewed and, as far as independent agencies could determine, many were just made up.

Anderson was wrong.

In the fall of 1974, Jack Anderson wrote a column attacking the International Police Academy for, in effect, training its graduates in torture techniques. In February 1975 the National News Council issued a finding that Anderson was guilty of distortion and inaccuracy, including wilfully taking quotations out of context to support a claim that Police Academy students were knowledgeable in and favorable toward human torture techniques.

Anderson was wrong.

This past Jan. 30, syndicated columnist Anderson published a slanderous attack on the National Caucus of Labor Committees (NCLC), which is now the subject of a libel suit. Anderson accused the organization of being “goons, gangsters” and “deranged malcontents” who blamed Nelson and David Rockefeller for the sabotage of nuclear power and other technologies. Anderson quoted an FBI document, linked the NCLC to Nixon, etc., etc.

Anderson was wrong. Moreover, what he didn’t say was the most revealing.

The NCLC is a socialist organization that has done much ground-breaking intellectual and programmatic work in nuclear power, energy-related matters in general, a number of new technologies, economic and political history and other fields, and is credited with that even by many opponents. The FBI report Anderson quoted was years old — he avoided giving its date in his column — and the agency had ended its investigation

months before his writing. And while the NCLC is often intensely critical of the Rockefellers, especially David’s financial acumen, the organization has over the recent period been, as NCLC chairman Lyndon LaRouche publicly stated, on “amiable” terms with the Rockefellers, especially for their recent support for nuclear power development. Anderson and his syndicator are currently being sued over the column’s false charges.

Of all the column’s smears, the most interesting is Anderson’s failure to report that the NCLC blames not the Rockefellers, but London bankers for the fascist zero-growth and other political attitudes which Anderson otherwise defends. In fact, NCLC antagonism to British policies across the board is the leading point in the organization’s general international notoriety as one of the most effective and influential organized opponents of British intelligence and British intelligence agents-of-influence throughout the world.

Is it possible that such a fact could have escaped the attention of Jack Anderson? The record certainly establishes that he is a syndicated liar. Is it also the case that Jack Anderson is a . . . British agent?

Anderson, of course, learned his trade from Drew Pearson. Drew Pearson, it ought to be more widely known, was an operative within those British intelligence networks run by Colonel William Stephenson of His (and Her) Majesty’s Secret Service during and after World War II. It is also the case that British intelligence, as when Pearson did the writing, remains a frequent and sometimes acknowledged source of information “leaks” which appear in Anderson columns. The latter fact is, of course, true of many columnists who are quite unwitting as to the source or purpose of such “leaks”. However, Anderson appears to be quite witting on both counts.

It could probably not be proven that Anderson is a “British agent” in a court of law — not yet. However, the growing evidence to that effect is such that any “American agent” or other political opponent of Anderson and what he does is a fool if he is proceeding on any other premise.

It is clear that Jack Anderson smears and distortions are always “timely” from an insider’s standpoint on British SIS-MI5-MI6 operations. It is clear that Anderson smears and distortions invariably tend or purport to discredit or neutralize threats to the cover of these operations, opposing international policy thrusts, or opposing political figures and organizations. An intelligence analyst could successfully classify each column according to function: “white” or “black propaganda,” “signal-piece,” “disinformation,” “misdirection,” etc.

The latter applies in a more general way to

publications associated with the Fund for Investigative Journalism (FIJ), which played a prominent role in, among other things, the Nixon "Watergate." The Institute for Policy Studies in Washington, D.C. created the FIJ. The Institute for Policy Studies itself was created by James Warburg, of the London-based Meyer-Warburg (Lazard) financier group. Jack Anderson was a founder and continues to be a leader of the FIJ.

It is also unmistakably characteristic of Anderson columns that they support those leading points of the fascist program of the Rothschild and Lazard financial groups in London and New York which are summarized under the terms "zero-growth" and "deindustrialization," and it includes Anderson's political support for those groupings (for instance "ecologists") who actively mount pressure for such programs in the U.S. on behalf of the London interests.

Most such groupings are creations of and pawns of the Institute for Policy Studies.

Regarding Anderson's background and connections, we find that his own accounts are "cover stories." His own account of his war-time record is a simple fabrication, for example. Of course, the character of that fabrication is in itself significant. However, for this reason, his personal history only becomes clear at the point that his career as a U.S. journalist takes off in a big way. After the war, he was hired by Drew Pearson, the late, famous muckraking columnist, and became Pearson's chosen protégé and successor.

Drew Pearson worked for the British, as a matter of public record.

