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EXECUTIVE INTELLIGENCE REVIEW

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IN THIS WEEK'S ISSUE

The “**Cubans invade Zaire**” hoax came home to roost last week...when National Security chief **Zbigniew Brzezinski** got caught **red-handed** trying to mislead the White House down the confrontation path...Our **INTERNATIONAL** section looks at the **hideous danger** that Brzezinski’s gameplan may yet mean for the U.S. and the world...and at the international counterthrust for a “Grand Design” of **peace based on economic cooperation**...that could provide the basis for getting **Brzezinski and his international allies out of the way for good**...

* * *

We have portions of **Brzezinski’s anti-Soviet ravings** on national television...a **documentary report** on how the **UN disarmament discussions were affected** by the struggle over détente...and an analysis of the **crucial French role** in this sharpening international picture...Highlighting the tremendous potentials for the “Grand Design” alternative are portions of the **sweeping Soviet official call for disarmament through worldwide energy development**...yet

to be reported elsewhere in the U.S. press...extensive excerpts from the Cuban Vice-President’s condemnation of Brzezinski and offers of **U.S.-Cuban-USSR cooperation in the economic development of Africa**...West German Chancellor Schmidt’s televised assessment of **the U.S. leadership that’s required** in the world now...and an **exclusive report** of Japan’s **renewed public proposal** for joint work with the U.S. on the world’s most advanced energy source, **nuclear fusion power**...All, in **INTERNATIONAL**...

* * *

Our **SPECIAL REPORT** fills out the picture by explaining the significance of Senator George McGovern’s moves to **force a public accounting** of the source of the **lies fed to President Carter** about the “Zaire crisis”...U.S. Labor Party chairman **Lyndon H. LaRouche** puts the Zaire operation in **international perspective**...relating it to Kissingerian destabilizations elsewhere in the world...defining **Belgium’s special**

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role...and predicting the **happy global consequences** of a **successful "Brzezinskigate"** operation by McGovern...

* * *

Brzezinski's war on the Russians is also aimed at the Georgians...**the ones in the White House**...as our **U.S. REPORT** tells...and the **Kennedy machine** is discreetly but aggressively giving **Brzezinski a hand**...Included in our coverage: **interviews** from both sides of the fight...excerpts from **Senator McGovern's sharp condemnation of Brzezinski** from the Senate floor...and a **survey of the U.S. press** that finds many U.S. newspapers angrily out of step with Brzezinski and the **Washington Post**...

* * *

The confrontation-mongers in the U.S. have allies **inside the Soviet leadership**...This issue's **SOVIET SECTOR** report explains how the fact of a **bitter Moscow faction fight** over the **"Grand Design"** versus **Cold War** perspective has emerged...tells how the **"Bukharinite snakes"** who oppose Leonid

Brezhnev's policies of economic cooperation with the West are attacking him in the Soviet Union and in **Eastern Europe**...details their **British intelligence backing with extensive translations** of some of the press items in which the anti-Brezhnev forces announced themselves...

* * *

Also in this issue: The U.S. Labor Party has made a formal complaint to the Attorney General...that shows **point for point why Henry Kissinger must be investigated for treason** and a list of other crimes...See **LAW** for the **legal precedents**, the relevant laws, and the **public-record evidence** that show why Kissinger must be brought to trial as a traitor...In **ECONOMIC SURVEY**, a frightening look at the collapse of U.S. education and science...and what it means for the **country's future**...and in **THIRD WORLD**, an **exclusive study** on the economic and political background to the **mop-up against terrorism** now going on in the **Mideast**...

* * *

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Brzezinski Is Lying!

And Washington Post joins him in sabotage of SALT, Detente

In a series of harshly worded public statements, Senator George McGovern, Cuban Vice-Premier Carlos Rafael Rodriguez, and Soviet Foreign Minister Andrei Gromyko have put a challenge to National Security Council chief Zbigniew Brzezinski and CIA Director Stansfield Turner to substantiate their claims of Cuban involvement in the invasion of Zaire last week. There is in fact no evidence of Cuban and Soviet involvement in the rebellion. For all their talk about three-inch-deep pages of evidence, Brzezinski and Turner — and the British and British-linked press — have been caught in a lie.

Their lies have not only sacrificed the truth, but the political integrity of the United States President, and are aimed at putting the United States on a course leading to a showdown with the Soviet Union in Africa.

The facts of the Shaba rebellion were documented in the last issue of the *Executive Intelligence Review*: "The Zaire Rebellion Came from Brussels," not Cuba, a fact which every reputable newspaper in the world has

acknowledged. The rebellion and the mounting red scare hysteria surrounding it — emanating most loudly from Henry Kissinger, the British press, and their allies in the Administration — was a direct deployment to embroil the Carter Administration in a new Vietnam in Africa, and close off the U.S. from participation in the Grand Design for world development initiated by the Schmidt-Brezhnev accords of May 6.

Amid Kissinger and Company's shrieks of consternation over Soviet and Cuban aggression in Africa, the USSR leadership this week delivered a clarion statement of its commitment to international disarmament and advanced sector-wide cooperation for development. The May 31 edition of the Soviet Communist Party daily *Pravda* focused the issue on energy development, offering Soviet cooperation "on a constructive basis with other states in research on new sources and forms of energy." For further excerpts from the *Pravda* article, see below. This proposal, unprecedented in the post

Pravda: Stop Arms Race With Nuclear Energy

In what one Sovietologist observed was the most sweeping offer of cooperation made by the USSR to the U.S. in 20 years, the May 31 edition of Pravda, the Soviet Communist Party daily, carried a policy statement called "Practical Ways to Stop the Arms Race." The Soviet proposals asserted that nonproliferation must not be an obstacle to the peaceful use of nuclear energy, one of the major prospects for solving the global energy shortage, and urged international cooperation for its development:

The Soviet Union is ready to cooperate on a constructive basis with other states in research on new sources and forms of energy. Only recently, we declared our readiness to participate, together with the United States, European countries, and Japan and other countries, on an international project on the "Tokamak" thermonuclear reactor, the aim of which is to produce energy in excess of the energy expended....

As is known, the Soviet Union already provides a number of countries services for enriching their natural uranium in Soviet facilities. In order to promote broad peaceful use of the atom for the solution of energy tasks, the Soviet Union is prepared to continue to provide such service under the corresponding international safeguards.

The offers presented in Pravda were also the essentials of the USSR's official proposals to this week's United Nation's Special Session on Disarmament. Concluding the Soviet Union's proposals was a political statement of the necessity for international disarmament:

....The Soviet Union believes that the steps proposed (above) are a bare minimum. Without their implementation the arms race will not be halted.

At the same time these would be substantial steps. Their implementation would actually mark a turning point in the entire course of international developments: from the arms race and military tensions to military détente and a radical lessening of the threat of war.

And all these steps are feasible....On most of them talks are already in progress and some are nearing completion. With regard to other steps such talks could be started in the near future.

Willingness to move decisively ahead and the political will are required to end the arms race. Today the responsibility of each state for the present and the future of the peoples is so great that a state failing to cooperate in meeting this historic challenge would be committing a crime against humanity.

World War II era, was submitted by the Soviets to the United Nations Disarmament Conference as the official statement of the USSR government.

Wapo's Big Lie

The forces who are slandering the Soviets and Cubans have also turned their guns against the Carter Administration. In a maneuver worthy of their initiating role in the 1974 Watergating of President Richard Nixon, the editors of the *Washington Post* presented as their June 2 headline story a concoction entitled "U.S. Reportedly Will Freeze Strategic Arms Talks." The story, penned by Post editor-in-chief Ben Bradlee, came less than 24 hours after the release of the Soviet UN proposal, and in the midst of intensive final negotiations toward a SALT II agreement between U.S. Secretary of State Vance and Soviet Foreign Minister Gromyko in Washington, D.C.

An angry President Carter took to the television airwaves as soon as news of the phony story reached the White House. In an emergency press conference, the President informed the nation that the SALT talks were proceeding uninterrupted. Carter scored the *Post* for deliberate falsification emphasizing that the White House had informed *Post* editors that the story was untrue before it was printed.

Bradlee's response to this public censure from the nation's chief executive was to carry the *Post's* insurrection one step further. At his own press conference he accused Carter of lying, and promised that "time will tell" the fate of the SALT negotiations.

Turner on the Hot Seat

But Bradlee, and his coconspirators in the Big Lie against Cuba, the USSR, and SALT will find their flank exposed at CIA Director Turner's upcoming congressional testimony next week. Turner comes up before both Senate and House Foreign Relations Committees next week to present evidence for his lies on Cuban involvement in Zaire. While his spokesman, Senator Charles Percy (R-Ill.) was announcing at a press conference how Turner would "prove McGovern wrong," a White House spokesman was already preparing his retreat by telling a reporter from this news service that the government could never reveal the "human evidence" involved in proving their case.

Turner's difficulties for such a coverup are tremendous. Not only have the principals whom he's charged, the Soviets and the Cubans, denied their involvement, they have accused national security personnel and certain elements in the CIA of misinforming Carter. Next, there is the not-insignificant problem that the vast majority of the Defense Department, the CIA, and probably the State Department as well know that Turner and Brzezinski are sitting on a bona fide CIA report that shows no Cuban or Soviet involvement. Finally, McGovern has blown the motive for Turner's lying in his May 30 seven-page statement on Brzezinski, Turner and the Zaire affair. "He (Brzezinski) has apparently concluded that the primary battle for world supremacy is to be fought in the

jungles of Africa with the Cubans and the Russians arrayed against the Americans and Chinese," charged McGovern.

Brzezinski and Turner have brought the U.S. to a point where it now has to depend on Cubans to provide competent intelligence to U.S. Senators, and where it turns its back on unprecedented offers of economic cooperation such as that offered by the Brezhnev-Schmidt accord of May 6. With the aid of the lying press, they are now desperately trying to implement China's strategy of nuclear war in the European theatre. By using their lies to clean these Chinese agents out of the government, they can be handily defeated.

Telling Carter the Truth

Soviet Foreign Minister Gromyko gave the Carter Administration the first public hint, beside the publications of this news-service, of what was going on after extensive meetings with President Carter and Secretary of State Vance last weekend. "The President has been given misinformation," said Gromyko. "He is drawing wrong conclusions from the evidence which he is being given."

Gromyko was followed by Senator George McGovern, who was able to confirm from Cuban and competent CIA sources what Gromyko was saying, and immediately called for Senate hearings. After Brzezinski's outrageous performance on the Meet the Press television broadcast Sunday, McGovern released what has to be the most competent and stinging strategic attack upon confrontation policies within the past two decades:

"President Carter's national security advisor, Brzezinski is apparently determined on a foreign policy of crisis and confrontation..." McGovern said.

McGovern's plea for sanity—a call that reflects the trend of the behind-the-scenes activities of Secretary of State Vance and more public activities of UN Ambassador Andrew Young—was answered immediately by Cuban Vice-Premier Carlos Rafael Rodriguez, who gave a 15-minute interview to ABC correspondent Barbara Walters on the evening of May 30.

"I am not saying that the President is lying, but they (those responsible for the Gulf of Tonkin, Bay of Pigs — ed.) made him give false statements about these problems. I would like to emphasize that Cuba is not responsible for what has been happening in Shaba..."

The Only Option

The Cuban offer, like that of the Soviet Union and West Germany to the U.S., will not come twice. They have provided President Carter, his advisors around Vance, and the entire peace-loving U.S. population with an opening for detente through development and prosperity. Only if you allow your national leaders to let this opportunity slip by will Brzezinski, Turner, and their Chinese and British masters have the opportunity they desire to obliterate the United States as a world power.

—N. Spannaus

Cuba Offers The Development Solution

Rodriguez slams Brzezinski, calls for cooperation in Africa

“Cuban Vice President Carlos Rafael Rodriguez told ABC News Correspondent Barbara Walters today that the CIA is lying to President Carter about Cuban activities in Africa, that Security Advisor Zbigniew Brzezinski is dishonest and that Cuba will not bow to any pressure from the United States or its allies. He called Brzezinski an enemy of all the progressive peoples of the world.

“Rodriguez proposed that the United States consider cooperating with Cuba in assisting the underdeveloped countries of Africa...,” reported an ABC News release on May 30.

Selected portions of the interview, from ABC News’ transcript, follow:

Q: Mr. Vice President, last Thursday President Carter accused Cuba of training and equipping the rebels who invaded Zaire....

A: I do not like to call the President of the United States a liar...it is not my intention. What I might say is that in the incident in the Gulf of Tonkin, what happened in the Bay of Pigs, what happened also recently in Angola...so I am not telling that the President is lying but they made him to have false statement about these problems. I would like to emphasize that Cuba is not responsible for what has been happening in Shaba...we have not been participating valiantly or invaliantly...we have not sent troops or even isolated men. We have not given them equipment...we have not trained them for the operation, as the President has told, and are not even linked politically with the group that took the responsibility for this....I am giving word of honor that we have nothing to do with Shaba’s operation, that we are not linked with this operation, that we are not politically related to the people that took responsibility for this, and we have nothing to do at all with this operation.

Q: You said that the American CIA is deliberately giving false information, which they are aware is false to the President of the United States. Is that right?

A: It is my opinion...it is my opinion. It is not the first time that the CIA does that.

Q: Do you think that the President knows this information is false?

A: I would like to know myself whether the President knows or not. What the President knows from the beginning...the position of Cuba. He had the official news of the Cuban government about the problem. So he had to balance the information...it is his duty.

Q: Secretary of State Vance has said that President Carter was fully and accurately informed about Cuban activities. On Sunday National Security Advisor Brzezinski again said that there is proof that the Cubans have responsibility, is the word that he used,....now are you saying that these two men are also being lied to by the CIA?

A: Well, I believe they are entirely wrong. I believe that Brzezinski is acting on behalf of his own ideology...anti-Soviet, anti-Communist, anti-Cuban. I say that if they have proof...let’s have the proof here before the public opinion. Give the proof to the Senate. Senator McGovern is asking and the Public (sic) Relations Committee are asking for the proof. So — why don’t they give the proof on the face of the public opinion?...

Q: Mr. Brzezinski has said that he will give proof. Do you have any idea what kind of proof he might have?

A: I cannot because there cannot exist any kind of proof about that?...

Q: Do you doubt his honesty?

A: I believe that he is for the sake of policy telling false things...

Q: Do you doubt President Carter’s honesty?

A: I don’t doubt President Carter’s honesty...

Q: Why would the CIA do this?...

A: There are people in the CIA that are engaged in this kind of operations...and they are linked to people like Brzezinski...it is a pity that the United States at this moment has these kind of people at the head of the Council of National Security...because I remember how many of these informations and lack of informations led the United States to operations like Bay of Pigs or Vietnam. And I feel sorry for the community of the President of the United States. I don’t doubt his personal honesty, but I am doubting the possibility he has to judge properly what is happening around the world...

Q: There is a report now that President Carter and the French President...France and the United States will join in an attempt to preserve the integrity of the leaders of Africa, while giving them some kind of aid?

A: What leaders? Is Neto asking for help of that kind? Is Kaunda asking for help of that kind?....etc....

Q: You’re saying none of these leaders want help from the West?

A: No...They are going to help Mobutu. Mobutu is another. Everybody knows...Mobutu is responsible for the rest of Lumumba...everybody knows that. Mobutu has been cooperating with the most reactionary people in the African colonization. Everybody knows that.

We would cooperate in Africa . . . Western powers. Western people . . . Soviet Union . . . Cuba. I invite the President of the United States to mediate about the possibility of cooperation for the development in Africa. There is room for cooperation. We have spoken with very important business people. I know you are aware that Oliver Friedman was in Cuba with some of the more important national leaders in the world . . . and we had long talks about the possibility of cooperation . . . but not

through the private interest to take over the economies of these countries . . . but through a cooperation for progress . . . for development. That is what we would like to do. We have not the money, but we have the people that could help. But you have the money and the French have the money . . . and perhaps the Soviet Union is willing, too. I cannot commit them but I am willing also to cooperate in this. Why not cooperate instead of fighting each other?

Q: Mr. Vice President, you feel very strongly that Mr. Brzezinski is not a friend of Cuba? Is he an enemy of Cuba, do you feel?

A: I feel it, and not only of Cuba, but of all the progressive people of the world...of the movement of the national liberation, of the Soviet Union, of Socialism? . . .

Q: You don't feel that he's trying to block Soviet influence?

A: I know Mr. Brzezinski's ideology. His ideology is not the ideology of the American people...not the ideology of the American people.

Q: You feel it is harmful advice he is giving the President?

A: I believe so. I am strongly convinced of that.

Q: And do you think that he lies to the President?

A: I have not known what he is telling to the President. I could tell you after you told me what he is telling the President.

Q: You also said that there is also a way of cooperation.

A: Yes, I think so.

Q: What is that way?

A: Well, we talked about this with Mr. Friedman, who is the president of Business International. There's a way. Africa needs financing, as every underdeveloped country needs financing. Not only in Africa, but in Latin America and in Asia. We could cooperate in the problem of development for these countries peacefully without fight. There are many things in which you can put your money and your equipment. It would be a good business for the United States, not through private enterprise. Private enterprise is doomed to failure, in the underdeveloped countries. They have shown through years that private enterprise wants to seek maximum profits and this is no longer possible, they don't want to be exploited that way. But we can cooperate. You can sell your (?), you can sell your equipments, you can contribute money in investments in financial terms. In proper time — you will receive the interest, you will receive the profits of the enterprises. If you give assistance to men who'd cooperate, the Soviet Union would put the equipments, it's a problem which....we are talking now of peace, of disarmament. Why not give a part of the money that is safe in disarmament to the cause of cooperation in Africa. It would be important. That is what founding fathers talk about, that is what Jefferson talked about, and it's the only way to see peace.

Q: I'd like to go back over one question. Mr. Rodriguez,

you said that you have not armed or in any way aided the Katangese. How can Americans believe that you would not help them when you helped the Angolans. What's the difference?

A: There's a lot of difference. You remember Barbara that we have long-standing relations with liberation movements. We felt that we owed this to Angola because they had been attacked by South Africa and by Zaire. And the difference is that we are against secession in Africa. We respect the African point of view about borders and frontiers. We are against any movement that will split African peoples. I will be happy if the people of Zaire...we are not doing anything to control Mobutu....we are not in Africa to overthrow government...this is our position. We have come to support the independence of Angola nothing more nothing less. And Angola is having our troops there in order to be able to prepare the armies that they are preparing. As soon as President Neto tells the people you don't need anymore we want these people out.

Japan's Sonoda: Fusion Power And Development Assistance

Exclusive to the Executive Intelligence Review

At the United Nations, May 30, Japanese Foreign Minister Sunao Sonoda reported that U.S. President Jimmy Carter "has taken up the Fukuda fusion proposal at a cabinet level with the view of responding to it shortly." Sonoda was replying to a press conference question on the joint fusion project proposal made by Prime Minister Takeo Fukuda in early May.

Fukuda called for a \$1 billion fund for the crash development of fusion energy and joint initiatives by the United States and Japan in development projects in Third World nations, particularly Southeast Asia.

Sonoda indicated that the Japanese government is anxiously waiting for the U.S. Administration's response; in the meantime, he said, "we are developing the appropriate machinery to make the effort a success... I feel this is a very important issue bearing on the future of mankind. For this reason many countries, not just the United States and Japan, are invited to participate in this effort."

Sonoda also took the opportunity "to respond to criticism that Japan has had to face on its trade surplus. For my American audience I will say often the argument has been made that Japan should reduce its trade surplus. If we just reduce the surplus, it will lead to a contraction in the world economy. The world community desires an expanded world economy, let me say, and expanded world economy at an equilibrium." In this light, Sonoda suggested possible ways of "several surplus countries releasing their surplus for purposes of developmental assistance to Third World countries. We should explore multilateral framework to do this. In the past bilateral aid has not always achieved what the donor or the recipient have wanted, so we have to change past patterns of assistance."

Sonoda responded to the query on why Japan has been

so "passive" in the Mideast by saying: "You are right. Up to now we have been a little 'passive. But this will change. We are working on a 3 point Mideast peace and development package which the Prime Minister will take with him to the Arab nations when he visits later this

year. I am not at liberty to say what the points are, but let me say this. We will place as much emphasis on relations with the Middle East nations as we now do toward the ASEAN (Association of Southeast Asian Nations) group."

Schmidt: I Have A Few Questions For Brzezinski

The following are excerpts of West German Chancellor Helmut Schmidt's statements on CBS-TV's "Face the Nation" May 28. Schmidt was questioned by Richard C. Hottelet and George Herman of CBS and Henry Trehwitt of the Baltimore Sun.

Herman: Chancellor Schmidt, you said in a recent interview in Newsweek Magazine, let me say again that leadership from the United States — financial, commercial, monetary and political — is sorely needed. How do you evaluate the state of American leadership of the Western Alliance at this time?

Chancellor Schmidt: I could've said this already four years ago, after the outbreak of the oil crisis, and in fact, I have said it four years ago, and I have been saying it all the time. And if you look back onto those four years, back until '73, roughly speaking, taking all into account, there has been quite a bit of leadership in the West all along, but as regards the economic field especially — balances of payments, exchange rates, credit policies, monetary policies — a little additional leadership wouldn't be bad. This does not apply to the present-day administration only, but also to the two previous ones....

Hottelet: Mr. Chancellor, in your speech in the General Assembly on disarmament, you also underscored the need for balance, and balance is indeed, in principle, accepted everywhere. The Russians speak of parity now and —

Chancellor Schmidt: Rather recently only.

Hottelet: Rather recently — and you speak of parity. But there was a striking discrepancy in the disarmament debate this past week, where Vice President Mondale said that the Soviet buildup of military conventional and nuclear forces in Europe was an escalation of what he called the Soviet nuclear threat, and he spoke of a three-to-one superiority in tanks of the Warsaw Pact against NATO. . . . a day or two later, Mr. Gromyko said that a parity exists, that the Soviet Union had not built up its forces in Europe for a long while, and that, in a word, it was NATO's fault if there was any problem. Now one has here an acceptance of the principle of balance, and yet it seems that people mean opposite things when they use the same word. How are you going to get around that?

Chancellor Schmidt: Well, first of all, let me stress that everything the West does . . . the targets of western negotiators ought to be balance. This is one thing. I think it's progress. It's a step forward that also the other side is now using the term balance. It has to be found out what

really means balance, for instance, in the field of tanks or in the field of medium range ballistic missiles.

Hottelet: But doesn't it mean one to one? Doesn't . . .

Chancellor Schmidt: It doesn't necessarily mean one to one. It could mean 1.5 to one in this field and 0.8 against one in that field, but it ought to be an overall balance, of course. One must say that the Soviets have maintained military forces always to a higher degree than, by my judgment, has been necessary for their self-defenses. This was true over all the three and a half decades since the war. On the other hand, although I am strongly criticizing that, I would, among ourselves, admit that they have some experiences, going back to 1941-1943 when in numbers they were superior and nevertheless came into great danger. . . .

Hottelet: You were the last man to see Mr. Brezhnev, who just completed a visit to the Federal Republic. What was your impression of his mood, and from what he said, of the prospects for a sensible and balanced resolution of this limitation of strategic arms?

Chancellor Schmidt: I understand this question of being directed at the personality of Brezhnev mostly, and as regards him, I have no doubt. He's not a young man; he is nearing the end of his political career, given his age. I have no doubt that he wants deeply to save his country and his nation from the dangers of a future war. I think he personally, really, has a great feeling for the necessity of peace. This does, of course, not exclude that, like any other government, especially so the Soviets, try to seek advantages in negotiations....

Trehwitt: ...I'm concerned that the (Atlantic) alliance is drifting a bit in an area where no one seems quite to know what to do, and I will ask you, how important do you think a resolution of the Greek-Turkish problem is, what we frequently refer to as the southern flank of NATO?

Chancellor Schmidt: Let me answer that one in a two-fold way. Number one, headlines about the so-called crisis of NATO, we have seen for 25 years now. It's in a way the habit of the western media to describe NATO as to be in the middle of a mess or a crisis —

Herman: Only the media? (laughter)

Chancellor Schmidt: Well, sometimes also political speakers — you need not take this too serious, number one. Second part of the answer — having said this, I think that the situation in the Mediterranean is not a healthy

one and ought to be corrected, and let me be very frank here. I think that the President of the United States, in this regard, is much wiser than Congress —

Trewhitt: You mean his effort to raise the arms embargo against Turkey?

Chancellor Schmidt: Yes, exactly.

Hottelet: Do you feel that congressional restraints on the powers of the President inhibit the efficiency with which the United States meets international problems?

Chancellor Schmidt: Let me confine myself to the Cyprus question, to the questions in the Aegean Sea and to the stress between our two allies, Turkey and Greece. My country and my people have been friends to the Greeks and to the Turks for long, long stretches in history, and we want to maintain that, and we are worried by these troubles between our two friends and we want to be helpful. We have maintained military deliveries as well to Greece, as well as to Turkey, all the time, and so far, quite different from what Congress decided in Washington, and I think it's just asking a little bit too much of the Turks if you deny them what they think — and I think they suffer — they have some legitimacy to think that way, what they think is their legitimate claim inside a military alliance. I think it's hurting their pride; it's even hurting their ability to defend that area of NATO.

Herman:...President Carter's representative, Mr. Brzezinski, has been in China, and is reported to have

made some remarks about China and the United States having a common interest in offsetting the power of the Soviet Union. Is that one of the kinds of balance that you would like to see the western world build up?

Chancellor Schmidt: I think that, basically speaking, it was right that in the last couple of years the United States, mainly on their own initiative, did away with that sure enmity between the USA and the People's Republic of China. I think this was a progress towards normalcy. In looking at the scene from a German point of view — and I mean the geographical position of my country, being nearest to the Soviet Union — not to their nuclear weaponry only, but also to their soldiers on — on German soil, right at our border. I don't really believe that, for my country, it would be the great design to try to play Chinese relations against detente in Europe and detente between West and East in the center of Europe....

Herman: But looking at it from the other point of view, do you think that the statements of this kind by an American representative in Peking are damaging to detente, or are they neutral, or are they helpful?

Chancellor Schmidt: Well, I — I'll have to find out. I will have a chance to ask Zbig Brzezinski a couple of questions. I'm really — neugierig —

Hottelet: Curious.

Chancellor Schmidt: —curious about — about his findings, yes.

Mexico-USSR Communiqué Has 'Multilateral' Impact

Mexican President José Portillo returned to his country May 29 from his two-week trip to the Soviet Union and Bulgaria, to a strong showing of support from 100,000 workers, peasants, members of professional organizations and representatives of several parties. The demonstrators gathered in Mexico City to welcome him back in support of his initiatives for closer cooperation with the East bloc based on economic development and a push for detente.

As Mexican, Soviet, and Bulgarian leaders and press noted, the significance of Lopez Portillo's tour will have worldwide "multilateral effects" that go beyond bilateral relations. (See *Executive Intelligence Review*, Vol. V, No. 21, for extensive coverage of the first week of the trip) Of special importance is the three countries' proposal, ratified in two joint communiqués, to transfer armaments spending to a Third World development fund.

Special emphasis is being put on the Soviet Union's endorsement of the Latin American non-proliferation pact, the Tlaltelolco Treaty, signed by Soviet President Leonid Brezhnev at the request of President Lopez Portillo.

In one of the most important developments from the Moscow discussions, President Brezhnev has accepted

an invitation to visit Mexico, an event which will mark the first visit of a high-ranking Soviet leader to a Latin American country other than Cuba. Bulgaria's President of the State Council, Todor Zhivkov, also accepted an invitation to visit Mexico.

While President Lopez Portillo was out of the country, Henry Kissinger attended an international bankers meeting in Mexico City, a base of operations from which he tried to instigate anticommunist hysteria against Lopez Portillo's trip. Kissinger reportedly went so far as to demand that all international aid be "tied" to political conditions, in the course of tirades against alleged Soviet intervention into Africa.

An editorial May 24 in the daily *El Sol* commented that, "at a time when the Mexican President is making a good will trip to the Soviet Union, the thesis sustained by Kissinger appears, to say the least, out of place.... (This is) open interference in the internal affairs of other countries. What Kissinger proposes is blackmail... completely outside the pale of the general interest of humanity, which does not look for new areas of friction, but rather desires to reduce those which already exist."

A press release from the Soviet press agency Novosti published in the Mexican press May 26, implicitly noted Kissinger's efforts by stating that the Mexican

President's visit to the USSR "constitutes an answer to those who wish to poison the atmosphere of detente with a new anti-Soviet campaign, sowing distrust about its policy of peace."

'Funds For Energy, Not War'

Izvestia, the Soviet government's daily, excerpted the communiqué issued by Soviet President Brezhnev and Mexican President Lopez Portillo.

...The (Mexican and Soviet Presidents) exchanged opinions on international questions, having affirmed the concurrence of their positions on many key current problems...

Both sides expressed the firm intention to continue active efforts to achieve the goals of real disarmament, having in view that part of the funds saved through such disarmament will be used to render assistance to the developing countries. In this connection, the Mexican side noted the significance of energy problems....

Proceeding from its principled position of support of the efforts of states of different regions of the world not to

allow nuclear weapons on their territory, the Soviet Union decided to become a participant in the supplementary protocol of the Treaty which forbids nuclear weapons in Latin America. (the Tlatelolco Treaty)...

(They) expressed concern in connection with the situation in the Middle East and the continuing tension in that region. They are convinced that in the interests of ensuring a just and lasting peace there it is necessary to reach a settlement in accord with the United Nations resolutions and with the participation of all interested parties including representatives of the Arab Palestinian peoples....

Supporting the UN resolution aimed at constructing international economic relations on a just and equal basis and the establishment of a new world economic order with the cooperation of all states, the (heads of state) expressed the firm intention to continue efforts to liquidate all forms of colonial and neocolonial exploitation, in quality in international economic relations, for the insurance of sovereignty of states over their natural resources and the elimination of artificial obstacles and discrimination in world trade....

Will The Peking Bluff Work On The French?

The following analysis was issued by Criton Zoakos, U.S. Labor Party Director of Intelligence on May 31.

A drastic deterioration of the world strategic situation is imminent if the Senate Foreign Relations Committee fails to promptly act to put an end to what it knows to be a cynical deception operation by CIA chief Stansfield Turner and National Security Advisor Zbigniew Brzezinski at the expense of President Carter.

NEWS ANALYSIS

The immediate symptom of this imminent deterioration is the explicitly provocative anti-Soviet character that may be given to a meeting in Paris next week of the United States, France, West Germany, and possibly Britain, Canada, and Belgium, to discuss a joint strategy toward Africa. The meeting, proposed by the French President Giscard d'Estaing and his Foreign Minister Louis de Guiringaud has, according to official French sources, the purpose of "charting a course of action against Soviet power moves in Africa."

Although Secretary of State Cyrus Vance has tried painstakingly to explain that America's primary concern in that meeting will be to provide economic support for the Mobutu government in Zaire, there is a broad grouping of political forces internationally moving to enforce a confrontationist character on the meeting.

Significantly, a Soviet political faction is included in this array of confrontationist lunatics. If their objective is reached, this marks a dramatic, and regrettable, reversal of French policy toward Africa.

The French government's initial approach during the Shaba crisis, was to act in a very clear-cut manner against the Belgian-NATO-controlled invasion of this Zairean copper-producing region. The French government at the time repeatedly emphasized that its sole objective is to frustrate destabilization operations in Africa.

If that stated French foreign policy objective, which had at the time won the warm approval of French-speaking African nations, is now transformed into an anti-Soviet, anti-Cuban wild-goose chase, the world will enter rapidly into a pre-World War III situation — with that war being fought *the way the Chinese leadership wishes it to be fought*: on the North-South Atlantic sector!

The British gamemasters behind Stansfield Turner and Zbigniew Brzezinski may imagine that through inducing a French policy shift in Africa, they are winning the game of controlling United States' foreign policy. In fact, the course of U.S. foreign policy charted by Brzezinski, if it prevails, will be controlled by the Chinese through their brainwash-victim Brzezinski. The British controllers of pawn-Brzezinski must move to reconsider the mess they have found themselves in as a result of Brzezinski's disastrous trip to Peking last week. As this news service explained at the time, London and

Peking are engaged in a sophisticated double-bluff poker game in which the Chinese leadership is attempting to induce the Anglo-American grouping in NATO to commit itself to a policy of militarily engaging the Soviet Union over the Atlantic. London's intention is to induce the Chinese to engage the Soviets militarily over the *Far East-Pacific theater*.

British Outfoxed

The situation which currently threatens to emerge in Africa indicates that the Chinese leadership has outfoxed the gamemasters of British intelligence. One of the British problems is that their pawn Brzezinski is a flawed instrument. Large amounts of publicly available evidence indicate that the National Security Advisor has been "seduced," psychologically captured by the Chinese leaders, especially Foreign Minister Huang Hua, to whose "masterful analysis" of the world situation he was "spellbound" with "exhilaration" for a number of days after the treatment.

If the British intelligence chiefs got outfoxed by the Chinese because of the poor quality of their pawn, they can hardly be blamed. Brzezinski represents that particular human type on which alone Special Intelligence Services can count with any degree of reliability: Zbigniew Brzezinski's internal sense of identity cannot possibly identify with anything that ordinary, honest people see as large national purposes. The son of a petty Polish landowner with pretensions to minor title of Guelph nobility, Brzezinski made it into the academic and later the political world by a consistent practice of "ass-kissing" the same benefactor, the East European immigrant, Jewish, Second International anti-communist liberal establishment in New York and California.

It was through this milieu that he was established to the positions of trust in British intelligence that his father-in-law once had. Brzezinski's internal psychological sense of self is as a person who is afraid that underneath it all he is a worthless piece of intellectual garbage.

French Susceptibilities

The case of the French being in danger of being manipulated by the Chinese leadership is altogether different. The French are susceptible to certain grave strategic blunders of the "Third Way" type when they attempt Gaullist grand strategy without De Gaulle and his conceptions. After the recent French elections, President Giscard d'Estaing resolved to take major international strategic initiatives along with West German Chancellor Helmut Schmidt in order to fill the vacuum created by the absence of leadership in the White House. He formulated a tentative approach of utilizing economic development and cooperation programs to extinguish hot spots and confrontation points, especially in Africa. The French leadership currently is misestimating the way in which China would fit into this scheme of world cooperation. Paris wrongly believes that it has sufficient insight into the mentality of the Chinese leaders to contain their more reckless designs. They are dead wrong. What Paris deludes itself

into believing to be Chinese foreign policy — i.e., Foreign Minister Huang Hua's seemingly prudent and righteous "Third Camp" speech at the United Nations General Assembly — is merely a sophisticated cover story, designed, in part, to deceive the French themselves.

In fact, the tempo of developments this week, confirms intelligence reports that *China's current foreign policy objective is to provoke a tactical nuclear war to be fought in Europe as soon as possible. Chinese embassies have been briefed to this effect and they are pursuing their instructions on the relevant policy levels.* It is precisely this that French diplomacy fails to see. They thus also fail to see the horrendous implications of a thoughtless anti-Soviet crusade in Africa. It is this blind spot in particular which accounts for why known centers of British and Israeli intelligence influence in France have been able to exert such successful pressure on President Giscard's foreign policy. Had France fewer illusions about its ability to understand current Chinese policy, and China's current temporary advantage in outwitting the British, France would be much more resistant to the suggestion of simplistic, military or protomilitary solutions in Africa. The fact that certain political intelligence factions in the Soviet Union are bent on ensuring that French policy will turn anti-Soviet and undermine the policy orientation inaugurated by President Brezhnev with the signing of the Brezhnev-Schmidt accords only aggravates the French problem.

Suslov and the Bukharinites

If the political method embedded in the Brezhnev-Schmidt accords (East-West industrial and technological cooperation to develop the Third World and move to 21st century technologies) becomes accepted as the basis for future U.S.-USSR relations, then the anti-industry, antigrowth Aristotelian coalition currently led by the British monarchy will be forever destroyed. The possibility of a permanent U.S.-USSR entente based on a community of industrial-technological interests, will render the "hard-line" "class struggle" faction obsolete in the Soviet Union.

Thus, Philby, Maclean and other British intelligence agents in the Soviet policy establishment, the so-called Bukharinite faction, are at this time attempting to join forces with the traditional "class struggle" hardliners clustered around Mikhail Suslov's symbol and political machine in the Politburo. If such a fusion between the "Bukharinites" and the "hardliners" occurs, the result will be catastrophic for the possibility of an era of broad East-West cooperation for economic development.

This Bukharinite faction is more than happy to see French political forces and U.S. policy makers succumbing to Zbigniew Brzezinski's anti-Soviet posturing. In fact, more than half of Brzezinski, Stansfield Turner, and the Washington Post's deployments this week have been undertaken in order to supply the Bukharinite faction in Moscow with ammunition "proving" that Leonid Brezhnev's policy of cooperation is failing. If a fusion between the Bukharinites and the traditional hardliners replaces Brezhnev's policy, we shall rapidly experience a deterioration of the world situation leading to war.

Brzezinski is currently facilitating this process because he believes that "boiling the Soviets in Chinese volcanic lava" will soften up the Soviet leadership and force them to back down. The Chinese leadership, of

course, knows otherwise. They know that the Soviets won't back down and their imperial purpose is to provoke a war fought in the West.

Brzezinski: Soviets, Cubans Responsible For Zaire . . . And The Chinese Agree With Me

The following are selected quotations from Zbigniew Brzezinski's remarkable performance on NBC's "Meet the Press" NBC-TV program May 28. Brzezinski made his statements — since denounced by both Cuban officials and Senator George McGovern as lies — in answer to questions from NBC News reporters Bill Monroe and Bob Abernathy, Field Syndicate columnist Carl T. Rowan, and Elizabeth Drew of The New Yorker magazine.

(The invasion of Zaire) could not have taken place without the invading parties having been armed and trained by the Cubans and indeed perhaps also the East Germans, and we have sufficient evidence to be quite confident in our conclusion that Cuba shares the political and moral responsibility for the invasion, indeed, even for the outrages that were associated with it.

If the Senate desires more information, I am certain that we can provide it . . .

The information comes from a variety of sources and we will provide it if it is requested . . . We believe that the evidence we have sustains the proposition — more than that, sustains the conclusion that the Cuban Government and in some measure the Soviet Government bear the responsibility for this transgression . . . the Chinese have been very critical of the Soviet-Cuban intrusion into internal African affairs and in my very comprehensive consultations with the Chinese leaders I did have the opportunity to discuss this issue . . . I really wasn't ridiculing Soviet actions as I stood on the Great Wall of China. I did make some reference to it in the course of a casual conversation with a very charming Deputy Foreign Minister of the Peoples Republic of China.

As far as detente is concerned, I think it is terribly important for all of us to understand what it is and what it is not. There is a tendency to assume that detente is the equivalent of a comprehensive, indeed, total accommodation between the United States and the Soviet Union. That has never been the case.