#### *Drew Pearson*

Drew Pearson grew up helping his father build the upstate New York Chautauqua Fabian Society — one of the first American extensions of the London Round Table's Fabian Society. It flourished in the United States and elsewhere after the turn of the century. In 1918, Drew Pearson graduated from his Chautauqua activities to become a director of American Friends Service Committee relief operations in Serbia, Montenegro, and Albania. British Intelligence, at the time, was utilizing these AFSC programs and the associated Hoover Relief Commission as a cover for various activities including Eastern European agent-penetration work.

Upon returning to the U.S., Pearson first became noteworthy in Washington, D.C. when he took on the U.S. franchise for the Irish Sweepstakes, which at the time was illegal. He organized a network of journalists to publicize it, while selling tickets for a cut of the profits.

In 1930, Pearson was picked up by *Christian Science Monitor* writer Robert Allen to help prepare a hatchet job on the Herbert Hoover Administration, published as a book entitled "Washington Merry-Go-Round." This collection of gossip and slanders on President Hoover's top advisors and other prominent Washington figures was a crucial contribution to a broad campaign aimed at discrediting the Administration and, in particular, pinning it with the blame for the Great Depression provoked when London floated the pound in 1931.

Shortly after the book had become a best seller, Pearson and Allen, who wrote under pseudonyms, allowed the real authorship to leak out — then initiated a

daily newspaper column and radio show named, of course, "Washington Merry-Go-Round."

As World War II approached Pearson had an established notoriety for having access to inside secrets. The British Rothschild's private intelligence network, which intersects the Anti-Defamation League, frequently used Pearson as a mouthpiece.

More importantly, Sir William Stephenson, Britain's director of intelligence for the Western Hemisphere, selected Drew Pearson as a "responsible" publicist with the largest and most serious following. "Superspy" Stephenson ("A Man Called Intrepid") was admittedly responsible for large-scale British "interfaces," as in penetration of American intelligence agencies and government during the years of official war-time SIS-OSS collaboration. To this day British intelligence reportedly continues to be a major source of leaks and direction for the Washington Merry-Go-Round column.

In connection with Colonel Stephenson's operations during World War II, Pearson was accused by the U.S. Office of Naval Intelligence of leaking top-secret naval positions in the Pacific through his column. He was not prosecuted due to his high-level connections. At the end of the War, Sir William Stephenson used Pearson to exclusively publicize the defection of Igor Gozenko, a Soviet office clerk in Canada, who was utilized to "expose" an alleged massive atomic spy ring operating in the U.S. and Canada. The exposé was a sham, but Pearson, under the direction of Stephenson, gave it the necessary color and appearance of credibility, including live radio interviews with Gozenko, to make the story plausible and start the U.S. toward acceptance of British "cold war" policy.

There is no reason not to believe that Drew Pearson remained a British mouthpiece in American journalism and politics to the end of his life.

In 1969 Drew Pearson died, leaving the column he had built up and its sources to his associate, Jack Anderson.

#### *Anderson's Murky Background*

Anderson's own apparent involvement in the intelligence business stems from the World War II period, when he functioned in some low-level capacity gathering intelligence in China. Anderson has obscured this period of his life with a tissue of contradictory cover stories (both in and out of courtrooms), claiming to have served as a Mormon missionary, merchant marine, and war correspondent in the Pacific. Finally in 1945, his draft board caught up with him in China and inducted him into the Army. According to one story, ". . . he soon found his assignment (as reporter for human-interest war stories — ed.) dull, and, in search of more action, he hitched a plane ride to a secret, behind-the-lines base operated by the Office of Strategic Services, the forerunner of the Central Intelligence Agency. Alarmed to find a civilian reporter at their secret landing fields, officials sent him off to contact a band of Chinese Nationalist guerrillas."

A thorough check of public government records reveals that Anderson's wartime history is a fabrication. There are no records of his enlistment in the merchant marine, induction into the Army at the end of the war, and so on. One document stands out, however: according to An-

erson's Utah draft board he was classified as a member of the Armed services (1-C) on July 1, 1942, three years before he is willing to admit it.

In 1947, on the recommendation of "friends," Anderson went to Washington to ask Drew Pearson for a job with the Washington-Merry-Go-Round column. Despite his lack of journalistic credentials, Anderson was immediately hired by Pearson and soon became his protégé.

Three years after taking over the column, Anderson's big break came when he received a high-level "leak" of "secret transcripts" of a meeting of Henry Kissinger's Special Action Group which took place during the India-Pakistan war in 1972. The transcripts showed, Anderson claimed, that President Nixon was demanding a "tilt" toward Pakistan and was advocating, in effect, confrontation with the Soviet Union which would lead to World War III. Anderson quoted Kissinger telling the Special Action Group, "I'm getting hell every half hour from the President" to support Pakistan in the conflict. This, Anderson noted, contradicted Kissinger's public statements that the U.S. would remain neutral on the issue, and portrayed Nixon as a war-monger.

Anderson was awarded the Pulitzer Prize and was acclaimed as "his own man" by the *New York Times* and other major media.

Anderson, in an interview with the *New Yorker* magazine, did reveal something interesting: ". . . No one likes it, not the State Department, not the Defense Department, not Ambassador Keating, nor our allies . . . I have documents expressing British bafflement at the whole thing, for example . . ."

#### *Method of Operation*

Anderson columns usually serve to lend political credibility to a broad array of British operations, inside the U.S. and internationally, including the Watergating of Richard Nixon, legalization of drugs in the U.S., and international terrorism. But Anderson's main job is to knock down the key political and otherwise prominent individuals blocking the implementation of such British policies.

*Watergate:* Anderson played a significant role in Henry Kissinger's Watergate operation (A pamphlet, "Expel Britain's Kissinger for Treason," has just been issued by Campaigner Publications documenting Kissinger's personal role in Nixon's fall.) Anderson's first connection to the affair began when he was tipped off to the plan for a break-in to Democratic headquarters a full two months prior to the event, by close Kennedy family associate William Haddad.

Anderson, while admitting that Haddad tipped him off, claims not to have taken an interest in the affair until after the break-in, when he found that two old "acquaintances," Bernard Barker and Frank Sturgis, were among the burglars. Anderson casually notes in his book, *The Anderson Papers*, that on June 16, 1972 he "happened to bump into" his friend Sturgis at the Washington National Airport, but did not discover what Sturgis was up to until Sturgis' name appeared in the next morning's newspapers.

In lockstep coordination with the Watergate break-in, Anderson initiated the IT and T scandal, which served as a flanking attack against the Nixon Administration. Within days of the break-in Anderson printed a copy of an alleged memo from IT and T lobbyist Dita Beard which revealed a blatant IT and T campaign to buy off the Republican Party in an attempt to prevent government antitrust action against IT and T's holdings. The scandal was carefully nurtured by Senator Edward Kennedy and others until it became a significant blow against the Nixon Administration.

During the period leading up to Watergate, Anderson's operations were an integral feature, along with the Pentagon Papers hoax, in the careful cultivation of Nixon's "Hiss profile" by Henry Kissinger. Both the leaking of the so-called "Anderson Papers" transcripts of Kissinger's Washington Special Action Group discussions, and an Anderson exposé in late 1971 of a joint CIA-National Security Agency electronic monitoring operation in Moscow, were contributing factors in Nixon's agreement to go along with the creation of a White House "plumbers unit."

*Drugs:* During the recent period, Anderson has extended support to the legalization of drugs in the U.S. As far back as 1972, Anderson wrote an "exposé" which reported that "Thailand and the U.S. were hornswaggled into believing that 26 tons of opium were burned, when, in fact, "most of it was cheap fodder." The Justice Department and narcotics officials came forward with filmed and documentary proof that Anderson's attempt to discredit joint U.S.-Thai antidrug-running activities — drug-running activities which occur with British complicity — was another lie.

Recently Anderson has interspersed his attacks and scandals with columns in support of drug "decriminalization" in the U.S., supporting the argument that "criminal penalties are more harmful than marijuana abuse." During recent weeks, with a raging debate in progress in Ohio over the legalization of a "heroin maintenance" program in the state, modeled directly on the British heroin-maintenance programs, Anderson has suddenly come out with a series of conflict-of-interest scandals directed at the National Institute on Drug Abuse (NIDA) headed by Robert DuPont. Can it be a coincidence that these exposés occurred as DuPont simultaneously released a NIDA report attacking any attempt to legalize heroin usage in any form?

*Labor:* In 1970, Anderson brought Brit Hume onto his staff, fresh from the Institute for Policy Studies' organizing projects in Appalachia. In December, shortly after United Mineworkers president Tony Boyle was indicted for the murder of his opponent, Jock Yablonski, Anderson and Hume wrote a column stating that Boyle and former union general counsel Edward Cardy had been seen removing files from UMW headquarters. While Cardy and Boyle sued Anderson for libel, the column contributed to boosting the credibility of the IPS networks which subsequently took over the UMW.

Similarly in 1977, Anderson published attacks on Teamster Union leader Frank Fitzsimmons to boost the credibility of the IPS-run "Teamsters for a Democratic



Union" groupings, and the simultaneous investigations into Teamster Pension Fund illegalities. "Frank Fitzsimmons lives the good life . . ." Anderson wrote. "His bosses in the mob have him on a string and want him to stay in power until financial commitments are met."