Detente really is a process of trying to contain some of the competitive aspects in the relationship, competitive aspects which I believe still are predominant . . . I would say that today the competitive aspects have somewhat surfaced and I would say categorically that this is due to the shortsighted Soviet conduct in the course of the last two or so years. . . .

I am troubled by the fact that the Soviet Union has been engaged in a sustained and massive effort to build up its conventional forces, particularly in Europe, to strengthen the concentration of its forces on the frontiers of

China, to maintain a vitreolic worldwide propaganda campaign against the United States, to encircle and penetrate the Middle East, to stir up racial difficulties in Africa and to make more difficult a moderate solution of these difficulties, perhaps now to seek more direct access to the Indian Ocean.

This pattern of behavior I do not believe is compatible with what was once called the code of detente, and my hope is, through patient negotiations with us, but also through demonstrated resolve on our part, we can induce

Pravda: Brzezinski's 'Proof' Does Not Exist

In the May 30 issue of Pravda, commentator Vitalli Kornionov had this to say about National Security Council chief Zbigniew Brzezinski's most recent statements:

The U.S. President's assistant on national security stated that "the Cuban government, and to a certain extent the Soviet Government" bear responsibility for "violation of the territorial integrity" of Zaire. Flying into a rage, Brzezinski also tried to blame the German Democratic Republic. Brzezinski made no attempt to offer any proof of his assertions. And it is clear why — such proof simply does not exist. It is no accident that the word "maybe" figured repeatedly in his statement. . . .

While putting forward tall-tales about the USSR and other socialist countries, Mr. Brzezinski also pretended that he is "alarmed" by the slowing down of detente. True to himself, he tries to blame the USSR for this too. Facts? There are none in this case, either. For facts he substitutes all sorts of fabrications such as that the Soviet Union "is trying to obtain direct access to the Indian Ocean" or that it "is building up its troop concentrations on the Chinese border."

It is no accident that the assistant to the American President brought in the question of China. As is known, he has just returned from Peking, where he was received with open arms. Z. Brzezinski does not hide the reasons for this. He declares that the USA and the Peoples Republic of China have "common important coinciding interests." True, he prefers not to concretize this side of the question. But it is obvious anyway. . . .

Z. Brzezinski stands before the world in essence as a foe of detente, an opponent of international cooperation.

the Soviet leaders to conclude that the benefits of accommodation are greater than the shortsighted attempt to exploit global difficulties. . . .

We have made, it seems to me, very proper, balanced proposals. If they are accepted, we could have agreement within days. If they are not accepted, we will wait until they are accepted. . . .

The Africans are intelligent and mature people. They have international organizations of their own. It seems to me that African problems ought to be solved by the Africans themselves and not by 40,000 Cuban troops armed and delivered by the Soviet Union. . . .

The United States and the Peoples Republic of China do have parallel interests. In the pursuit of these parallel interests, we do undertake certain actions. If we understand each other better, this as of itself is of great significance. . . .

I think the question whether individual African countries are strategically important is not determined by whether the Cubans go into them, but by the nature or location or resources of these countries.

. . . The nature of these strategic concerns can be given an altogether new dimension. If a proxy power acting on behalf of our major rival in the world intrudes itself militarily, this does entail political consequences which one cannot afford to ignore.

The proper response to it is not panic or hysteria, but serious discussion of what this might mean in the longer run and on that basis a proper international response.

I do not believe that sticking one's head into the sand is the best solution to difficult problems in the world.

French and Soviet Press Fall For Brzezinski's Africa Gambit

"The Red and the Black" by Andre Fontaine, *Le Monde*, May 31:

The Zaire affair seems to have convinced opinion that the misfortune of Africa results less from its poverty than its richness, that what's at stake in the conflicts tearing Africa apart is not the liberation of its peoples, but control over its raw materials. The spectacular increase in (the price of) cobalt, after the raid on Kolwesi, and that of copper to a lesser but still important

extent, in a depressed world market, seem to confirm this. And also the Soviet attitude: the moods of *Pravda* have usually more to do with geopolitics than bourgeois sentimentality...

Would Giscard continue to support the gangrened regime of General Mobutu, would he show so much esteem for a person like the present President of Gabon, would he commit himself like he did in the Western Sahara affair, if these countries did not spill from their guts, according to each case, so much copper, diamonds, cobalt, uranium, iron, oil or phosphates?

"Africa: Cut the Cuban Pipe-line" by Jacques Guilleme-Brulon, *Le Figaro*, May 31:

I do not know if the African intervention force will ever see the light of day in an efficient form. What is, on the other hand, certain is that the action of France in Shaba — and the merit belongs to Giscard d'Estaing — has knocked over the Soviet chess board. It has played a revealing role which, this time, has serious chances of shaking up the apathy of our friends on the other side of the Atlantic... And what if tomorrow, in order not to let itself get dragged into the 'African beehive' Washington decided — this remains within its reach — to simply cut off the Cuban pipeline from Africa. Wouldn't this be the most effective weapon to 'destabilize' the champions of 'destabilization'? Even if this caused Mr. Andrew Young to cry tears of blood.

"Recolonization" by Soviet news service Novosti correspondent Andrei Dolgov in *Le Figaro*, May 31:

Why didn't the governments of France, Belgium, and the U.S. make contact with the National Front for the Liberation of Congo for the evacuation of the Europeans? Why did they rush to send parachutists just when the Front had opened up contact with the Red Cross? The answer is simple. From the beginning, the 'humanitarian mission' was nothing other than a hypocritical veil thrown over a direct interference into an internal conflict... Following the seizure of Kolwesi and the evacuation of the Europeans, the Belgian troops left the city, but the French Legionnaires remained... it is the United States who, without any doubt, were the instigators of this intervention... The intervention of NATO countries is not only of great scope, but carefully coordinated.

Detente Foes Hamper UN Disarmament Session

The special session of the United Nations General Assembly devoted to disarmament began May 23, providing a unique opportunity to bring together leaders from both East and West to speechify and consult on the remaining barriers to serious world economic development and concomitant mutual reduction of armaments. It had even been rumored that Soviet leader Leonid Brezhnev would attend, following up on his May visit in Bonn with West German Chancellor Helmut Schmidt.

Such a prospect was put to rest when President Carter, obviously under pressure from Zbigniew Brzezinski and Vice-President Mondale, decided not to attend, sending Mondale in his place. Soviet Foreign Minister Gromyko's careful speech reflects an awareness of this problem in the U.S., while Chinese representative Huang Hua made it clear that China is playing along with Brzezinski's "China option."

The special session has nevertheless provided a forum for significant new initiatives, notably that of French

President Valéry Giscard d'Estaing, who called for the creation of a new forum for talks on disarmament in Europe, under the umbrella of the Helsinki agreements. Although Gromyko expressed little enthusiasm for such a proposal, it was approved by Chancellor Schmidt, who probably had a hand in its formulation.

The session will continue until June 29 and is expected to produce broad resolutions covering the entire scope of disarmament questions.

Andrei A. Gromyko, Minister for Foreign Affairs of the USSR:

... Detente offers the opportunity of choosing the road of peace. To miss this opportunity would be a crime. The most important, the most pressing task now is to halt the arms race, which has engulfed the world. . . .

Every unbiased person knows that whenever the Soviet people had to go to war it was to repel the aggressors, for wars were imposed on the Soviet Union. The Soviet Union has never unleashed war and will never do so. . . .

Despite all its ups and downs, the current international political climate, of which detente has been a dominant feature for quite a few years, now is favorable to serious arms limitation efforts. There has been no such precedent in the history of interrelationship between the two world social systems. Some degree of international trust, though still insufficient, of course, has been attained. The recent talks of Leonid Brezhnev with the leaders of the Federal Republic of Germany have given a powerful impetus to all these processes. . . .

One hears it said at times: "You know, we too favor non-proliferation of nuclear weapons but what if it harms international cooperation in *peaceful uses* of the energy of the atom?" The answer is no, it would not. It is possible, without infringing on the interests of nonnuclear countries in this field, to preclude at the same time the possibility of someone, say, in the deserts and jungles of Africa or Latin America trying to find some roundabout way to manufacture nuclear weapons. . . .

Walter F. Mondale, Vice-President of the United States:

We and our NATO allies are strong, and we will remain strong to provide for the defense of our peoples. But we face a continuing buildup of unprecedented proportions in Europe. The Warsaw Pact has developed an almost 3-1 advantage in tanks. The SS-20 nuclear missile now being deployed against Western Europe is a new departure in destructive power and represents a substantial increase in the nuclear threat of the Soviet Union. The NATO Summit meeting next week in Washington will recommit the Western democracies to a military posture capable of deterring and defending against attacks. We will remain prepared to resist attack across the spectrum of conventional, tactical nuclear, and strategic forces. . . .

My country for years sought to limit military shipments to Africa. Our economic assistance far outstrips the amount of military assistance we have provided. In 1977, the United States contributed \$327 million in economic assistance to African nations, compared to only \$59 million in military aid. This record, with its special emphasis on funding for food, stands in marked contrast to the predominant military assistance extended by others. . . . The choice here is one of

encouraging the constructive and creative capabilities of the developing world, or of encouraging those tendencies which generate conflict.

Helmut Schmidt, Chancellor of the Federal Republic of Germany:

...I am speaking on behalf of a country that cannot and will not act as a big power. We are, however, aware of our share of the responsibility for peace....

Though progress toward arms limitation has up to now been modest, it has brought one important strategic result at least: the superpowers have redefined their own security requirements. They no longer regard the unilateral growth of nuclear power automatically as an increase in their own security. . . .

The world's statesmen must talk to one another; hence they must know each other. . . .

The element of predictability, necessary for security and peace, must go far beyond the transparency of military capabilities. It must apply above all to the basic concept and the objectives of political strategies. The better other states can predict future developments, the less the danger of surprise and, as a consequence, the greater the prospects for international security. Anyone who acts unpredictably is liable to create hazards....

The Nonproliferation Treaty has definitely proved valuable in limiting nuclear armaments. It has so far on the whole halted the geographical proliferation of nuclear weapons.

On the other hand, non-proliferation policy must not become an obstacle for the peaceful use of nuclear energy. To many countries not possessing sufficient sources of energy, nuclear power is indispensable. . . .

During the recent visit to my country by Secretary General Brezhnev both sides stated — for the first time in a joint East-West declaration — that they deem it most important that neither side should seek military superiority and that approximate equality and parity suffice to safeguard defense.

We consider this declaration to be a major conceptual contribution to the safeguarding of peace. The more so because the Soviet Union has shown in this declaration its willingness to discuss weapons up to now not covered by the SALT negotiations, such as medium-range missiles.

These weapons, owing to their huge destructive power, are as lethal a threat to Europe and to other regions, as are the strategic intercontinental weapons to the superpowers. They therefore cannot be ignored in a system of military balance. From this standpoint I look upon French President Giscard's proposal with interest. . . .

There are highly productive countries who have a large military potential, and who make exceptionally heavy financial outlays for it — but who at the same time make a totally inadequate contribution to the transfer of capital and technology to developing countries.

Weapons supplies are no substitutes for economic development. . . .

I would like to take this opportunity to outline my own country's policy in this field. We refuse as a matter of principle to grant developmental assistance for the export of weapons. . . . On the other hand, we have massively increased our development aid budget, so that

it is now the equivalent of more than one tenth of our defense effort. If every country in the world could say this of itself, many people in the developing countries would be better off. . . .

Anyone who dismisses the idea of compromise in principle is not fit for peace. If he is not prepared to meet others half way he cannot expect them to move towards him. Anyone who cultivates enemy stereotypes and prejudices will himself be regarded as an enemy.

Valéry Giscard d'Estaing, President of the French Republic:

France is proposing studies on the creation of a satellite monitoring agency. . . .

The idea of a link between disarmament and development has been evident for a long time. So far it has not been translated into reality. . . . Setting up a special disarmament fund for development is still a difficult undertaking. France has drawn up proposals on this subject and will submit them for discussion by this General Assembly. . . .

Let us look at the military map of the world. Two large zones are apparent . . . First let us consider *the nuclear-free zones*. Nothing would be more destabilizing and nothing would enhance more considerably the legitimate right to security than to introduce nuclear weapons in these zones . . . *Nuclear-weapon states should in particular preclude, according to a formula to be defined, the use and threat of use of nuclear weapons against states that are part of a nuclear-free zone*. In terms of their development, this decision should be accompanied on the part of the countries supplying materials and equipment for nuclear power by the implementation of an appropriate policy of non-proliferation . . . (which) would have to be an open policy in order to provide *easier access to the peaceful uses of nuclear energy* (emphasis added — EIR). . . .

France is proposing to all the countries which are concerned with the future of European security and which participated in this capacity in the Conference on Security and Cooperation in Europe that they should meet in conference to discuss disarmament in Europe

. . . The conference advocated by France would aim in the first state at building trust among all the countries of Europe by instituting measures to provide appropriate information and notification and in the second stage at achieving a genuine reduction in weapons within the geo-strategic complex of Europe from the Atlantic to the Urals (emphasis in the original — ed.).

Huang Hua, Foreign Minister of the Peoples Republic of China:

One superpower is bent on expansion; the other has its vested interests to protect. As the struggle intensifies, they are bound to fight it out some day. The tense confrontations in Europe, the turmoil in the Middle East, and the gathering storm in Africa are all visible indications of the growth of factors for war. . . .

The two superpowers, the Soviet Union and the United States, are deliberately confusing the issue by advocating disarmament by all. Their armaments already far exceed their defense needs and are being used as tools of aggression and expansion and tools in the struggle for hegemony. They are subjecting countries in all parts of the world to threats of force, military control and even armed aggression and they are busily preparing to unleash a new world war. . . .

The people of the whole world eagerly demand nuclear disarmament and the elimination of the danger of a nuclear war. We do not believe in the horror story spread by the superpowers that a nuclear war will destroy all mankind, but like the people of other countries, we Chinese are firmly opposed to a nuclear war. . . .

Therefore, the struggle for disarmament can help to put off a war only if it is accompanied by full exposure of the superpowers' plot of sham disarmament and real arms expansion, and if the people of the world are alerted to the danger of war. The lesson must never be forgotten that both world wars broke out amidst a chorus of "peace" and "disarmament."

. . . The superpowers want to grab world hegemony by launching a world war, and in preparing for this war, they are committing acts of hegemonism in all parts of the world. . . .

Congress Investigates Zaire Fairy Tale

The following analysis was released on May 29 by U.S. Labor Party Chairman Lyndon H. LaRouche, Jr.

At the close of this past week, authoritative agencies of the U.S. Congress acted to force a Carter Administration accounting for the source of the fairy tale that Angola-based Cuban forces were behind the recent mercenary bloodbath in Zaire's Shaba province. Early during the week, a committee chaired by Congressman Diggs heard

McGovern and others are acting with the knowledge that the U.S. electorate is strongly polarized against a "new Vietnam in Africa."

testimony that the *Bild Zeitung* version of the Shaba incident was a hoax. Later in the week, a committee of the Senate acted.

If the inquiry is successful, the Carter Administration's rejection of the *Bild Zeitung* version of the Zaire affair will clear the way for closer cooperation among the U.S.A., the Federal Republic, France, and Japan on Africa and Middle East policies. Although the White House and Secretary of State Cyrus Vance are cautiously repeating milder versions of the hoax, the U.S. State Department is not repeating the fairy tale with any notable enthusiasm. If White House and State Department are freed from the influence of the hoax, the White House and Vance will immediately gain a freer hand against their factional opponents, such as Henry A. Kissinger and Zbigniew Brzezinski on many issues, including the Schmidt-Brezhnev accords.

At this moment, the leading spokesman for the congressional inquiry into the hoax is a former U.S. presidential candidate, Senator George McGovern. McGovern's public statements this past week leave no doubt that he views the "Cuba-backed invasion of Zaire" correctly as a falsification. McGovern and others are acting with the knowledge that the U.S. electorate is strongly polarized against a "new Vietnam in Africa," with a recent poll showing that 73 percent of the electorate is committed to detente with the Soviet Union.

The Two CIA Reports

A key element in these actions by the Congress is the fact that there are two CIA reports — not one — on the mercenary operation in Zaire. One is a report issued by the office of CIA Director Admiral Stansfield Turner,

reportedly three inches thick. Turner's report supports the fairy tale version of the affair issued by Reuters and Henry A. Kissinger. The other report is reportedly issued by senior professionals of the CIA and is circulating widely among circles authorized to receive communications of such classification. The second report is indicated to refute the *Bild Zeitung* version of the affair.

Reports have it that Admiral Turner and his allies have "long knives" out against the present and former CIA senior officials Turner views as responsible for the second report.

This fight within the USA intelligence community is a continuation of a factional struggle dating from the take-over of the CIA directorship by Kissinger protégé James R. Schlesinger during the Nixon Administration. Beginning mid-1977 with the discharge of Deputy Director E. Henry Knoche and successive discharges of senior CIA officials in lots of hundreds, the bitterness against Kissinger, Vice President Walter F. Mondale, Admiral Turner, Zbigniew Brzezinski, and other accomplices of this "night of the long knives" has

Informed U.S. intelligence circles regard Turner, Kissinger, and others as de facto agents of a foreign power, the British Monarchy, sometimes referring to Turner as an "Admiral of the Queen's Navy."

escalated. Informed U.S. intelligence circles regard Turner, Kissinger, and others as de facto agents of a foreign power, the British Monarchy, sometimes referring to Turner as an "Admiral of the Queen's Navy."

In effect, the CIA intelligence and operations capability has ceased to exist in many key parts of the world. CIA private channels are being systematically gutted currently by Turner, Mondale, Brzezinski, and others, through an operation run largely under the cover of the U.S. Office of Naval Intelligence. The recent action by the U.S. Department of Justice against one Soviet UN official and two other persons detained on espionage charges is reported by authoritative circles as a hoax rigged by the Office of Naval Intelligence to cut off long-standing CIA liason channels with their Soviet opposite numbers.

The issue, in the views of senior members of the U.S. intelligence community, is that the government is being stripped of all independent confidential information gathering and evaluations capabilities. The office of the Director of the CIA is being transformed into a mimeographing service of the British Monarchy's Secret Intelligence Service.

In the view of patriotic U.S. senior intelligence officials, some military professionals, and key political

The mercenaries used were the same forces formerly associated with the operations of Moise Tshombe on behalf of the Belgium-based mining interests.

figures, the false information circulated by Kissinger, Turner, and Brzezinski's office concerning the Zaire affair represented an effort to drag the USA into a "new Vietnam" in Africa, as the British Monarchy set up and pushed USA involvement in Vietnam itself beginning with the Kennedy Administration.

The London-manufactured hoax concerning Zaire is viewed as much more important than a mere choice of issues on which to counterattack the destruction of U.S. intelligence capabilities. It represents the British Monarchy's use of falsified information in an effort to manipulate U.S. policy into a USA-USSR confrontation in Africa.

The Facts of Zaire

According to the highest levels of various governments and key private intelligence sources, the following facts concerning the mercenary operation in Zaire's Shaba province are as follows.

There was no armed invasion, properly speaking. The arms used by the mercenaries were taken from prepared caches in Shaba province itself. The mercenaries infiltrated the province as unarmed tourists, totaling about 1500. These infiltrators, combined with persons already waiting "in place" in the province, deployed on signal to the waiting arms caches, and then launched their operation from inside the province.

The principal coordination of the operation was from Brussels, Belgium. The forces behind the action included the same complex of financial and mining interests

The Belgian forces involved leaked the information of French action, prompting the mercenaries to conduct their bloodbath against the European technicians in the occupied localities.

which toppled Patrice Lumumba and directed the mercenary operation a few years later, the same forces which directed the abortive operation of last year. The means for bringing the additional arms for the caches were controlled by Belgium-based mining concerns. The

mercenaries used were the same forces formerly associated with the operations of Moise Tshombe on behalf of the Belgium-based mining interests.