**Environmentalism:** Anderson has always promoted the British disease known as "environmentalism." In 1972 Anderson himself attempted to set up an "ecology college," but it collapsed. Consistently, Anderson has endorsed the work of various environmentalist groups whose avowed purpose is to dismantle U.S. industry. He has played up "what-if" fairy tales of nuclear plants blowing up like Hiroshima bombs, or leaking and poisoning millions of people, and especially the "threat" of nuclear terrorism.

**Terrorism:** Direct British intelligence input into Anderson is clearly seen in his "exposés" of international terrorist operations. For example, in 1974 Anderson ran a series of exclusive stories which served to give credibility to the British-created Black September international terrorists, an operation which aborted only at

the last moment. On Feb. 10 of that year, Anderson reported that the British Army was put on full alert status at London's Heathrow Airport because of threats that Arab fanatics, armed with Russian missiles, were planning to shoot down Henry Kissinger's plane. Four days later Anderson wrote: "British intelligence has uncovered ominous evidence that terrorists around the world have joined in a loose subterranean alliance of revolutionary movements. . . . other young anarchists are joining a Hitler cult which is on the rise in Europe. Footnote: The Watergate reformers might want to keep an eye on how the British do it."

And how does Anderson do it? In a March 15 address to the Overseas Press Club in New York City, Anderson reportedly remarked that among his dozen or so full-time reporter-researchers is an "undercover man" who gets stories by posing as a migrant laborer, an Alaskan pipeline worker, or whatever. His current assignment, Anderson confided to the meeting, is to "study guerrillas in a foreign country." Did he perhaps mean "understudy"?

—Stuart Pettingell

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## British 'Gaullism,'

### Or, How To Subvert European Technological Development

Unaccustomed grunts and groans have recently been heard emanating from an apparently new tribe in the British Isles. Dubbed "Gaullists" by Anglophile press outlets like the *Washington Post*, their vocabulary includes the phrases "high-technology growth," "rapid industrial expansion" and the like — an apparent resurrection of the economic policies strongly pursued by French Prime Minister de Gaulle and German Chancellor Adenauer in the late 1950s and early 1960s.

Spokesmen for the group, most notably former British Prime Minister Ted Heath and current European Community (EEC) Commissioner Roy Jenkins, have been calling for a resurgence of economic activity in Europe through massive pan-European collaboration in industrial investment, and high-technology projects in aerospace, computers, and nuclear power as a way for insuring continued European independence from American domination.

Were General de Gaulle still alive, he would bare this attempt to muddy his name by the agents of "perfidious Albion." Far from being an exposition of prodevelopment thinking in Britain, this foul policy is a clearly thought-out strategy to prevent potential continental European-U.S. industrial and political collaboration, and set up Europe as a British-dominated power buffer set against any hopes of peaceful U.S.-Soviet economic relations. The fact that the British, with the aid of their agents of influence Schlesinger, Blumenthal, Miller and others are actively engaged in destroying the United States' technological and economic superiority only makes clearer the intent behind this so-called "Gaullist" shift.

#### *The "Divide-and-Conquer" Game*

With its own industrial potential beaten into the ground, and having failed to amass anything more than extractive industries to strip its colonies bare, Britain now stands defenseless against any major technological push in the United States and Soviet Union. Not surprisingly, therefore, one of the primary goals of British policy is to force a halt to the current SALT negotiations between the two superpowers. Insisting on a complete halt in "technological expansion," allegedly to curb the development of new weaponry, the British have made little secret of their real motives: halt U.S. and Soviet growth to the point where Her Majesty's Government can hobble alongside the U.S. and USSR as a still-viable "great power."

The Soviet leadership has correctly attacked recent statements by British Prime Minister James Callaghan in favor of the deployment of the cruise missile and neutron bomb in Europe as nothing more than an at-

tempt to plunge the SALT talks into total disarray. However, the "Gaullist" approach, as advocated by Britain's self-styled "Europeans," is just a more devious way of delivering the same end.

Writing in the January 1977 issue of *International Affairs*, the journal of the British intelligence think tank, IISS (International Institute for Strategic Studies), IISS research assistant Richard Burt, boldly exposed the British game plan. He wrote:

Over the next decade, the superpower relationship at SALT could be gradually undermined by European military initiatives. Both in terms of finance and expertise, Western Europe is better placed to exploit developments in weapons than in early periods of technological change. Acting unilaterally or together, "middle level" powers such as Britain, France, and West Germany possess the means to acquire a new generation of more accurate and secure strategic weapons. At the minimum, nuclear armed cruise missiles might provide a cost-effective approach to maintaining the viability of existing European "minimum deterrent" forces in the 1980s and beyond. . . . But even in circumstances where Europe chooses not to explore strategic alternatives, *the exploitation of technology for theatre role would create new uncertainties for the Soviet Union.* . . . (emphasis added)

#### *Britain and the EEC*

Generally, the British have not been known for their interest in developing European industry. British attempts to introduce the Morgenthau plan turning industrial Germany into pasture land at the end of World War II are well known, as is the fact that British support for the Marshall Plan was given only because it eased Britain's financial burden as an occupying power at a time when the British population was facing even stricter rationing and austerity than during the war.