The government of France acted with indicated awareness of the nature of the operation, dispatching forces to Shaba province to preempt the situation before the arrival of Belgian military forces. The Belgian forces involved leaked the information of French action, prompting the mercenaries to conduct their bloodbath against the European technicians in the occupied localities.

According to highest level African sources, the immediate trigger for the Brussels coordinated mercenary operation was twofold. First, as was the case in the earlier incident in which French forces deployed to aid the Zairean government, East bloc representatives, this time working in cooperation with Congo-Brazzaville, were initiating peace negotiations between Mobutu's government and the government of Angola. Second, Mobutu had acted to direct that payments for Zairean mineral exports should be processed through the bank of Zaire, rather than the Belgian banking system. The Belgians, together with British International Monetary Fund officials, were enraged by President Mobutu Sese Seko's actions, and the mercenary operation was set into motion.

The Broader Implications

The Belgian role in deploying the mercenaries is not a reflection of anything but the credulousness of the Belgian nation and its electorate. The forces behind this,

So, as the London and Brussels forces launched their mercenary operation they were in fact acting knowingly and directly against USA and French interests and allies in Africa generally.

the same forces behind the operation against Patrice Lumumba, are London-based financial interests, interests closely linked with the London branch of the House of Rothschild. Despite significant U.S. investment in King Leopold's former private plantation of Congo, the continuing, historical control of the Shaba province mining interests is the City of London's financial interests and commodity exchange, in respect to which the relevant Belgian interests are junior partners of London.

Belgium's special problem in this arrangement is the Belgian national debt, a monstrous edifice squatting on the backs of the Belgian national economy. This monstrous debt depends upon continued flows of debits and profits from Zairean mineral exports, a problem which cannot escape the notice of Prime Minister Tindemans and his Foreign Minister, Simonet.

The London interests and the Belgian debt put London and Brussels into direct factional opposition to French and U.S. interests in Zaire. Manhattan's Citibank has a major role in lending to the Zairean government. French

interests in Zaire emphasize the importance of stabilizing and improving that nation's mineral export activity. So, as the London and Brussels forces launched their mercenary operation they were in fact acting knowingly and directly against USA and French interests and allies in Africa generally.

This is an old pattern in the region. Since the U.S. Eisenhower Administration and French President De Gaulle's Africa policy, there has been an intensifying conflict between London, on the one side, and France and the USA on the other, in this region. This was reflected in the character of operations against the Angolan MPLA (the Popular Movement for the Liberation of Angola) and the government of Agostinho Neto. The USA-linked operation was tied to Kinshasa and run through Mobutu brother-in-law Holden Roberto. The British operation against Angola was centered in the UNITA gang, and was run in cooperation with elements of Israeli intelligence and the Oppenheimer-linked Botha forces of the Republic of South Africa.

The wires did become somewhat crossed when Henry Kissinger became U.S. Secretary of State. Kissinger demanded that President Mobutu conduit arms to the British-Botha-controlled UNITA forces. It was the British gang for which Kissinger proceeded to recruit U.S. Vietnam veterans as mercenaries.

Kissinger has been tied to the British Monarchy's intelligence service continuously since his supervision by William Yandell Elliott, the former top British intelligence agent at Harvard University. One can justly imagine a wire leading from the London Reuters headquarters to the back of Kissinger's head where it is attached. When Reuters types in London, the print-out appears from Kissinger's mouth. (Reuters has been a branch of the British Intelligence Service — SIS — since Lord Milner's takeover of that former news agency prior to World War I. Every Reuters regular staffer is a British intelligence agent. The BBC was created as a branch of the SIS).

The base for these operations of British intelligence in that region of Africa is the territory associated with the Lunda Tribe. This tribe has been a puppet of British intelligence operations since Cecil Rhodes's operations in that region. The region represents portions of Zambia, Angola, and Zaire, including the so-called uncontrolled territories of Zambia. It was from that portion of Zambia that the bulk of the mercenary infiltration was launched.

This Lunda tribe region is also one of the major concentrations of foreign intelligence operatives in the world today including, at last report, three top operatives of the Israeli intelligence service. The predominant intelligence service activity is British, Belgian, Chinese, South African, and Israeli, with Ian Smith's Rhodesia crew trailing along. Other intelligence services are present, chiefly concerned with keeping a watch on those British-centered forces controlling the Lunda tribe.

This region is the center of a British secret plot for triggering a general bloodbath throughout Africa, a plot reflected on the USA side in the "Tar-Baby Scenario" report of Anthony Lake of the Institute for Policy Studies.

The British plot, coordinated significantly through two branches of SIS — the Institute for the Study of Conflict and the London International Institute for Race

Relations, and such subbranches of SIS as the Amsterdam Transnational Institute, proposes to create a medley of Black-versus-Black and Black-versus-White bloodbaths in this region of Africa, into which the forces of the USA, China and USSR are drawn. (Anthony Lake's use of the name "Tar-Baby" alludes to a folk fable in which an animal of a children's story strikes a manikin constructed of tar. The animal becomes stuck, and is then easy prey for — in this case, London.)

London and Brussel's eruptions of rage against Zairean President Mobutu intersected London's fury against the detente efforts of West German Chancellor Helmut Schmidt and France's President Giscard d'Estaing. It also intersected London's fury against USA United Nations' Ambassador Andrew Young, and President Carter's diplomatic affinity for the Nigerian government and Zambia's Kenneth L. Kaunda. Without some destabilization of southern and central Africa at this time, Rhodesia's Ian Smith will be forced to accept "majority rule," and the heirs of Kruger in the Republic of South Africa will move in cooperation with U.S. Secretary of State Cyrus Vance and others to settle the Namibia issue.

In brief, London's immediate rage against President Mobutu coincided in effect with other points of timing for London's effort to bring Peking mercenaries into Africa — proceeding toward setting up a pacific-centered thermonuclear-war posture between the USSR and a USA-China alliance.

The Shi'ite Parallels

The truth concerning the Zaire events is more easily understood by examining a comparable case: the Israeli intelligence alliance with the Baghdad-based leader of the Shi'ite Islamic sect.

Beginning with William Pitt the Younger (the evil "Pizzarro" of Beethoven's opera "Fidelio"), the Oxford and Cambridge-based SIS set up a series of Islamic branches of British Secret Intelligence. One of these British fronts was named Ismaili, another Sunni (to which former IMF head Witteveen adheres), and a third

A successful "watergate" against Admiral Turner on the issue of the faked CIA report will most probably uncork the genie's bottle.

Shi'ite. The headquarters of the Shi'ite branch of British Secret Intelligence is Baghdad, with close cooperation with the top British agent inside the government of Saudi Arabia.

The Shi'ite operation ranges chiefly from inside Iraq, through Iran, Afghanistan, Pakistan, into Bengal. Throughout the Middle East and Subcontinent, the Shi'ite branch of British intelligence is closely interfaced with Peking's intelligence service, and with elements of the socialist international, for example, India. Recently, its deep connections to Israeli intelligence have broken to the surface in Lebanon.

The recent exposure of the Israeli intelligence alliance

with Bagdad's Shi'ites occurred as a result of close cooperation between Shi'ite forces in Lebanon and Israeli agent Colonel Haddad, the commander of Israel's Christian-Lebanese forces in southern Lebanon.

To my direct knowledge, Henry Kissinger, in close cooperation with Israeli intelligence and London, developed and coordinated the civil war which ravaged Lebanon beginning April 1975. I am well informed of both the principal elements of that criminal operation and of the credulous follies of Bagdad and other Arab centers in being manipulated by this operation. Just as I am informed that the overthrow and threatened assassination of former Prime Minister Bhutto of Pakistan was ordered by Henry Kissinger personally, and conducted by Shi'ite elements collaborating with Peking. Just as I am informed that my esteemed friend, former Foreign Minister Fred Wills of Guyana, was also targeted for "termination" by Henry Kissinger personally. It is also London and Henry Kissinger who are responsible for the attempted coup against Shah-in-Shah Pahlevi of Iran.

If McGovern Succeeds

In the light of these facts, Senator George McGovern's act of this past week is not to be viewed as merely an impending "watergate" of corrupt CIA Director

Stansfield Turner and Henry Kissinger. The most vital strategic interests of the USA, France, and the Federal Republic are the real issue behind this matter of a falsified CIA report.

Kissinger is deeply hated throughout the U.S. population. Local Republican organizations are at the verge of open revolt over the Republican National Committee's disgraceful tailing after the lying Judas-goat Kissinger. The complex of Kissinger, Kennedy, Mondale, Brzezinski and Turner is hated for patriotic reasons by widespread strata among military, industrial, regional banking and other influential circles. Kissinger ally James Schlesinger is despised and hated.

A successful "Watergate" against Admiral Turner on the issue of the faked CIA report will most probably uncork the genie's bottle. All those London-allied forces in the USA now working to sabotage the efforts of France and the Federal Republic will face massive threats to their careers of influence. At the least, such action would free the hands of president Jimmy Carter, Secretary Cyrus Vance, and Ambassador Andrew Young to pursue the economic development strategy for Africa which Young has put forward and which President Carter has publicly embraced.

Brzezinski Goes After Moscow . . . And The White House

During his trip to China and since his return, National Security Advisor Zbigniew Brzezinski has been conducting an astounding campaign of psychological warfare which is aimed just as much at the highly susceptible Carter and his inexperienced Georgian staff as it is at the Soviets and Cubans.

FOREIGN POLICY

Despite his public pronouncements, President Carter is clearly terrified by his loss of popularity in the polls, and has been desperately seeking an opportunity to project an image of "firmness." Brzezinski has fed Carter's mania with false intelligence, hokey strategy, and just plain lies.

This poor man's rerun of the Belgian Congo intervention of 1960 and the 1962 Cuba confrontation has no basis in reality, neither in consolidating the projected alliance with the Chinese, nor in building any constituency domestically. There is no support for Brzezinski among the American people, the Congress, or the Democratic or Republican Parties. It is entirely an artificial crisis aimed at reversing the real progress toward SALT accords and undermining the coordinated international pattern of détente-and-development initiatives.

Betray U.S. Secrets To China

In China, Brzezinski betrayed national security secrets by passing on to the Chinese two highly restricted presidential review memoranda, PRM 10 and PRM 18, the contents of which have never been fully made available to either our NATO allies, or to the U.S. Congress.

The first document covers the deployment of forces into the European theater, and, according to reports, blithely accepts that West Germany would lose up to one-third its territory in the initial stages of a limited confrontation. The second covers the Brzezinski corollary to James Schlesinger's old "limited war" doctrine; namely, the development of a rapid deployment strike force which is intended to provide the U.S. with a military intervention capability in all parts of the world.

Passing on national security documents used to qualify you for seven years minimum in jail. Brzezinski not only carried out this indiscretion, but immediately asked for an exclusive interview in the *New York Times* to boast about it. Immediately after this interview, Brzezinski sought the opportunity to intervene in the private meeting between Soviet Foreign Minister Gromyko and President Carter to demand that the Soviets "confess" to their responsibility in the Zaire invasion. Gromyko quite

correctly denied any such involvement, whereupon Brzezinski raved, "They have lied in the White House...Why did they have to lie in the White House?"

For anyone with a memory, this sounded eerily like the 1962 Cuban missile confrontation. The following day, May 28, Brzezinski chose the medium of national television to throw down an ultimatum to the Soviets: "We have our proposals (on SALT). They will either be accepted immediately, or we will wait until they are accepted." This even evoked a reply from the otherwise restrained Soviets: "This is stiff, even for Brzezinski."

Admiral Turner and the National Security Council have played a critical role in the circumstances leading up to Brzezinski's coup attempt. It was David Aaron, a former Mondale aide and now Brzezinski's key aide at the NSC, who first conducted the phony intelligence evaluation to Carter and the White House staff that the Cubans were ultimately responsible for the Zaire invasion.

Over two weeks after this briefing, not one shred of evidence has been made public. In fact, it is known that a CIA report concluding the opposite has been suppressed.

Kennedy's Submarines

Following the NSC briefing Admiral Turner and Aaron went to Capitol Hill to lobby for the removal of the Clark amendment prohibiting U.S. covert operations in Angola. Senator Clark, surfacing as a Kennedy wolf among the doves, used this as the pretext to immediately publicly proclaim that, if the Carter Administration wished to intervene in Angola, it should do so openly. This NSC-managed operation, carried out without President Carter's knowledge or consent, lent credibility to the crisis atmosphere, and encouraged the impression that the Administration was giving mere lip-service to peaceful intentions, but was actually hell-bent on confrontation. In this atmosphere, Senator Clark urged the Carter Administration to directly punish the Soviets. He even hinted that SALT talks be suspended, a view that Senator Kennedy has reportedly endorsed in private (see below).

Kennedy's machine is the glue that holds Brzezinski's operation together. In the Executive, in Congress, and in the press, his surrogates are attacking such factional opponents as Ambassador Andrew Young, while generally whipping up hysteria.

Kennedy himself is playing a very reserved personal role, however; in this way he keeps his options open. While his machine builds the momentum for Brzezinski, he is also waiting for the very likely event that the whole scenario is destroyed — so that he can emerge as an

untainted counterpole to the then-discredited Carter.

At this point, President Carter can save himself only by firing Brzezinski. Otherwise Brzezinski's failure will become the Watergate of the whole Administration. Ironically, if Carter breaks with his "I'm tough! I'm tough" profile and fires Brzezinski and Turner, he will at last legitimately win the public support he so desires.

Brzezinski's Game Of Chicken

This is the text of an interview with a close associate of Senator Clark, provided to NSIPS.

Q: I understand that your hearings with Mr. Turner, Director of the CIA, are seen by some members of the Foreign Relations Committee as a testing of the veracity of material that is being given to the President. Some people are saying that the President was misled on Zaire.

A: No, no one is saying that he was misled. We hear two stories here. One, that the facts support what the President said and the other that those facts are open to interpretation.

The Zaire debate is structured on the Cuban role and so there are hard issues and evidence. It will be a test case of the whole debate of U.S. foreign policy. Are we trying to create a confrontation, and if so why? It will open up an entire debate of U.S. foreign policy, which is what we want to do.

Q: What have the Senators who are usually politically active in these same matters been saying now, such as Kennedy and Culver?

A: Kennedy has been strangely silent. Culver has recently had an interview and he came down similar to Clark.

Q: What has Senator Clark said about Cuban activity in Africa? I understand he said that SALT should be suspended until the Cubans are out of Africa.

A: He has expressed concern over Cuban activity in Africa. He says that SALT should be pursued though, that it is in our interest. But he said that if the Cubans and Soviets continue to mess around in Africa this would make it more difficult, the ratification process would inevitably be more difficult. We should make this clear to the Soviets, that the Soviets and Cuban activities shatter the concept of detente. Clark condemns their military role, that it is very destructive.

Q: What does he think our policy to Africa should be?

A: That we should bluntly tell the Soviets that it is not in their own interest to increase Cuban activity in Africa; that to get involved in Africa would effect SALT and the whole range of relations. We should also pursue the diplomatic initiatives such as the Anglo-American plan, so there is no opportunity for the Cubans to get involved. We should increase our foreign aid and this will increase our credibility with the Africans. We should take seriously majority rule.

Q: How does he think we can put pressure on the Soviets,

if not through stopping SALT negotiations — through cutting economic relations?

A: He doesn't dismiss that but he recognizes there are problems. Stopping grain shipments would make U.S. farmers very unhappy. Stopping technology transfers is a possibility, but it also creates domestic problems. But there are people in the U.S. who want concrete pressures put on.

Q: What about the approach taken by National Security Council head Zbigniew Brzezinski, a more direct confrontation approach?

A: It will increase the insecurity of the Africans who are dependent on the Cubans and they will invite more in. It seems the President is trying both policies and it doesn't work. The danger in Brzezinski's approach is that it is a game of chicken and the Soviets could call our bluff. Are we willing to make Africa a testing ground of Soviet-American relations and if we keep on Brzezinski's approach it will come to that and if we back down we are seen as chicken and if we get involved we are in another Vietnam. If we take Clark's approach we have many more options on our side.

Carter is currently on the line of hostile rhetoric. He thinks he can do both approaches, but he will reach a crossroads.

It Came From Brzezinski's Office

From an interview with a source close to Senator McGovern, provided to NSIPS:

Q: I understand that Senator McGovern has asked the CIA for its proof that Cubans and Soviets were involved in Zaire. What is the story on that?

A: On Friday, Vance was before the committee briefing them on SALT. The Cubans had told McGovern that they had no relations with the Katangese, they had not supported them or trained them. He believes the Cubans would not have made it up as it easily could have been proven false. McGovern asked Vance what proof he had and he said that he had not seen any proof and did not have any proof and that Turner should be asked. The Committee agreed to ask for a written report from the CIA. We will probably have Turner testify later on.

Q: If it turns out that the CIA has no proof of the Cuban and Soviet involvement then what does that mean? Is it that the CIA does not have good information or are people lying about this in the administration?

A: From what I have heard, I believe that the President was misled. People have told him the Cubans were involved and of course the President does not read the raw materials. We want to make sure that the source of this misinformation is discredited.

Q: And who is that? There are only a few people, such as the National Security Council who brief the President.

A: Well Brzezinski was out of the country. But the information was transmitted by the National Security staff. We are trying to demonstrate that the President should not rely on that source.

Q: Why would they misinform the President?

A: There is an effort underway — the split between Brzezinski, his staff and Vance, Young and the arms control people.

Q: So you are saying they would misinform the President to force their policy on the White House?

A: Basically they drew an inflated picture of the situation. McGovern clobbers Brzezinski for briefing the Chinese on the SALT negotiations which make the talks more difficult. He attacks him for briefing them on confidential National Security Council documents.

Q: What about the statements made by Senators Clark and Kennedy that SALT should be tied to Soviet activity in Africa?

A. We disagree with them. Others agree with McGovern though it has not yet come out publicly. At the staff level people are reporting that there is pleading going on with the President over this from Congress. The members of the Committee from the U.S. to the UN Disarmament Conference all were voicing concern over US policy to Africa.

Q: Who has Carter's ear now?

A. It looks like Brzezinski does. But McGovern in his statement does not yet attack Carter because it is not settled. But at some point later on Carter must take responsibility for overall U.S. policy.

Q: Where is the problem in the White House? Is it people like Hamilton Jordan who are listening to Brzezinski?

A: Yes, the problem breaks down with Jordan, Powell, and the other political types. There is no doubt that SALT can pass the Senate, but the White House is making it a problem. They are trying to convince the right-wingers that they are not fooled by the Soviets and thus the SALT treaty is not a giveaway, and so they should trust the agreement. But the thing is that no one will oppose SALT unless the Administration convinces them that it is linked to Africa, and that is what in effect the Administration is doing. They are playing a careful public relations game. You can see it in the President's press conference where he said the Cubans knew but did not stop the Zaire invasion, and so he implied their involvement.

McGovern: We Cannot Have A Foreign Policy Of Crisis And Confrontation

Here, portions of Senator McGovern's May 30 statement, as reprinted in the Boston Globe of June 1:

President Carter's national security adviser, Zbigniew Brzezinski, is apparently determined on a foreign policy of crisis and confrontation. Watching Mr. Brzezinski on "Meet the Press" last Sunday, we can only conclude that in his mind the Soviets and Cubans are 19 feet tall and about to take over the planet. He has apparently concluded the primary battle for world supremacy is to be fought in the jungles of Africa with the Cubans and the Russians arrayed against the Americans and the Chinese. True enough, Mr. Brzezinski invited the Europeans and the Africans to join the battle; but who really thinks they have any stomach for that?

Mr. Brzezinski's conduct in briefing the Chinese in detail on our strategic arms discussions with the Soviet Union was a strange, if not foolish, tactic. If it was designed to infuriate the Soviets, thus making more difficult the task of arms negotiations, it has doubtlessly done that. If it was designed to send a public signal that we like Chinese Communists better than Russian Communists, it has probably done that. But if it was designed to depict Mr. Brzezinski as a thoughtful, responsible and a sensitive national security adviser, it has not done that.

We cannot conduct foreign policy as though every stirring in Africa, Asia or the Indian Ocean is another Cuban missile crisis. Foreign policy must be selective in centering upon the few fundamental interests of the nation — not the sideshows and minor distractions. We cannot treat a factional quarrel in Angola as though it

were an attack on Berlin. We cannot believe that uncertain questions of help to the Katangans are more important than a strategic arms agreement designed to save humanity from nuclear catastrophe.

Russia has no dependable base of influence and power on the European continent except for its enforced presence on the eastern fringe of Europe. There is little Soviet influence or power anywhere in Latin America other than Cuba. The Soviets have few bases available to their naval and other military forces beyond their own borders.

Speaking of the Soviet Union, Mr. Brzezinski talks of "a sustained and massive effort to build up its conventional forces, particularly in Europe," and "to strengthen the concentration of its forces on the frontiers of China...."

There does seem to be evidence of such a buildup. But at a time when western military outlays are rising, when Mr. Brzezinski treats China as a NATO auxiliary, and global arms spending is on the increase, where else would one expect the Soviets to concentrate their forces if not on their common borders with Europe and China?

With or without an arms buildup, the Russians have a raw and agonizing memory of the devastation of two World Wars. The elderly, cautious men who now rule the Kremlin are not likely to invite another visitation of that agony. At the same time, we are well advised to do all that we reasonably can to induce restraints both on nuclear and conventional arms increases on the part of the Soviets, and on the part of ourselves and our allies. The defense of Western Europe is certainly a crucial American interest. That interest is better served by the

maintenance of our military deterrent plus quiet, patient negotiation with the Soviets rather than bombastic ultimatums and alarmist cries.

Mr. Brzezinski speaks of Soviet efforts "to stir up racial difficulties in Africa, and to make more difficult a moderate solution of these difficulties...."

It may well be that the Soviets are fishing in the troubled waters of Africa. But does anyone seriously believe that the Russians introduced racism to Africa or even that they are a major cause of the racial tension that marks that former domain of the white European colonizers?

It is, in any event, preposterous to assume that the African states struggling to be born represent fundamental security concerns for the United States simply because a few of them have the support of Cuba or Moscow. There has been no fundamental American interest threatened by anything either the Cubans or the Soviets have done or are likely to do in Africa. We might prefer that Ethiopia and Angola not have Marxist governments, but the fact that they do is an inconsequential threat to us and there is little we can do about it in any event.

There are said to be 30,000 Cubans in Africa — a vast continent of 300 million people. Anyone who assumes that 30,000 Cubans can impose their will on 300 million Africans should recall that even with 550,000 American forces and history's most murderous bombing, we failed to impose our will on 40 million Vietnamese. It is the sobering memory of that failure that has prompted several congressional restraints designed to prevent United States involvement in Vietnam-type conflicts in

Africa or elsewhere without congressional approval. Mr. Brzezinski does not like these congressional safeguards. But they would cheer the hearts of our founding fathers and they reassure millions of Americans today.

While Mr. Brzezinski is wringing his hands over alleged Soviet and Cuban misbehaviour in Africa, he might do well to recall that nothing the Soviets or Cubans are doing in Africa, the Middle East, Asia or Europe can approach the calamity we perpetrated for so many years in Indochina. But even more crucial than recalling the mistakes of the past is the avoidance of needless tragedy in the future. That is why we must nurture the hope of détente and the necessity of arms control.

Détente does not mean that the Soviets will not continue to be rivals of ours for influence and ideological propagation. Nor is détente any guarantee that the Soviets will cease what Mr. Brzezinski has described as a "shortsighted attempt to exploit global difficulties."

Détente does not even mean that the United States will refrain from exploiting opportunities for advantage over our Soviet rivals. Détente means simply that as rival powers there are a few areas such as arms control to avoid mutual extinction and retarding nuclear weapons proliferation where the United States and the Soviet Union have mutual interests.

It would appear that as of the moment we do not have a coherent foreign policy, but a collection of conflicting voices. Perhaps that tendency is always present in a pluralistic society. In any event, I pray that in the contest for the mind of the President, calm and common sense will prevail over the strategy of crisis and confrontation.

What McGovern Should Ask Turner

On May 31, U.S. Labor Party chairman Lyndon H. LaRouche wrote this proposal to Senator McGovern:

If Senator George McGovern wishes to expose Admiral Stansfield Turner (and Henry A. Kissinger) as a liar in the most efficient way, he should use the following crucial questions.

These questions are based on information received by me from the highest level of several Western European and African governments and their intelligence agencies. These governments know that Kissinger and Turner are lying, and know that President Jimmy Carter has been duped — so far, neither those governments nor their press wish to call President Carter publicly a dupe.

Fact: The Katangese mercenaries consisted of a combination of persons "in place" in Zaire's Shaba Province, plus more than 1,000 mercenaries, who infiltrated as unarmed civilians prior to the action. They were deployed for action from prepared arms caches in Shaba Province itself, arms brought in by means of transport under the control of Belgium-based mining and related firms.

Question One to Turner: Did the Soviet, Cuban, or East German governments or agencies controlled by them make any flights into Shaba Province during the period to two years preceding the recent Katangese mercenary action? Did such agencies control or use any adequate

means alternative to flights for delivering arms adequate for a force of about 2,000 persons during that period?

Question Two to Turner: Do the Soviet Union, Cuba or their allies have sufficient influence within the Belgian government or Brussels-based relevant mining and financial interests to have caused facilities of those entities to be used for delivering and emplacing the arms caches?

Question Three to Turner: Is it not true that immediately prior to the action representatives of the East German government had acted through the government of Congo-Brazzaville to reactivate comprehensive peace negotiations between the governments of Zaire and Angola?

Question Four to Turner: Is it not true that immediately prior to the action forces in Belgium had been enraged by the actions of President Mobutu Sese Seko in ordering payments for Zairean mineral exports to be processed through the Zairean national bank rather than Belgian financial institutions?

Question Five to Turner: Are you informed of the circumstances associated with the death of one Prince Johann von Schwarzenberg, an Austrian national also Ambassador of the Maltese Order? Are you aware that deceased Schwarzenberg was under investigation for indicated complicity in the terrorist kidnapping of

former Italian Prime Minister Aldo Moro? Do you understand the reason this question is properly raised in connection with the Shaba Province actions perpetrated by mercenaries of the Belgium-based mining interests in behalf of the interests of those mining interests?

Summary to Turner: If, after hearing these questions, Admiral Turner, you still assert there was any Soviet, Cuban, or East German "responsibility" for the affair in Zaire province, you, sir, are either a liar or a pathetic incompetent.

U.S. Press Outraged At Deception

Following are excerpts from a wide range of U.S. press, addressing the current controversy over Soviet-Cuban involvement in Africa:

Boston Globe, May 31, "The Debate Over Africa":

... As a first step, the Administration should accede to the request of the Senate Foreign Relations Committee for a full airing of the U.S. intelligence showing Russian and Cuban involvement in Zaire, the information which apparently touched off the latest debate on African policy. . .

And even if that information reveals Gromyko and Castro as bare-faced liars and shows a forceful Soviet-Cuban presence in Africa, it will still be incumbent on those of the Brzezinski school (in which the President himself from time to time enrolls) to show what vital American interests are threatened . . . to show why over the long run, peaceful American economic assistance to African peoples won't be more effective than American involvement in some sort of "international response" . . .

Chicago Sun Times, May 31, "Kissinger The Leaker":

Henry Kissinger is nothing if not nervy. . . .

Kissinger is embarked on a long career of rewriting history — the sad duty of one who made too much history in too shabby a government. He will forever be taking credit for good things like detente while defending evil carnage in Vietnam by surrogate bellicosity in places like Angola. . . .

Chicago Tribune, May 31, "Percy: Facts Prove Cubans Role in Zaire":

Percy said that Admiral Stansfield Turner, Director of the CIA, told him in a phone conversation last weekend that "solid evidence" exists linking Cuba with the bloody invasion of Zaire by Katangan rebels. In addition, Percy said, members of his staff in Washington were shown evidence "presumably intelligence reports" from the French Foreign Legion confirming Cuban involvement.

... "I think that this evidence will show that Senator McGovern was misled," said Percy.

Baltimore Evening Sun, May 31, "WHODONIT?":

... Somebody here is lying. In the continuing bloody struggle for the control of ever larger pieces of Africa, lying may seem a petty crime. But as regards the credence and support given a government by its own nationals — and, beyond that, by a higher suspicious world — lying can be a damaging circumstance. The good faith of the Soviets, also asserting innocence, deserves public inspection along this line.

... What we have here is a genuine issue of national veracity at the highest levels, maybe also of national willingness to intrude in other nations' business while deliberately disguised by political falsefaces.

Los Angeles Times, May 31, "Send the Yankees on Cuban Tour":

... some action ought to be taken. But not of the kind most people have in mind.

Of all the stupidities this country has accomplished in the last 20 years, surely the creation of a big bad wolf in Cuban is the worst. . . .

The Black American, May 25-31, "The Truth About Zaire":

The old war cry of "communism" went to work. The radio, the TV, the N.Y. Times, the News, the Washington Post, they were all bleating about Cuba and the Soviets taking over Africa. . . .

So who'll kick off the war for dear old Britian? Can Uncle Sam be suckered one more time? Uncle Sam fell for it in Korea and again in Vietnam. Kissinger has got Carter heating up on the "Get the Cubans and the Soviets out of Africa." Can it work behind the flop of Zaire? . . .

Chicago Defender, May 30, "See Cuba-Zaire Showdown":

The conflict between Z. Brzezinski and the National Security Council (NSC) on the one side and the U.S. United Nations' Ambassador Andrew Young and key sections of the U.S. State Department on the other seems to be heading toward a showdown.

Over the weekend Congressman Charles Diggs (D-Detroit) and Senator George McGovern (D-S.D.) called for an inquiry into the claims made by CIA Director Stansfield Turner which said the CIA had solid evidence that Cubans trained the Katangese rebels who invaded the Shaba province in Zaire.

Chicago Sun Times, May 31, "Why U.S. Tough Talk On Soviets?":

The Russians are concerned about what Carter is up to. There are several ways that the Russians could interpret the recent increase in vitriol from the White House (and it is clearly from the White House and not the State Department) . . .

One theory and one that is most likely: it is in Carter's short-term interest to give Brzezinski free reign to boost his popularity . . . if this is Carter's strategy, it could prove a dangerous miscalculation. . . .

GOP Eyes 'Ethnic' Gate Receipts

The Eighth Annual Convention of the National Republican Heritage Groups Council, held in Pittsburgh last weekend, left the GOP's real heritage of Abraham Lincoln and Henry C. Carey in the dust in a mad scramble for what party stalwarts are being told are "sure-fire" vote-getters.

Scrupulously avoiding the need for technological progress and unity of the republic—the principles around which Lincoln and his economist ally Carey built the Republican Party — the top party policymakers encased the convention knee-jerk anticommunism, "fiscal conservative" economics, and "human rights" to argue that "ethnic group" vote-hustling should be the center of the GOP's organizing.

If implemented, such policies would transform the Republican Party into little more than a caricature of the racist, narrow-interest practices of Margaret Thatcher's British Tory Party.

Michael Novak, syndicated columnist for the *Washington Star*, keyed the event with the pronouncement that "This is a pluralistic society." He proposed that California is made up of thousands of Yugoslavs and Italians who, if properly organized, could control that state's politics, and stressed that more women "who control the money" should be fielded as GOP candidates.

Novak's credentials for "ethnic" organizing stem from his position as campaign coordinator for Bobby Kennedy, and participation in the draft resistance-deserter movement. After a stint in the Rockefeller Foundation, he is currently with the American Enterprise Institute, the Republican Party think tank.

Mary Crisp, Co-chairman of the Republican National Committee, told reporters that policy discussion was absolutely not on the conference agenda. Ignoring the opportunity for the Republican Party to build a national constituency based on a U.S. high-technology export, labor-industry alliance, Crisp said: "The name of the game is power. If we can show the minorities that we can deliver power, they'll support us."

Both Novak and Crisp blasted the idea that ethnic Americans are members of trade unions and identify themselves as such. They insisted that Americans prefer "freedom of choice" and the importance of the family is what brings people to the United States, pushing Pittsburg as the ideal city to start a Slovak-Italian constituency drive.

Red Scare: Republican Profile

Obviously a victim of Henry Kissinger's numerous brainwashing-briefings to the Republican National Committee on Soviet "aggression," ex-CIA director George Bush told the gathering that "the Soviets are using the Red Brigades as surrogate warfare." When a reporter charged that as a CIA director, he knew that this was not true, Bush responded, "You must be from the Labor Party," and restated his charge that this was just "apparently" the case.

Kansas Senator Robert Dole fell for the London and Kissinger's "human rights" provocations against the Soviets, adding, "The Soviet Union and its surrogates in

Havana appear to have selected the African continent as a staging ground for a strategic showdown to test the will of the U.S. and its leadership." He denied knowledge of the CIA report exonerating the Cubans, pleading that he had been on a plane and had not heard about it.

On the economic side, John Connally, the former Treasury Secretary, called for the development of fusion energy... but then stupidly stipulated that this was necessary to counter scientific superiority of the Soviets (with whom the U.S. should be collaborating to quickly develop fusion power). Reflecting the influence of the traitorous financial policy of Fed chairman G.W. Miller, Connally defined a U.S. export policy on the basis that "we must tell our allies they cannot produce more than they can consume themselves."

Natural Law:

The Real Republican Heritage

Allowing the likes of British agents Henry Kissinger (see *Law* for criminal charges against Kissinger) and G. William Miller to shape the political policies of the Republican Party leadership can have the net effect of wiping out the principled difference between the Republican and Democratic parties, maintained throughout the history of the United States. As important Republican Party leaders have realized for decades, the zero-growth liberal tendency of the Democratic Party is the immoral political vehicle through which British monetarists have classically attempted to reverse the American Revolution, outlaw the U.S. Constitution, and deindustrialize the U.S. to its former status as a British colony. The political price for the Republicans' attempt to "out-Democrat the Democrats" is the dissolution of the American republic, as was noted in a recent paper on natural law, titled "The German Constitutional State and Terrorism," by Lyndon H. LaRouche, Jr., Chairman of the U.S. Labor Party, in *The Campaigner*, (Vol. 11, No. 1, February 1978):

"The agreement," LaRouche wrote, "among a majority of citizens to the effect that technological progress is a principle of national purpose is not only correct as far as it goes, but it properly implies those broader inquiries which lead consciousness to a direct and adequate comprehension of the lawful principles of a constitutional democratic republic... In brief, the existence of a society demands technological progress; otherwise the society must stagnate and then decline.

"The mediate source of all human progress is the creative mental powers of the single individual. The individual who contributes a single valid scientific discovery has contributed a power to every other member of society. This contribution is more than an act; it is a permanent foundation for the future progress of all generations of humanity to higher levels beyond that contribution

"Hence, the state cannot fulfill its purpose as a state without developing the individual, and the individual cannot fulfill the moral purpose of his or her own existence without a state, a republic, committed to those policies."

Schachtian Economics For The United States?

A sudden shift in the consensus of economic forecasts toward predicting a recession for the domestic economy indicates how close the United States is to adopting the economic policies of Hitler's Finance Minister, Hjalmar Schacht.

BUSINESS OUTLOOK

The most telling feature of the situation is Senate Banking Committee Chairman William Proxmire's demand for major cuts in the federal budget. In its semiannual economic policy review, the Senate Banking Committee proposed cuts in the federal budget deficit, as an alternative to further monetary tightening by the Federal Reserve.

"The restrictive stance of monetary policy taken by the Federal Reserve recently may lead to slower growth in production and employment by the end of the year," the report said.

Under pressure from Fed Chairman Miller, who has lobbied majority sentiment in the banking community into this campaign, the White House has given strong indications of susceptibility to the "fiscal austerity" proposal, to the point of circulating scenarios for a balanced budget by 1982. Carter, in a May 25 press conference, said that he could "take the heat" from pressure groups resisting budget cuts.

The apparent consensus for cuts in the federal budget — at a point when a recession is projected for the relative near-term — is totally unprecedented in the postwar period, and amounts to a fair revival of Hjalmar Schacht's 1930s economics. The late Gaullist economic theoretician Jacques Rueff described it as "inflation turned inwards against the economy." Moreover, the suggestion itself exposes another bitterly Schachtian feature: making economic policy through crisis management. The combination of rising interest rates, a weak dollar, high inflation, and apparent recession that has been thrown at the administration by the Federal Reserve puts the White House into an impossible political bind. Not even a strong Administration could hope to beat down the claimants to federal budgetary support under present conditions.

Possibly, the ostentatious public support lent to Carter's anti-inflation program by such business leaders as Irving Shapiro of Dupont, Thomas Murphy of General Motors, and Reginald Jones of General Electric, reflects the political problem at the heart of the matter. There are no illusions in those quarters that the Carter program

is anything more than the "optics, jawboning, and scapegoating" that the *Wall Street Journal* attacked in a June 1 editorial. But the business leaders fear the worst consequences for the Administration, and will stand by it, even at cost of appearing ridiculous.

Predictions of Recession

Alan C. Lerner of Bankers Trust, the economists of Manufacturers Hanover, the majority of the Federal Open Market Committee (according to the published April 18 minutes) and most other economic commentators warn that the uptrend in consumer purchases and other basic indicators is already ending. Manufacturers Hanover, describing the downward phase of an inflationary cycle, reflects the general viewpoint: "... such a boost to sales is temporary, since it is not based on any fundamental improvement in buying power, but rather, is being fueled by a decrease in the savings rate or by stepped-up use of installment credit. Thus it is possible to conclude that another part of the current surge in activity is temporary — only in this case it represents not a makeup from the past, but borrowing from the future. It is going to take some mighty good luck to prevent the ongoing boom from developing into a bust late this year."

The only "good luck" that would fit the requirement would be G. William Miller walking into a manhole. The effect of Miller's tourniquetting of interest rates already showed up in the powerful boost given to consumer price inflation by the increased cost of home and other consumer credit, a major factor in the 0.9 percent Consumer Price Index increase in April. Miller's interest rate operation created a borrowers' panic, the most extreme form of "inflationary expectations," with the aid of such Wall Street seers as Salomon Brothers' Henry Kaufman. Kaufman told the *New York Times* May 26 that he advised clients to raise all the funds they would need this year immediately, to "beat" the rise in interest rates.

Now that the combination of high interest rates and inflation fears is about to ruin the economy, Miller, Proxmire, and the blind men at the commercial banks' economics departments propose more of the same treatment — the next ratchet down.