Not as well known is the fact that the European Coal and Steel Community — the pact signed by West Germany and France in the early 1950s as the beginning of industrial reconstruction — was possible only because of strong U.S. support in the face of open British attempts at sabotage. The pact, labeled "not economic but eminently political" in nature by its author, Robert Schuman, immediately sent the British into a tizzy. Foreign Secretary Ernest Bevin branded it an "American-French conspiracy" against the British, and one British commentator noted that in the deal, "Not only was Britain's paramountcy in Western Europe being challenged by France, but in actively assisting the reconstruction of Germany and hoping for Franco-

German reconciliation, the very last thing the British Government was trying to do was to make a Franco-German rapprochement the nucleus for a continental unity." (1)

Despite continued British delusions of grandeur that somehow they still ruled the waves, albeit sharing them with the United States, by the end of the 1950s a remarkable fact was sinking into the pragmatic British skull: Europe, the United States, and the Soviet Union were expanding at growth rates double and triple those of "Great" Britain, while British industry sank deeper and deeper into the mire of the City of London's debt heap, unable to raise the capital or find the markets needed to generate economic expansion.

Britain's insistence in the postwar period on leading the "Empire," instead of adopting a constructive role in rehabilitating Europe, had worn tempers thin in Washington, especially during the term of office of the Eisenhower Administration. Britain's ignominious defeat over Suez in 1956 only strengthened U.S. efforts to foster a strong Franco-German axis in Europe as a counter to British insanity.

Faced with this growing continental alliance, British Prime Minister Macmillan developed the idea of FTA, the Free Trade Association, essentially a European extension of Britain's colonial Commonwealth, which would extend preferential tariffs to British goods while bringing Europe under the British wing. When, with U.S. support, de Gaulle and Adenauer opted for the creation of the EEC as a way of countering Britain's grand scheme, Macmillan sent a raving memo to one of his cabinet ministers warning, "We must not be bullied . . . We could if we were driven to it, fight their movement . . . What the above amounts to is this: that we must take positive action in this field, to ensure that the wider free trade area is more attractive than the narrower Common Market of the Six. We must take the lead, either in widening their project or, if they will not cooperate with us, in opposing it."

Thwarted in this strategy, in large part by U.S. support for the Six, the British attempted various aspects of the "If-you-can't-beat-'em-join-'em" approach throughout the early 1960s. Britain's initial bid to join the EEC under the Macmillan Conservative government (three years after its Free Trade Area strategy collapsed) was crushed by de Gaulle. The formal signing of the Adenauer-de Gaulle pact in 1963, in addition to de Gaulle's commitment to building a "force de frappe" for France (the third western country other than the U.S. and Britain to do so) came as a stunning shock to the British, and forced a complete reevaluation of policy.

#### *Line Against the U.S. "Multis"*

At the core of their rethinking was the need to coopt the de Gaulle threat, and to pull Europe simultaneously away from American technological innovation that was building continental Europe's economy; and into the British orbit. So began the great myth of American multinational domination throughout European and later U.S. "liberal" circles — a policy deliberately and maliciously spread by British spokesmen and their foreign allies as a way of playing on (in particular) French Gaullists' known suspicion of any foreign influence in Europe.

This policy was most clearly espoused by Prime Minister Harold Wilson in his 1967 speech offering Britain's second application to join the EEC. Wilson warned that the spectre of a technological gap between Europe and the U.S. was "continuously widening . . . there is no future for Europe, or for Britain, if we allow American business and American industry so to dominate the strategic growth industries . . . that they, and not we, are able to determine the pace and direction of Europe's industrial advance . . . this is the road not to partnership but to an industrial helotry, which . . . will mean a declining influence in world affairs, for all of us in Europe."