In no respects does this represent an economic policy, although some of the commercial bankers delude themselves that it will buy a short respite of "stability." Miller's recession has set the dollar up for butchery. In particular, the effect of dollar outflows on interest rates, which depend heavily on foreign financing of the U.S. treasury deficit, will be devastating when the Miller

bubble goes. A New York City bankruptcy could trigger it in the next week. The standard argument that the absence of foreign central bank intervention to support the dollar — which financed \$31 billion of the deficit during 1977 — will automatically force interest rates up is fallacious. Foreign funds will not be available to finance the deficit if the stock market bubble and the currency fluctuations that favor the dollar reverse themselves, which is precisely what Miller is driving at. In this case the U.S. economy will end up with high inflation, reduced output, and skyrocketing interest rates simultaneously! The ultimate beneficiary could be Fed Chairman Miller's colleague — Sen. Ted Kennedy.

—David Goldman

How Long Will It Last?

Money Markets, the newsletter of the First Pennsylvania Corporation, May 25:

We estimate that we are currently in the third phase, or expansion phase, of the business cycle. Sales and inventories are both growing at a robust pace, consumer debt burdens are mounting, and interest rates are rising making it increasingly expensive to fund inventories. Even though the economy seems to be expanding briskly, economists recognize we are living on borrowed time. . . .

Should the economy and inflationary expectations continue to advance at the current feverish pace, however, it makes it increasingly likely that robust business expectations will not be fulfilled, both consumer and business debt burdens will become unmanageable, and the tax cut could very well be shelved (in the interest

of cooling off inflationary pressures) putting us into the fourth, or downturn, stage of the business cycle by year-end.

No Cause for Optimism

Financial Digest, the newsletter of Manufacturers Hanover Trust, May 29:

. . . a lot of sales that were made in April and May might have been made during the first quarter, had the winter been less severe or the coal strike non-existent. Since these sales are bunched with sales that would ordinarily occur at this time, they give the illusion to many businessmen that business is booming. Accordingly, there is an effort to build inventories, in the belief that the current rate of sales (which includes some make-up sales from the first quarter) is the true ongoing rate. This could lead to some disappointments later on, once these makeup sales are finished; it could result in an involuntary accumulation of inventories in some sectors, and a need to cut back.

If this were not enough, there is growing evidence that a large proportion of sales being made today is because of fears of higher prices. As was observed at the beginning of this month (*Financial Digest* — May 1, 1978), consumers appear to have developed a "buy-in-advance" attitude toward big-ticket items. Reinforcing an earlier finding, the University of Michigan Research Center said last week that the nearly half of the people who now believe that it is a good time to buy durables represents "the highest recorded proportion of respondents to indicate a buy-in-advance price rationale since the surveys were started" in the early 1950s. . . .

Miller, Rohatyn Steer New York City Toward Bankruptcy

The New York City fiscal crisis this week entered its "countdown month," with the city "closer to a bankruptcy than ever before," according to informed sources in the financial community.

BANKING

A city default would trigger a chain-reaction collapse of the more than \$14 billion in outstanding city, New York State, and MAC paper; it would panic the security markets and send the U.S. economy plunging toward the worst depression in its history.

What makes a New York City bankruptcy likely is that the triumvirate effectively controlling its future — Lazard Freres general partner and Municipal Assistance Corp. chairman Felix Rohatyn, Federal Reserve Chairman William Miller, and Treasury Secretary Werner Blumenthal — have apparently decided that it is a "prime option."

"I have absolutely no doubt that Rohatyn, Miller and Blumenthal would take a bankruptcy at this point," said a banking source. "Their problem is to deflect the blame off them..."

Viewed From the Outside

Fed Chairman Miller last week effectively lobbied for a bankruptcy, telling the Senate Banking Committee that a New York default could be handled "smoothly and efficiently" by the Fed and would definitely "not cause a national crisis." Blumenthal, meanwhile, has told a major newspaper's editorial board that he would welcome a bankruptcy.

The New York commercial banks, some of whom have over 30 percent of their total equity tied up in worthless New York paper, are apparently falling for this faulty reasoning. "The city can go under," said one deluded banker late this week. "We'll still have MAC. . . it won't be so bad, because the Fed will help out. . ."

The banks are being set up. Aides to Senator William Proxmire (D-Wisc.), the Fabian chairman of the Senate

Banking Committee and an opponent of any Federal aid to the city, are reportedly "grinding their axes"; they are prepared to force a major overhaul of the banking system should New York go under. "You are crazy if you think that we will let the banks off the hook," said an aide. "The people will be demanding the heads of the banks and we are going to give it to them . . . let a bankruptcy clean out the banking system." Miller reportedly shares their views — at least in private.

Proxmire, who expects to have the votes to get the \$2 billion austerity-based Federal loan program defeated on the floor of the Senate, has another surprise in store for the banks. He will demand that they agree to cough up an additional \$1.5 billion to purchase MAC and other city paper beyond the \$1 billion they have committed to purchase over the next four years. "Miller knows what we are doing," said an aide to the Wisconsin Senator. "And he agrees with it, and so does Blumenthal . . ."

How A Default Could Occur

Miller, Blumenthal, and Rohatyn have a number of options open to them for pricking the New York debt bubble.

In the short term, the city needs approximately \$500 million to meet payrolls between now and the end of June. It plans to finance this through a sale of MAC short-term notes to union pension funds. If that doesn't occur, the city could go bust as early as next week. Most observers, however, feel that if the unions fail to cough up, the banks might be induced to pick up the tab.

The real crunch occurs after June 30, when the city will require several hundred million in financing to meet expenses. On that date the Federal loan program lapses, and a new \$2 billion loan guarantee plan is to be put in place. But the plan must pass Congress, and to have a chance at doing that, the city's remaining labor contracts must be settled on a low-cost, high-productivity basis, a \$4.5 billion dollar, four year financial package must be agreed upon by all parties — including a balanced city budget. But even if the loan passes, Blumenthal can revoke the loans any time he sees fit — and the city heads for default.

Miller, Blumenthal, and Rohatyn have induced everyone into playing by their rules. They have gotten all parties, including the unions, to agree that the solution to the city's financial woes is drastic austerity in combination with a federal loan guarantee program. Sitting back, they are now allowing the various unions and the city government to argue about how much to cut, and from whose hide. The chaos surrounding the city union contract negotiations, reported in the national press, results from this fundamental manipulation.

Rohatyn has already scored a major coup. By using the "threat of bankruptcy," and with prodding from both Miller and Blumenthal, he was able to maneuver legislation expanding the powers of his MAC and the city's austerity monitor, the Emergency Financial Control Board, through a reluctant New York state legislature. These institutions are the embryo of an International Monetary Fund-like post-bankruptcy austerity dictatorship.

He has also set up his scapegoats. The unions have been split into a controlled crew under the agent leadership of municipal union leader Victor Gotbaum on the one side, and another section led by the police and fire unions. One scenario brewing, is to force the police and-or firemen out on strike, and then financially crush them in a bankruptcy. Another scenario would see the banks provoking a confrontation with the unions by claiming that austerity-based contracts are not austere enough. And there is always the "anti-New York" crowd in the Senate who could torpedo the loan package.

At this late date, responsible political leaders have failed to place a single alternative development-based proposal for dealing with the city's problems on the table. Until someone does, Miller and company are calling the shots.

—L. Wolfe

London Bankers Circle Over New York Default

A Washington-based British source close to certain City of London merchant banks gave his views on the New York City crisis:

It looks like we're headed for a default. It's doubtful that all the problems can be sorted out in time and its even more doubtful that Congress will act. Many people here and in London have already accepted this — sooner or later New York goes down, so why not right now?

Miller and Blumenthal have to say they don't want to see New York go down; after all, they are public officials. But they know that bankruptcy is a real option. New York City has to be made a lesson of for all those (municipal and national governments — ed) who live beyond their means — it has to suffer pain. A bankruptcy would get the point across . . .

It (a bankruptcy — ed) could be financially handled. Miller's a business man, and he explained that the Fed could handle it, and quite easily. A few banks might go under and several would have to be reorganized — but what's so bad about that?

But politically, a city bankruptcy creates the biggest crisis since the Revolution, much worse than Watergate. In Watergate, you didn't have to change American institutions, just leadership. A city bankruptcy would require major changes. The Carter government would collapse; the New York State government would collapse; the Koch administration in the city would collapse. But that wouldn't matter too much.

What I mean is that they would have to be reorganized. There would have to be bankruptcy governments to enforce austerity. That's how you would reorganize things. Austerity would be the watchword.

Many people in this country refuse to face up to necessities if they are unpleasant. We British are much better at it. You and I might not like a New York City bankruptcy, but it may be a necessity, and that's something that must be faced . . .

EEC Commission Demands Austerity

Britain's Jenkins wants to make an example of Italy

The European Economic Community Commission is currently a major center for City of London diplomatic operations aimed at preventing implementation of the historic West German-Soviet economic cooperation treaty signed by Chancellor Schmidt and Soviet President Brezhnev in early May.

EEC

Under the direction of Britain's Roy Jenkins, the EEC Commission chairman, Commission members are fanning out over Europe to: 1) immediately implement a cut-throat austerity program in Italy; 2) convince Chancellor Schmidt that such austerity, combined with "coordinated reflation" in Europe's "surplus economies," is the only way to create "currency stability" in face of U.S. dollar instability; 3) sabotage progress in negotiations between the EEC and the Soviet bloc's Comecon for a "framework" accord on economic cooperation; and 4) push through an EEC-wide energy conservation program for presentation to President Carter at the July economic summit of heads of state.

To get this austerity crackdown on Europe underway, Jenkins has revived his longstanding proposal for the creation of an independent "European Monetary Union" (EMU). While widely billed (see extract from *The Economist*) as an innocent institution which is not anti-dollar, in fact, the chief purpose of pushing the EMU at this time is to ram austerity through in Europe, justified as a precondition for "European independence" from the weak dollar (see extract from the *Financial Times*).

British-controlled diplomatic and banking networks have been activated to put out the line that the EMU has nothing to do with the dollar, to obscure the EMU's "Trojan horse" purpose. Last week, U.S. Undersecretary of State Richard Cooper issued a statement that the "U.S. is basically sympathetic" to the idea as part of this operation.

Meanwhile, Fritz Leutwiler, chairman of the Swiss National Bank and highly influential in Europe, has been acting as a British-controlled spokesman for this argument for some two weeks now. On May 28, at an international bankers meeting in Mexico City, Leutwiler contributed an especially atrocious proposal to eliminate the dollar in European central bank operations on the foreign exchange markets — that is, eliminate the dollar's major reserve currency role. In the dollar's place, European currencies should be used, he proposed.

Italy Gets Ball Rolling

EEC Commission representative François Xavier Ortoli has handled the Italian side of this operation, which is aimed at rapidly turning Italy into an example to be followed for the rest of Europe.

In the midst of the national crisis provoked by the kidnapping of former president Aldo Moro, Ortoli arrived in Italy with International Monetary Fund (IMF) official Alan Whittome to renew negotiations for an IMF letter of intent for a loan of \$1.5 billion. Ortoli, in addition, offered Prime Minister Andreotti an additional EEC loan of \$1 billion.

Andreotti, according to Italian press accounts, has now accepted the letter of intent conditions, which include utility price hikes, wage freezes, a 5 percent budget cutback, and reductions of pension payments. The British-controlled, corporatist wing of the Italian Communist Party (PCI) has, since announcement of the agreement, significantly escalated its public calls for drastic depopulation of Italy's industrial north, in favor of labor-intensive job creation in the agricultural south.

Schmidt is the Target

In a private interview, an official of a European bank in New York asserted that Italy finally accepted the terms of the letter of intent, which had been under negotiation for months, under warnings inspired by former U.S. Secretary of State Henry Kissinger that a U.S.-Soviet political showdown over Africa could cause "major economic dislocations" at any time.

However, the real target of the EEC-IMF negotiations in Italy is West German Chancellor Schmidt. According to a report in the London *Economist* May 27, the EEC has formed a highly secretive committee of three representatives, including West German Chancellory official Horst Schulman, French Central Bank governor Bernard Clappier, and British treasury official Ken Couzens, to draft a proposal for formation of an EEC "currency zone" independent of the U.S. dollar.

The Economist goes so far as to claim that "the Carter Administration has discreetly informed the (EEC's) governments that it strongly supports Mr. Helmut Schmidt's plan for a new EEC currency zone."

In fact, what is involved here is an effort to take advantage of Schmidt's disgruntlement with U.S. policies of "malign neglect" of dollar parities with other currencies, to convince the Chancellor to oversee a European-wide crisis management austerity program. On May 25, the *Financial Times* revealed that British Chancellor of the Exchequer Denis Healey had suddenly "reversed" his opposition to strengthening of Europe's West German-dominated "currency snake" of six nations, in order to persuade the West Germans to turn the snake into a "mini-International Monetary Fund."

The mechanics of such an agreement as outlined by the *Financial Times* would revolve around creation of a joint pool of currency reserves to aid in "financing imbalances" in payments. The existence of such a gift-giving fund under West German domination would permit the West Germans to "impose discipline within a group which strives to maintain stable monetary relations."

This is the exact policy announced by U.S. Treasury

Secretary Michael Blumenthal May 27 before the international bankers conference in Mexico City. Commenting on British agent-of-influence Blumenthal's speech, a U.S. State Department official close to Kissinger emphasized May 27 that the goal of this policy is to insinuate IMF officials into government policy formulation, and enforce "economic discipline in West Germany, Switzerland," and other advanced countries.

Andreotti's capitulation to the IMF letter of intent now permits IMF and EEC officials to approach Schmidt with the argument: the Italians are imposing discipline, in return it is now your responsibility to increase your budget deficit and reflate.

Attack on West German-Soviet Accord

Meanwhile, EEC official Haferkamp has just concluded pre-scheduled "exploratory" discussions with Soviet bloc officials on a "framework" accord to regulate economic "bloc-to-bloc" relations.

West Germany's *Die Welt* reported May 31 that the talks ended with no result. It is clear from *Die Welt's* coverage, that Haferkamp went to Moscow to undermine Soviet leader Brezhnev's offer—announced during his early May state visit to Bonn—to quickly resolve problems with East-West European relations on the basis of a mutual recognition of the integrity of both economic associations.

Clearly taking the historic 25-year trade treaty which Brezhnev signed with Schmidt as their starting point, Soviet officials proposed that the EEC-Comecon accord be passed as a "broad, umbrella agreement" specifically stating that individual nations have the right to elaborate this framework with bilateral treaties. Haferkamp responded by accusing the Soviets of attempting to undermine the EEC by attempting to work out deals with single countries on issues "covered by EEC authority."

Indeed, Haferkamp's argument is actually an attack on the Schmidt-Brezhnev treaty, which the British correctly understand as a major threat to their ability to manipulate Europe through the EEC Commission.

In addition, on May 31 EEC Commissioners had a long fight over a proposed energy policy bill drawn up by zero-growth proponent Ivar Noergaard, Danish chairman of the Energy Ministers Committee. The Noergaard plan, if implemented, would legislate cutbacks in European refinery capacity, subsidies for coal for power stations (an attack on nuclear energy funding), funding for conservation demonstration projects, and for "alternative energy" research like inefficient, labor-intensive solar power. The only purpose behind such a program is to blunt political pressure for high-technology nuclear energy development.

In motivating passage of the plan, which hit up against considerable resistance, West German commissioner Guido Brunner explained that it is to be used also to motivate zero-growthism internationally. "This is a real disaster that there is no agreement," Brunner told the meeting, according to the West German press. "This will

be taken by the U.S. as an excuse for not passing their own energy package," a reference to Energy Secretary Schlesinger's infamous energy program, which has stalled in Congress because of its overt attack on nuclear development.

—Renee Sigerson

London Press Pushes "Mini-IMF"

Excerpted here is an article which appeared in the London Economist, May 27:

The Carter administration has discreetly informed the Nine's governments that it strongly supports Mr. Helmut Schmidt's plan for a new EEC currency zone. . . . Thanks to pressure from America, Britain's Mr. Denis Healey has now changed his tune on currencies. He had originally been skeptical of the Schmidt initiative, arguing that it would be seen as anti-American and would do nothing to solve the dollar problem. But when EEC finance ministers met in Brussels on May 22, he sounded almost enthusiastic about the new currency zone, and told the Germans off for being slow over the details of how the Schmidt plan would work. . . . the prospects for an overall EEC recovery plan are improving. On Monday in Brussels the EEC finance commissioner, Mr. François-Xavier Ortoli, presented yet another paper on prospects for "concerted reflation." He listed the nine countries in order of reflation potential. Germany came top, followed by Belgium, Holland, Luxembourg, France, Britain, Denmark, Ireland and Italy.

The following excerpts are from an article titled "Brush up on your study of snakes" that the London Financial Times ran on May 25:

A snake defines a zone in which German trade is much less disturbed by exchange rate uncertainties than in the world at large; what is perhaps more important, it is an area in which German profit margins are relatively predictable. . . . The Germans therefore may be pressing their proposals with some urgency again—especially if, as now seems strongly likely, the Bonn summit produces nothing concrete. Europe may by then be drifting into the form of Community protectionism known to the French as "orderly free trade" and to others as ganging up on the Japanese. A currency stabilization scheme would then be seen not simply as a matter of market management, but as a necessary step to preserve liberal trading conditions inside the Community and its main trading zone. . . .

. . . Britain might share the German interest in snakes as a means of recycling surpluses. . . . In this respect a snake arrangement, whatever its technicalities, can be seen as a kind of mini-IMF, financing imbalances and possibly imposing discipline within a group which strives to maintain stable monetary relations—a second best to the Prime Minister's preferred strategy of general reform, with a refurbished SDR playing the international role of the dollar.

Blumenthal-Miller Dollar Wreckage Plans Are On Track

The dollar weakened by over 1 percent against other major currencies during the week of May 23 to May 31. The prevalent explanation — a batch of adverse economic figures testifying once more that “the fundamentals” of the U.S. economy have not improved — is not strictly false, but misleading.

FOREIGN EXCHANGE

At this point, market developments can only be understood with reference to the May 24-25 statements by the Treasury Secretary and his factional allies in the State Department's monetary affairs division (reported fully in *Executive Intelligence Review*, Vol. V, No. 21), statements that Blumenthal is ready to “talk down the dollar” into “another blow-out” to unseat President Carter and force the July economic summit meeting of Western heads of state to ratify International Monetary Fund police powers against advanced-sector government. The hoary issue of West German and Japanese “reflation” is being used by both witting and unwitting spokesmen to provide an *ante hoc* rationale for the deliberate dollar collapse.

Crisis Management

The psychological climate for Blumenthal's inside wrecking job has been reinforced by a spate of U.S. commercial bank forecasts and Western European statements on dollar weakness, recessionary omens, and energy-contraction policies which, by a logic as perverse as it is widespread, are supposed to bolster the dollar and business confidence.

Morgan Guaranty's latest monthly issue of *World Financial Markets* argues that the dollar's recovery in past weeks has been based principally on a reversal of the “leads and lags” (i.e., export-importers have stopped stalling on their dollar purchases and rushing their dollar payouts in the expectation of dollar depreciation). Moves into dollar equities, Morgan says, account for only a small dimension of the currency's upswing, an upswing which thus remains extremely fragile without “reversal of the growth gap between the United States and foreign economies” (West German and Japanese reflation), “an effective policy to curtail the secular growth of oil imports” with a sop toward “encouragement of technological dynamism” and “greater exports.”

Manufacturers Hanover writes that the only alternative to further devastating Federal Reserve credit-tightening is oil-import cuts; Alan Lerner of Bankers Trust observes that the present credit crunch is already driving consumers and some industrial borrowers out of the markets — concluding that recession will eventually draw rates down again, an

argument that can also be applied to rationalize the unwinding of “the Miller miracle.”

The formulation — originally floated earlier in May by Henry Wallich of the Federal Reserve — continued to dominate European statements, as when Alexandre Lamfalussy of the Bank for International Settlements' economics staff told a European-Arab Dialogue gathering that dollar turbulence will continue until (a) the U.S. reduces oil imports and (b) West Germany reflatates.

Such statements, apart from their less than inspiring effect on the markets, are inducing currency specialists, for example at the Frankfurt-based Commerzbank, to term a dollar fall “inevitable.” The West German central bank, meanwhile, performed quite heavy dollar-support interventions at the end of May and beginning of June, according to continental traders. But the evidence of such action only fed the markets' pessimism and the dollar continued to fall to the 2.08 level. On the Eurobond markets, the deutschemark sector has begun to boom again while the dollar sector languishes, since the prospect of future continuation of dollar interest-rate rises discourages borrowers and invites lenders to hold off.

The West German Angle

While Blumenthal, the British-dominated Organization for Economic Cooperation and Development, and assorted characters like Lamfalussy continue to press for West Germany to “stimulate its economy,” Bonn — most recently in a May 31 press conference by Finance Minister Hans Matthoefer — continues to still more adamantly refuse. This is on its own terms sensible of the Germans, but their mere stubborn defensiveness is being plugged into the Blumenthal-Miller “bear” plan: Bonn's refusal (“Bonn Resistance To Reflationary Steps Seen Rising” was the international lead in the June 1, *Journal of Commerce*) is being used as psychological warfare to further unsettle the markets, plump for U.S. austerity, and pave the way for the dollar collapse scheduled by Blumenthal and Miller themselves. To the extent that the Chancellory is manipulated into offering concessions in exchange for their “no” to reflation, e.g., the concession of public openness toward London's schemes for European monetary integration at the ultimate expense of the dollar, the Treasury and Fed operatives are all the more able to skew the political negotiating climate away from U.S. participation in the energy development, world trade and investment expansion proposals that West Germany and France, along with the USSR, are counting on for their own survival.

One of the broader and subtler disorientation statements came on May 31 from Rainer Gut, the chief executive of the Crédit Suisse bank. Gut, a Lazard Frères man who was put into Crédit Suisse in the wake of a “Chiasso scandal” arranged partly to that end, told a

group of European and American businessmen at a Conference Board meeting in Geneva that "a somewhat more stringent payments balance discipline" was required in the U.S. to stem "a tidal wave of dollars" in the rest of the world. Gut repeated the claim that the U.S. is "malignly neglecting" the dollar in order to underprice dollar exports — a falsehood both obscuring Blumenthal's motives and promoting the emergence of trade-war wrangles at the July summit.

Most significantly, Gut said that "The major monetary problem of our time . . . is the task of inducing the OPEC surplus countries to assume a greater share of world economic responsibility" — an effort to pressure Saudi Arabia into giving sanction and funding for the International Monetary Fund directorate of the world economy Blumenthal and the State Department monetary affairs division outlined in May.

Meanwhile, Reuters claimed that the traders at the June 1 session of the international foreign exchange conference in Munich were universally "pessimistic" about the dollar's near-term prospects, even if an energy-bill compromise clears Congress, and the dollar's weakness would mean a dangerous growth in West German and other money supplies via market intervention to buy dollars in support. The central bank chiefs of Japan and West Germany, Morinaga and Emminger, made public noises about their past and future efforts to reach "growth" targets that allegedly aid the dollar. The markets on both sides of the Atlantic were dead — because the senior traders, before leaving for Munich, had instructed their subordinates not to do anything in their absence.

— Susan Johnson

Manny Hanny Says: Cut Energy Imports

The following is excerpted from the Manufacturers Hanover Trust Financial Digest of May 29:

International considerations may also help to explain the Fed's recent aggressiveness. Despite massive foreign central bank support throughout 1977 and early 1978, there was a free-falling U.S. dollar in the foreign exchange markets during this period. Foreign psychology, however, did turn favorable almost simultaneously with the start of the Fed's tightening move in mid-April. Moreover, there is an economic summit meeting in Bonn coming up in mid-July. In the past, similar high-level jamborees succeeded only in releasing hot air that proved insufficient to realize stated objectives. But this one might prove different.

Europeans consider the slide in the dollar as a primary deterrent to a faster economic rebound there, and, in the

face of a strengthening of the forces that argue for reflation, they might not tolerate another slide in the U.S. currency this year. Consequently it is conceivable that the Fed might be compelled to force domestic interest rates still higher in the period ahead in order to demonstrate that the U.S. intends to do its share in defending the dollar. But whether this attitude implies credit "crunch" conditions is an open question. Meanwhile, any positive steps toward fashioning an energy policy would not only convince foreigners that the U.S. is serious about correcting its trade deficit, but would also provide the Fed with greater flexibility in the development of monetary policy targets.

Morgan Guaranty Agrees

This is a portion of an article from the May issue of Morgan Guaranty Trust Company's World Financial Markets:

Given the major real effective depreciation of the dollar in the early seventies it may be surprising that the U.S. payments deficit is once again so adverse. Some observers conclude from the U.S. experience and others that the power of real effective exchange rate change to remedy imbalances is quite limited. The clearer lesson of the present U.S. deficit is the dominant influence on payments trends of cyclical factors and fundamental structural change. Growth of the U.S. economy has markedly outpaced performance of other industrial countries since 1973-74. U.S. dependence on petroleum imports mushroomed from negligible levels in the sixties to nearly 45 percent of domestic consumption last year. Also at work, and cumulatively significant, are trends in new technology and the spread of sophisticated manufacturing know-how in Asia and elsewhere, leading to increasing import penetration of the singularly attractive U.S. market.

Overcoming these forces requires reversal of the growth gap between the United States and foreign economies, an effective policy to curtail the secular growth of oil imports, the encouragement of U.S. technological dynamism, greater emphasis on exports, and progress in lowering trade barriers the world over. In their absence, the needed adjustment toward a viable structure of current account balances probably will require real effective exchange rate adjustments on a scale distinctly greater than the minor magnitudes of recent years. This conclusion may be unwelcome, if inescapable. Those who see the legitimate function of exchange rate change to be no more than the offsetting of inflation differentials introduce a rigidity in the managed floating system that rivals the rigidities under the old fixed-rate system.

The Cost Is Incalculable

The effects of deteriorating education have only begun to hit

Over the past 25 years America has suffered a staggering decline in one of its most important indices of real wealth: its ability to produce the scientists and technological innovators on which the nation's future economic growth depends.

The problem is reflected in many ways. The collapse in the U.S. rate of productivity growth, traceable to a lack of capital investment in technological innovation, is one indicator. Another is the precipitous decline in national expenditure in research and development, and in funding of basic research.

Nowhere is it more visible than in education, which has plummeted since the 1950s by every qualitative or quantitative measure.

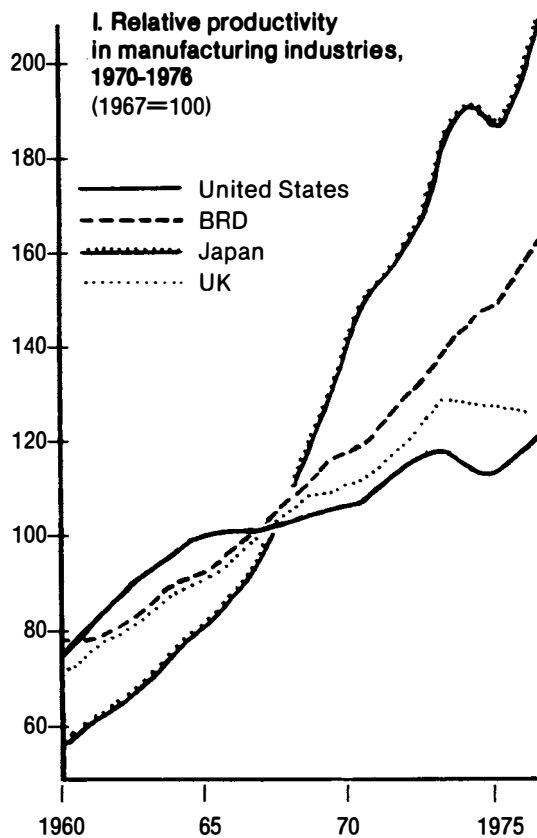
There is no way to calculate the total cost to the United States of this decline in research, in basic education, and

in the training of highly skilled scientific cadre. But as Graphs I, II, and III show, the sagging productivity that has crippled the U.S. economy is, lawfully, paralleled by the decline in the scientific workforce and in spending on research and development generally.

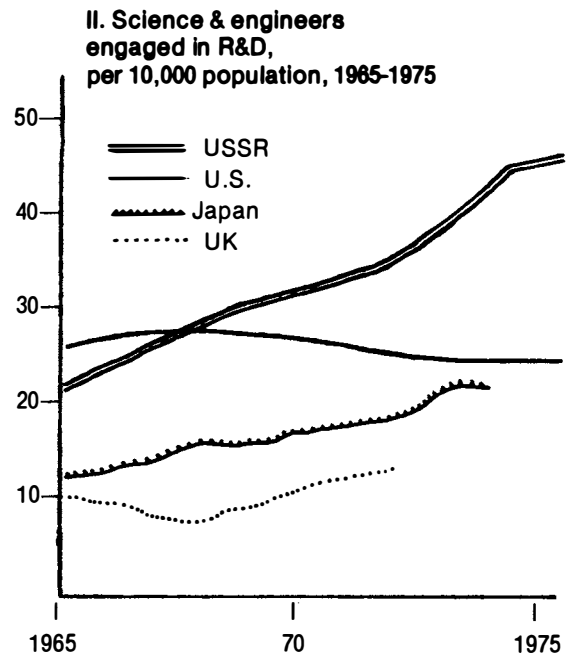
Even more to the point is the observation by the Republican Party's John Connally that the U.S. is losing billions of dollars because it is undercutting its own greatest advantage — its tremendous scientific and technological skills. "High-technology exports produced a surplus of \$29 billion (in 1976), while low-technology exports added a \$15 billion surplus (in the same year)," said the former Texas governor. "That's where we have the advantage, not in throwing up tariffs and isolationism." Graph IV shows the dollars-and-cents necessity for preserving and increasing that advantage, before it is entirely destroyed.

What Happened to U.S. Education?

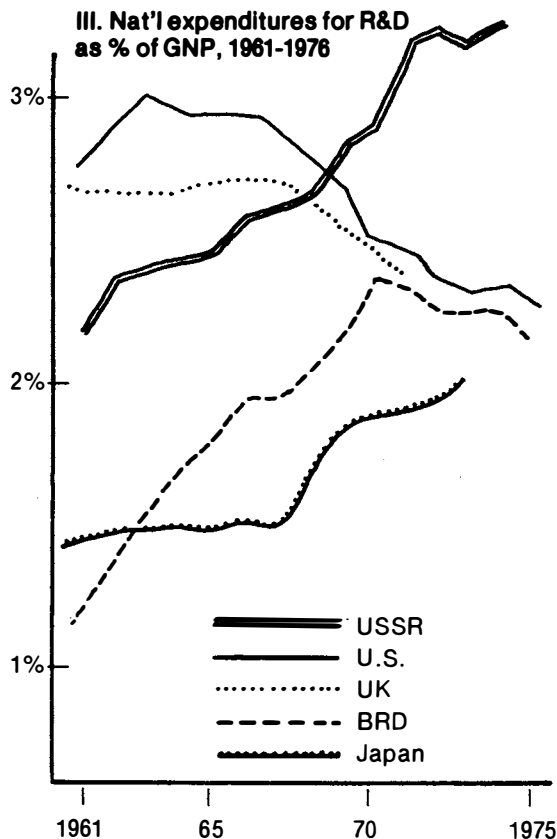
Literacy is way down nationally. The Scholastic Aptitude and Graduate Record test scores for college and graduate-school applicants have dropped consistently



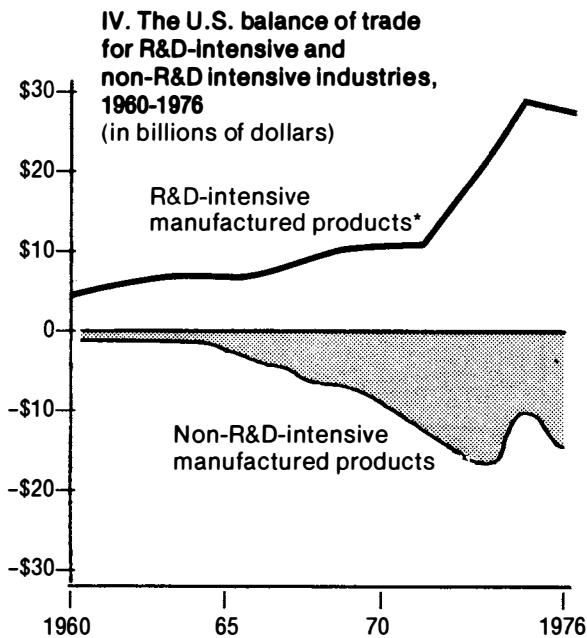
Source: Department of Labor, 1977.



Source: National Science Foundation, NSF-77.



Source: National Science Foundation, 76-310.



Source: Dept. of Commerce Overseas Business Reports, Aug. 1967, April 1972, April 1977.

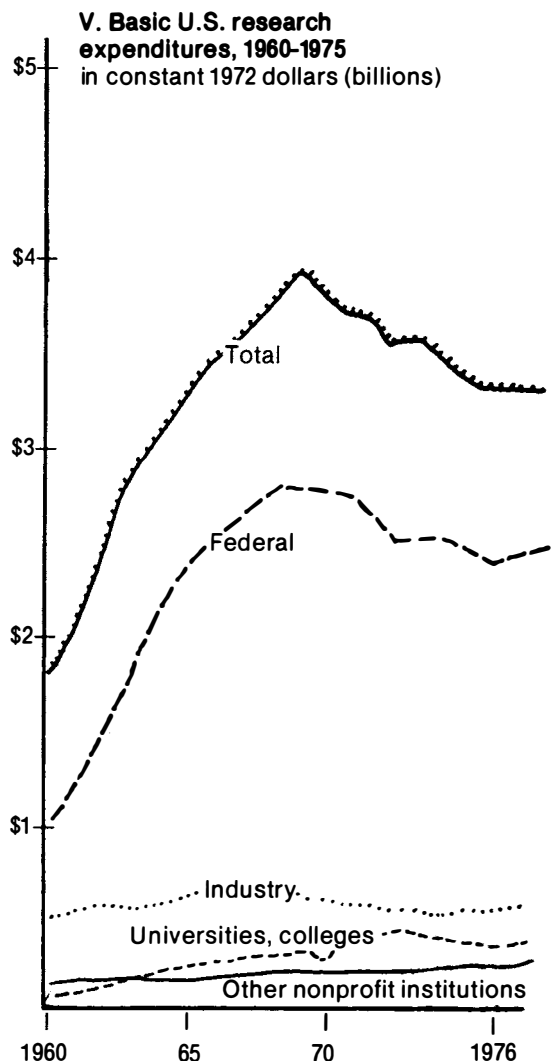
* This category includes: chemicals, electrical and nonelectrical machinery, aircraft and parts, professional and scientific equipment.

since the 1960s. The number of masters degrees awarded in the sciences, including such crucial areas as nuclear engineering, has plunged.

Schools have become little more than babysitting services, to such an extent that 70 bills have been introduced into state legislatures across the country requiring students to reach standards of "minimum competency" before promotion to the next grade. Thirty states have already passed such laws, leading to increases in school performance on national tests over a period of several years.

The high schools whose Scholastic Aptitude Test scores did not drop with the national trend were, without exception, schools that insisted on a "core" of academic courses which students had to complete before taking elective courses. As is well known, since the "relevant" 1960s electives have too often become subjects like "transcendental meditation" and "thanatology," that make the proverbial basket-weaving course look like graduate-level science.

Illiteracy has become a widespread problem. A project



Source: Natl. Science Foundation, 76-310.

on "adult performance levels" by the U.S. Office of Education found that one out of every five American adults (23 million) is functionally illiterate, meaning that reading and calculation are on an 8th or 9th grade level or lower. The National Assessment of Educational Progress estimates that 13 percent of 17-year-old students still in school are functionally illiterate by the same definition.

Most of the trash in newsstands and bookstalls is aimed at this level of semiliteracy. But even this standard may be too high for future generations. The NIE's Curriculum Task Force estimates that the average 10- to 14-year-old child in America spends 1,500 hours a year watching television, and only 1,100 hours a year in school.

Yesterday and Today

The landscape of American education and culture today looks particularly bleak when compared with that during the post-Civil War period of rapid industrial expansion. A hundred years ago the country's intellectual elite, although a relatively narrow segment

of the population, was literate in not only English but often Greek, Latin, French, and German, and familiar with Plato's dialogues, Milton's poetry, and Leibniz's writings in the original. Among broader layers of the population, Shakespeare and an extremely broad range of scientific materials were widely read.

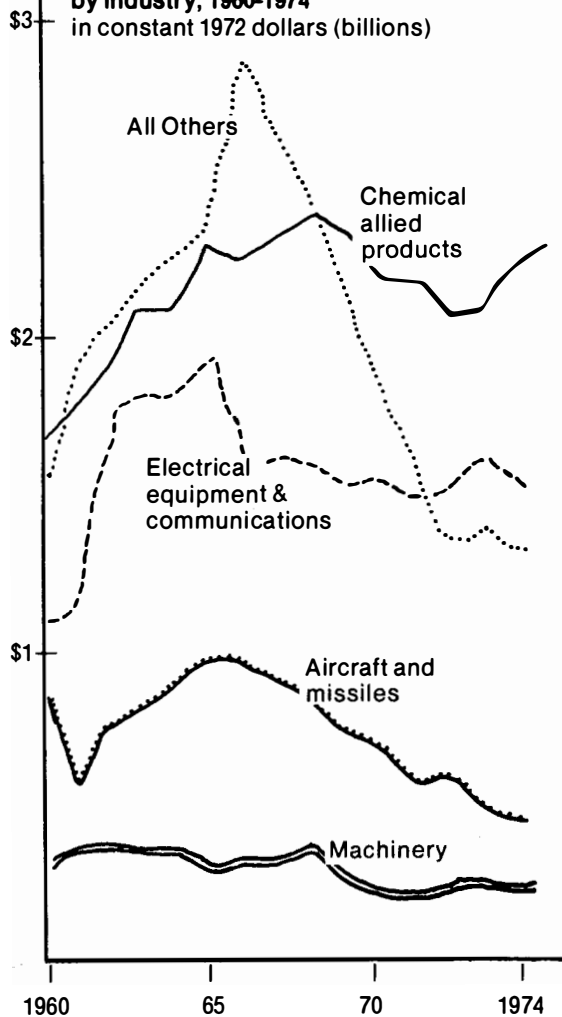
Contrast the high value placed in those days on the tradition of humanist education and scientific research, despite the smaller economic base of that era, with the situation today, when, for example, the U.S. Navy reports that nine out of every 10 applicants cannot even fill out the screening test, let alone pass it. The Navy's chief of personnel cited one recent case in which \$250,000 in damage was done to a diesel engine because the sailor working on it could not read the maintenance manual.

That industry is suffering keenly from the same problem is evidenced by the results of a recent Conference Board survey showing that more than one third of U.S. companies employing over 10,000 people have begun remedial basic education programs for their workers.