At the forefront in developing this strategic turn was the historic policy-making center of British imperialism, the notorious Round Table group, whose publication, *The Round Table*, took every available opportunity to explain the British view. Writing in the journal's April 1968 issue, S.C. Leslie, honorary advisor to the British Ministry of Technology (then headed by Tony Benn, now Energy Minister, whose close ties with Friends of the Earth have gone a long way towards blocking British nuclear energy development) laid out the British plan to subvert Europe:

American technology comprises by far the most massive aggregation of advanced technology, managerial know-how, and capital. The Community lags behind and on all the evidence the gap continues to widen . . . Britain, having been refused entry once and fearing another ban, developed an alternative strategy. Her own comparatively large resources of scientific manpower, much of it organized in the biggest "centers of excellence" in Europe, together with the scientifically based industries which these resources fostered, were offered as a partial make-weight to America's technological and economic power, and a contribution to the upgrading of industry in the Community. . . . In fact, in the Europe of Jean Monnet (2), if the British government had not conceived the idea (of a European Technological Community — PG) as part of its strategy for entry, the Brussels authorities would have had to do so as a needed instrument of advance. . . . They would have been able to ensure the coordination of the official R and D activities of the constituent governments because these national operations could have been related to one coherent military strategy and to an industrial structure reading to face development without national bias.

In even more explicit terms, Leslie suggested that the greatest step Europe could make would be a "reversal among the present Six of the existing commercial reference for equipment locally made . . . and a new readiness to choose British because it is European, and to encourage the growth of British subsidiaries. . ."

#### *Atlanticism and Europeanism*

To calm any fears of staunch British agents in the U.S. and elsewhere that Britain was adopting a bona fide Gaullist line, the Round Table assured its readers in a January 1967 editorial that Britain's prime allegiances would remain the Atlantic community and the Com-

monwealth: "Whether or not Britain joins the EEC, she is unlikely to become the champion of regionalism. The unity of the Atlantic world will remain fundamental and Britain will have strong interest in not facing damaging discrimination on the 60 percent or more of her exports which go outside any likely enlarged EEC."

Behind this phony protechnology strategy was a full array of politicians, industrialists, and financiers who saw integration as a backdoor scheme for rationalization and "deadwood-pruning" — also known as "asset-stripping" — in European industry. Charles Villiers, now the chairman of the British Steel Corporation and directing the most massive rationalization Scheme ever at BSC, made a speech in Berlin in 1969 calling for "a new, international Industrial Reorganization Corporation," the British body he then headed. This, he said, would consist of "successful businessmen, dedicated to the European idea," who would promote, assist, and accelerate "the restructuring of industry between European countries."

In Britain, this idea got very strong backing from the European Movement, a group funded by Lazard and Rothschild-connected finance houses and industry,

whose main purpose was to coordinate pro-EEC propaganda through their powerful press outlets and through organized national meetings and debates. Among its more prominent members were Edward Heath from the Tory party (who as Prime Minister finally brought Britain into the EEC in 1971) and Roy Jenkins, then a Labour Government Minister. In fact, in a paper prepared for the Movement in 1968, then EEC Commissioner Guido Colonna di Paliano — a leading member of the elite British-policy grouping, the Trilateral Commission — recommended that "the Community should adopt a common industrial policy designed *Inter alia* to facilitate mergers between European firms . . . Mergers are especially necessary in the sectors where technology plays a major role."

—Pamela Goldman

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### Footnotes

(1) Manderson-Jones, R.B., *The Special Relationship*, London School of Economics. London: 1972.

(2) Jean Monnet, a native Frenchman whose career was fostered by leading British financial and political circles, is considered the father of the European community concept.

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# Arafat Calls For Return To U.S.-Soviet Statement

In an April 1 United Press International interview which was subsequently given wide coverage in U.S. media, Palestine Liberation Organization leader Yasser Arafat stated that a return to the joint U.S.-Soviet statement of Oct. 1, 1977 was the necessary framework for any future Mideast peace negotiations. Said Arafat, "The Soviet-American communique of Oct. 1977 was accepted by the two superpowers, by us (PLO-ed.), by others. Why not make it the basis for peace in the area?"

Arafat will go to Romania in the coming days. Romania's President Ceaucescu has played a major role to date in mediating the Mideast dispute.

Arafat's responsible call for a return to a Geneva framework enjoys a supportive effort by Arab moderates, Saudi Arabia and Jordan to reconcile the Arab "steadfastness front," Algeria, Libya, Syria, South Yemen and the PLO, with Egypt's President Sadat in preparation for an eventual unified stand at a Geneva conference.

Among various high-ranking U.S. diplomatic and business officials, the consensus is that Arafat's recent pronouncements in support of a return to Geneva guidelines is, in fact, a direct expression of the behind-the-scenes cooperation between the U.S. and the Soviet Union. Both seek to settle the conflict in terms of a meaningful global accord which is backed up by economic development for all parties involved.

In the U.S. the pro-Geneva sentiment is centered principally in those Administration and State Department circles who advocate a return to a "Rogers Plan" formula for economic development as the underpinning of any Mideast peace plan.

## *PLO — "Point Man" for U.S.-Arab Cooperation*

Arafat was very explicit in his address to the Carter Administration to cease playing games in the Mideast and get down to a peace plan that would mean dealing with Israel's, and in particular Prime Minister Menachem Begin's intransigence. Warning that a fifth Middle East war is "definitely approaching" because of U.S. support for Begin, whom he labeled a Nazi, Arafat called for the recognition of the legitimate rights of the Palestinians.

According to a spokesman for the National Association for Arab Americans, Arafat is now acting as a "point man" for the Arab states of Syria and Jordan who are anxious to redirect the Mideast peace process away from the deadlocked Cairo talks and toward Geneva. Arafat's gesture is designed to signal the Carter Administration that the Palestine Liberation Organization is ready to eschew its "hardline" posture in favor of one more

conciliatory, which would mean a virtual go-ahead for Syrian and Jordanian entrance into the peace negotiations.

Sources in the U.S. State Department are also known to have put together an economic development package for the Mideast in the aftermath of a peace treaty. According to one spokesman, "although the U.S. will not move overtly at the present time, the U.S. Administration is waiting for the right moment to move into the peace process with economic development, i.e., a "Rogers Plan." In response to a question on eventual U.S.-Soviet cooperation, he said that "such cooperation is a *sine qua non* for any resolution to the conflict in the area."

## *Reconciliation in the Arab World*

In addition to its Geneva initiative, the PLO is attempting to hasten a reconciliation between the two opposing camps in the Arab world. From all indications, this is being done in conjunction with Saudi Arabia and its "point man" in this diplomatic offensive, Jordan.

Early last week, Jordan announced that it would be sending emissaries throughout the Arab world to promote an eventual Arab summit meeting to achieve reconciliation between the Arab "steadfastness front" and Egypt. Jordan intends to set up an eventual Arab center for coordination of policy and planning. As Jordan sets the stage for bringing Egypt back into the fold as a precondition for Geneva, the PLO itself is moving in the direction of creating a "government-in-exile" which would apparently agree to "change its charter" by recognizing the state of Israel, and thus pave the way for moderates inside Israel to come to the fore, recognize the PLO and lay the groundwork for a Palestinian state. A government in exile, an idea which was hinted at last week by the French daily *Le Figaro*, would give Arafat the opportunity to clean out the terrorist elements within his own organization. Yasser Arafat's factional desire to cooperate with UN peacekeeping forces in southern Lebanon — to hasten an Israeli withdrawal and a withdrawal of Palestinian terrorist elements, too — is certainly giving the Carter Administration the green light as to its willingness to cooperate in an overall peace process.

The Saudis are now attempting to bring Egypt out of the control of the "separate peace" faction and into the Arab world once more. A leading Arab professor in the U.S. stated that "an Egypt-Syria rapprochement is imminent, underwritten by the Saudis." "Within Egypt itself," he reported, "Sadat is increasingly giving sway to the foreign policy establishment, that is the Foreign ministry which has strong pro-Geneva tendencies."

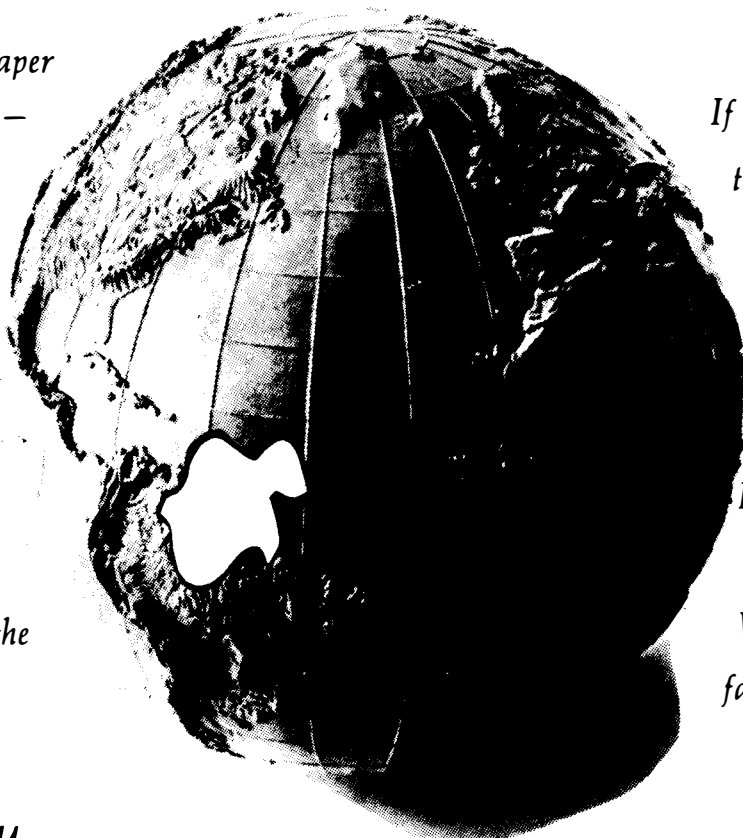
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LEADING U.S. BUSINESS DAILY CALLS FOR CUTOFF OF NUCLEAR COOPERATION WITH INDIA

JAN. 11 - THE WALL STREET JOURNAL, A LEADING U.S. BUSINESS DAILY, RAN A MAJOR EDITORIAL TODAY CALLING ON THE CARTER ADMINISTRATION TO CUTOFF NUCLEAR COOPERATION RELATIONS WITH INDIA. IN A SCATHING DENUNCIATION OF THE CARTER VISIT TO INDIA, THE 'OPEN MINE' INCIDENT, AND ABOVE ALL HIS COSMETIC CONCESSION THAT HE WOULD AUTHORIZE SUPPLY OF ONE SHIPMENT OF ENRICHED URANIUM TO INDIA, THE JOURNAL STATES: 'SO WHILE THERE ARE AT LEAST SOME ARGUMENTS FOR FUELING NUCLEAR COOPERATION COLDLY AND BLUNTLY AS THE CANADIANS DID AFTER THE INDIAN EXPLOSION, THE JOURNAL CONCLUDES: 'IT IS EASY ENOUGH TO BELIEVE THAT MR. CARTER DOESN'T NOTICE MIKES AND IS IN ADDITION SO CONFUSED HE THINKS A LETTER WILL KEEP HIS POLICY INTACT DESPITE THE HEAVY WATER SHIPMENT. BUT ON THE OTHER HAND, PERHAPS THE CANDIDATE WHO WERE INTENDED TO OVERHEAR TO TELL US A LIE WAS USING THE PLOY TO MISLEAD THE AMERICAN PEOPLE.'

WHAT IS REALLY GOING ON?

WHILE THE DUST HAS NOT YET SETTLED ON THE CARTER TRIP, BRITISH PRIME MINISTER JAMES CALLAGHAN HAS ARRIVED IN INDIA TO SUPPOSEDLY EVOLVE THE COMPROMISE FORMULA TO BRING INDIA INTO AN ACCEPTABLE STATUS ON THE NON-PROLIFERATION QUESTION. WHILE THE U.S. STATE DEPARTMENT TODAY ADAMANTLY DENIED ANY TRUTH TO THE STORY THAT CALLAGHAN 'HAS SUCCEEDED WHERE CARTER HAS FAILED' AS PRESENTED BY THE LONDON TIMES, THE CALLAGHAN TRIP HAS OSTEMENTLY TWO GOALS. ONE IS TO ARRIVE AT A COMPROMISE AGREEMENT WITHOUT TALLYING UP CLOSING DETAILS AT THIS TIME. TODAY'S SECRET DAILY TELEGRAPH ADDS THAT CALLAGHAN HOPES TO TAKE DESAI'S SEVERAL ASSURANCES AND CONTRACT COUNTRY TO AGREE TO NEW RESTRICTIONS AND SAFEGUARDS ON ITS IN-PAKISTAN FRENCH NUCLEAR REPROCESSING PLANT. CALLAGHAN ARRIVED IN PAKISTAN JAN. 11, ONE DAY AFTER THE NEW YORK TIMES ANNOUNCED THAT FRANCE HAS REQUESTED THE PAKISTANIS CONSIDER ALTERATIONS IN CURRENT CONTRACTS.

MIDWEST COLD FREEZES OHIO COAL STOCKPILES

JAN. 11 - AS THE NATIONAL STRIKE OF U.S. COAL MINER AND COAL-HANDLING MACHINERY, A SPOKESMAN FOR THE ELECTRIC UTILITY TOLD THIS NEWS SERVICE THAT INT CUSTOMERS REGARD THE SITUATION AS 'CRITICAL' THAT THEY WERE ASKED TO VOLUNTARILY CUT FACILITY IN SHIPPINGPORT, PA. HAS BEEN SHUT. THE UTILITIES AFFECTED ALL EXPECT TO HAVE 'A DAY, HOWEVER A SECOND COLD FREEZE IS PRE- WEEKEND. THE ONGOING MINERWORKERS' STRIKE IN FRESH COAL TO REPLACE FROZEN COAL. THE OHIO STATE ENERGY OFFICE DURING SEV COAL DELIVERIES TO RESIDENTIAL USERS

A SPOKESMAN FOR THE U.S. DEPART WILL DO NOTHING IN THE PRESENT SITUATION. HE ADDED THAT THE OHIO STATE ENERGY OFFICE DURING SEV COAL DELIVERIES TO RESIDENTIAL USERS

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