Science Undercut

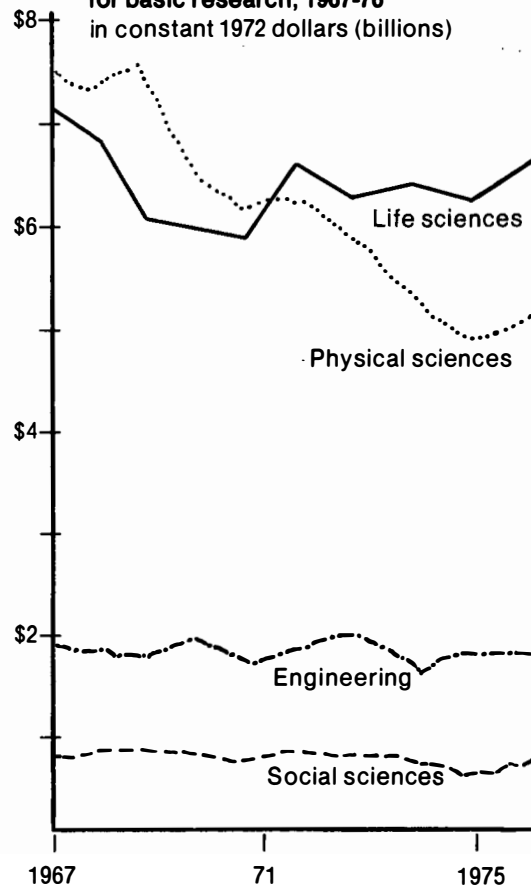
The dismal picture on the bottom end of the educational spectrum is only a reflection of the collapse of higher and particularly advanced scientific education.

VI. Expenditures in basic research by industry, 1960-1974
in constant 1972 dollars (billions)



Source: Natural Science Foundation. 76-322.

VII. Federal obligations for basic research, 1967-76
in constant 1972 dollars (billions)

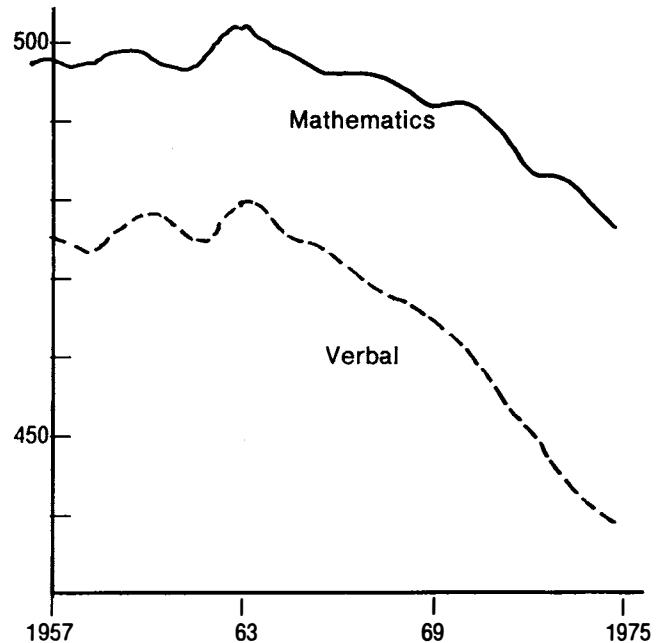


Source: Natl. Science Foundation, NSF-77.

In the middle 1950s, as the U.S. began to experience a decline in its contribution of technological innovations relative to the rest of the world (Graph IV), the National Science Foundation and other public and private institutions undertook a major campaign to improve scientific education and increase the number of scientists recruited from the student population.

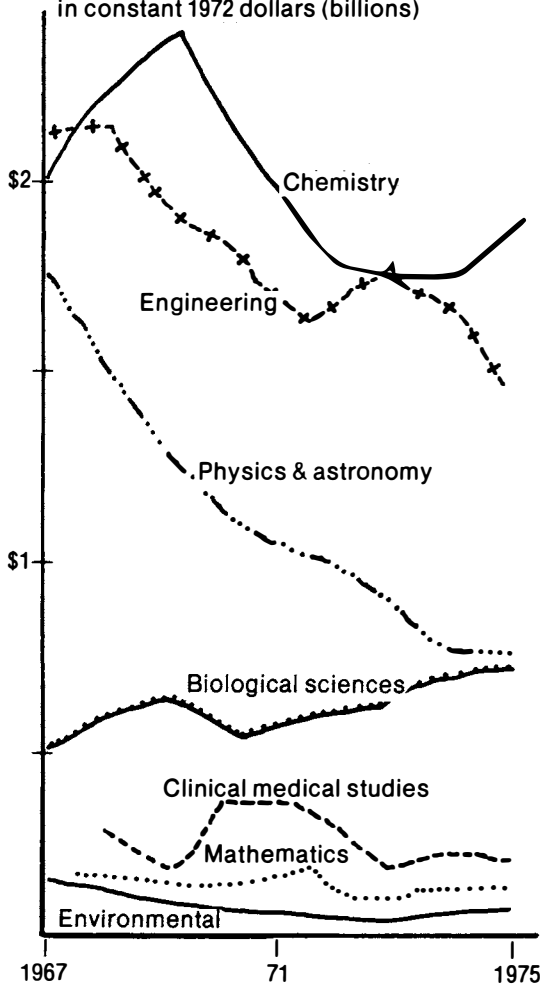
By 1963 this thrust had died down, and the percentage of students going on for advanced degrees in science began a period of gradual decline, which continues today. It was also at about this time that Scholastic Aptitude Test scores began their steady fall (see Graphs X and XI). By 1965 the nation's research and development expenditures had reached their peak, and also began to sink. Although agencies like the Department of Defense and the National Aeronautics and Space Administration were still getting extensive funding, the era of scientific recruiting has ended, transformed into the antitechnology Peace Corps and VISTA perspective of "post-industrialism." As municipalities and states confronted ever more

X. The decline in Scholastic Aptitude Test (SAT) scores
(mean scores, all students)



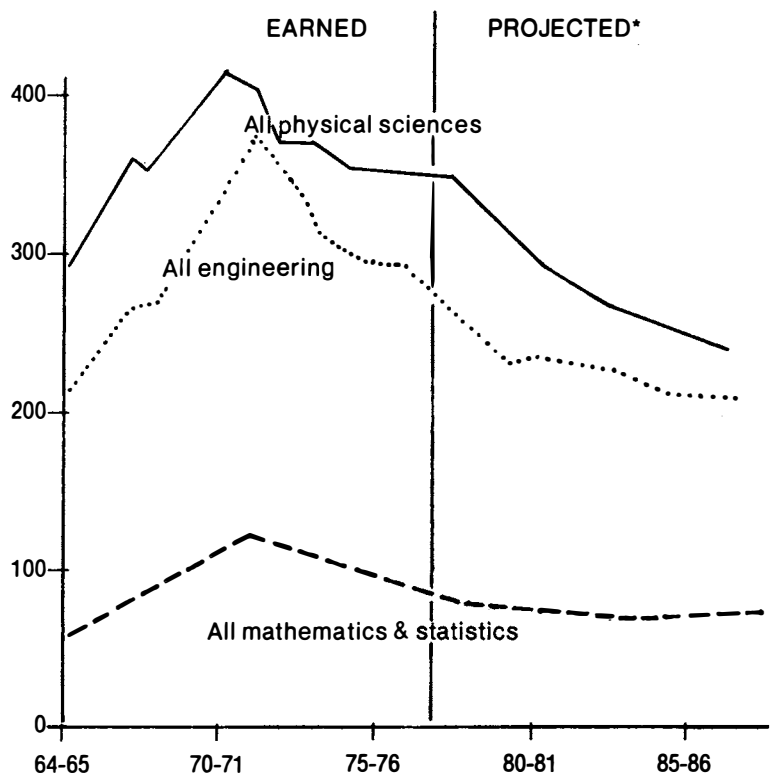
VIII. Expenditures for basic research in industry, 1967-1974

in constant 1972 dollars (billions)



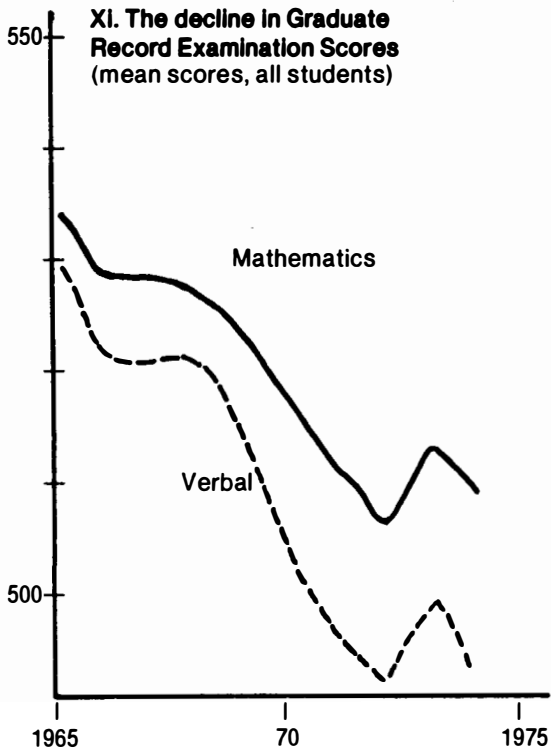
Source: National Science Foundation, NSF-77.

IX. Earned & projected PhDs, 1964-65 to 1985-86



Source: National Science Foundation

*Projections based on current enrollment



desperate financial problems, educational cheap shots like “work experience,” “detracking,” and “alternative education” became more popular. By the end of the 1960s research and development budgets were being cut to the bone, and whole chunks of aerospace — including thousands and thousands of scientists, skilled workers, and engineers — were being thrown on the scrap heap.

America's Responsibility

According to the Executive Director of the United Nations' Children's Fund, there are more school-age children in the world's developing countries out of school than in. If this trend continues, fewer than 30 percent of children between six and 11 years old will be in school by 1985.

The U.S., as the world's first scientific and technological power, should be leading the rest of the world into a 21st century of universal progress. How will those millions be taught the fundamentals they will need for economic development, if the United States' own population is largely illiterate?

Already, even the most ambitious development schemes for the Third World must take into account long lag times before improvements in educational skills and, consequently, productivity become apparent. Conversely, the effects of the deterioration of U.S. education and science have only begun to be felt. Can we afford to let the problem get any worse?

—Carol Cleary

Faction Fight In Moscow

The Bonn-Moscow pact draws fire from 'Bukharinite snakes'

Since the May 6 signing of a series of long-term agreements for economic and political cooperation between West Germany and the Soviet Union, a faction has emerged in the Soviet Union's leadership which is trying to block the spread of President Leonid Brezhnev's detente and development initiatives. This faction bases itself on political directives traceable to the City of London, but has roped in certain staunch defenders of "Marxist-Leninist orthodoxy" with the battle cry that the Bonn agreement represents a "sell-out to capitalism."

In a statement issued May 24 (see *Executive Intelligence Review*, Vol. V, No. 21), U.S. Labor Party Chairman Lyndon H. LaRouche described the Moscow Anglophiles as "Bukharinite snakes." Wrote LaRouche: "The British mode of operation is precisely the same as that which destroyed the Zhukov-Eisenhower agreement on Atoms for Peace, precisely the same as that which destroyed the 1970 'Rogers Plan' for peace in the Middle East. The British Bukharinite snakes, Henry Kissinger, and their masters in Great Britain are up to their same treacherous tricks...."

"If Brezhnev is serious about his peace initiatives, he must move at once to crush these British Bukharinites. If not, we are headed irrevocably for World War III."

British influence in Moscow is funneled directly through highly placed agents such as "former" British intelligence operatives Kim Philby and Donald Maclean. Philby now holds a high post in the Soviet state security forces, the KGB, and Maclean heads up the European desk of the foreign policy think-tank, the Institute of the World Economy and International Relations (IMEMO).

The conducting of the British line is shockingly direct. Thus the London *Daily Telegraph's* chief British intelligence "stringer" Robert Moss hailed France May 22 as the "gendarme of Africa." No sooner did this wretched line find its way to Moscow than the "Bukharinite snakes" in the editorial offices of the Soviet weekly *New Times* rushed to press with a mirror-image analysis of the recent events in Zaire. France is pursuing a "divide and rule" policy in Africa, said *New Times*; France is the "gendarme of Africa."

Moscow's Anglophiles have formed an unsavory alliance with certain Soviet hardliners of an isolationist bent. A case in point is Politburo hardliner-in-chief Mikhail Suslov, who delivered a 2,000-word speech May 12 that omitted any mention of Brezhnev's just-concluded trip to Bonn.

Countering this faction are Brezhnev and his supporters, such as Politburo member A.P. Kirilenko, who are continuing their efforts to consolidate the gains

of the Bonn accords, and particularly to draw in the United States. This grouping, backed by the scientific community and the least isolationist cadres in the military command, is behind the official Soviet government call for international cooperation in fusion power development and disarmament, published in *Pravda* May 31.

How The Snakes Came Out

Brezhnev's agreements with West German Chancellor Schmidt, in the weeks since May 6, have repeatedly threatened to expand into a "Grand Design" which would draw the U.S. into a global development policy, wrecking Britain's influence in Washington for good. Statements by Chancellor Schmidt, by French President Giscard d'Estaing, by Mexican President Jose Lopez Portillo, and by U.S. Administration officials such as Andrew Young and Cyrus Vance, all have affirmed the need for economic cooperation to underwrite efforts toward disarmament and peace settlements in the hot-spot regions of Africa and the Middle East.

This international pattern provides the context in which to evaluate the significance of certain key articles in the Soviet press, and to identify their factional significance.

A sudden explosion of press attacks on France and the U.S.—two countries key in the "Grand Design"—correlated with authoritative *Pravda* and *Izvestia* articles rejecting the very idea of cooperation with "corrupt capitalists." (We reprint below excerpts from some of these key articles.)

One tip-off was a May 19 *Pravda* feature by Timur Timofeev, director of the Institute of the International Workers Movement. Timofeev praised the zero-growth environmentalism which is Great Britain's ideological hallmark and specifically rejected the idea that scientific and technological progress is the basis for progressive developments in *capitalist* society—as well as for cooperation between the two social systems.

Characterizing Timofeev in *New Solidarity* May 30, U.S. Labor Party chairman LaRouche wrote: "Moscow *Pravda* proposes that Timofeev is a spokesman for the Soviets' Institute of the International Workers Movement. That may or may not be true. In the matter of the Zaire Shaba Province bloodbath, *Pravda* has lately asserted some things as facts which I know to be the wildest falsehoods. At the moment, I take *Pravda's* word for nothing without proof. Timofeev may be a *nom-de-plume* for Britain's Prince Charles, for all I know. It makes no difference to me: *I smell Maclean*. I smell the

peculiar aroma of defective drains, of which nothing can cleanse an Oxonian or Fabian."

The case against the "snakes" was clinched when *Izvestia* May 20 singled out for criticism the so-called Rogers Plan for Mideast peace through economic development. First circulated by a U.S. State Department grouping under Nixon's Secretary of State, William Rogers, in 1970, the "Rogers Plan" has received renewed international attention this year, in part through the U.S. Labor Party's exposure of Henry Kissinger's role in sabotaging the plan's economic development features, the essential basis for any lasting Middle East settlement.

The Mess in Washington

What has given Moscow's "Bukharinite snakes" room to maneuver is the failure of the United States to place itself squarely within the trade-and-development framework of the Brezhnev-Schmidt accords. It also lends credibility to arguments that "you can't trust a capitalist." The provocative antics of U.S. National Security Advisor Zbigniew Brzezinski, his much-publicized efforts to draw China into an anti-Soviet military alliance, have caused extraordinary concern in Moscow. If Brzezinski and his mentor Henry Kissinger are not reined in, it will become increasingly difficult for Brezhnev and other "moderates" to keep Moscow's own British-backed elements in check.

The "Bukharinites," taking advantage of this situation for their own subversive purposes, are leveling whole-

sale and undifferentiated attacks against the United States — not merely against Brzezinski and his ilk. In so doing, they have blacked out completely the role of Great Britain in setting up U.S.-Soviet confrontation. Similarly, they have blasted France for its neat surgical operation in Zaire, whitewashing the role of Britain and its allied Belgian interests. (See press excerpts below.)

The London *Daily Telegraph* smugly noted May 26 that Soviet charges against France are "causing a further strain between Paris and Moscow." Soviet Chief of Staff Nikolai Ogarkov cancelled a scheduled trip to Paris.

Refractions in Eastern Europe

The Soviet faction fight extends into other Eastern European countries as well.

The German Democratic Republic (GDR) has historically been sensitive to any improvement in Soviet-West German relations, and Soviet Foreign Minister Andrei Gromyko flew to East Berlin immediately following Brezhnev's Bonn visit to reassure the East German government that it was not being "sold down the river."

This evidently satisfied GDR party head Erich Honecker, who endorsed Brezhnev's moves at a Central Committee meeting of the ruling Socialist Unity Party May 25. But the unusually scant coverage given to Honecker's address in some GDR news media, including the government radio *Stimme der DDR*, plus statements by some other party officials, indicates that Moscow's Bukharinite-leftist alliance has its counterpart in East Berlin as well.

What Is A 'Bukharinite Snake'?

Nikolai Bukharin (1888-1938) was the Bolshevik leader best known for his dramatic left-right factional shifts, and for his opposition to Stalin's policy of rapid industrialization and collectivization of agriculture. Throughout all the zigs and zags of Bukharin's career, there was one invariant feature: hostility to any "Rapallo"-style agreements with capitalist industrial powers.

As the leading spokesman for the Bolshevik "Left" in 1918, Bukharin strenuously opposed the Brest-Litovsk treaty to end the war with Germany. Great Britain's strategy was to have war-weary Russia and Germany wear one another out, to keep Germany fighting on two fronts, so that after the war Britain would grab up political control over the two major powers of the European continent.

Lenin alone in the Russian leadership insisted that a separate peace must be made with Germany at all costs, while Bukharin (supported by Trotsky) declared that the time for a "revolutionary war" against capitalism had come. "Peaceful coexistence... between the Soviet Republic and international capital," he said, is out of the question. Bukharin's policy would have meant the early demise of Soviet power in Russia.

After the Civil War, when Lenin initiated trade with the capitalist West to get the devastated Russian

economy going again, and forced through the 1922 Rapallo Treaty for economic and military cooperation with Germany, Bukharin and the "Left" opposed him every step of the way crying "sell-out"!

Bukharin announced that "capitalist industrialization is the parasitism of the city toward the countryside, the parasitism of a metropolis toward its colonies, the hypertrophic, bloated development of industry, serving the ruling classes..." The United States, as the dominant power of the capitalist world, was always portrayed by Bukharin—and by Trotsky—as the Soviet Union's number one enemy.

Bukharin's formulation in 1924 of the concept of "socialism in one country," and its acceptance by Stalin eight months later, certified that the era of Rapallo was drawing to a close, and that henceforth the Soviet Union would have increasingly to "go it alone."

Bukharin became the leader of the party "Right," calling the peasantry the great revolutionary force which would enable Russia to triumph in isolation. Bukharin believed—as Mao Tse-Tung did after him — that the "Eastern-Asiatic peoples," "the suppressed and humiliated colonial masses" of the "world countryside" would rise up and "guarantee our final victory" over the hated imperialist "world city." This "great liberating force," Bukharin said, "will decide the whole struggle."

Honecker praised Brezhnev's trip as "a significant step in developing the coordinated policy of the socialist community of states for safeguarding peace." Cautiously assessing his own country's relations with Bonn, he said that problems that exist between them could be solved in a reasonable manner.

The West German daily *Frankfurter Allgemeine Zeitung* of May 26 evaluated this as an indication that the GDR is ready to continue talks with Bonn on various levels and come to agreements. The May 27 announcement that 125 political prisoners in East German jails (largely people involved in border incidents) were deported to West Germany was probably intended as a good-will gesture toward Bonn.

While Honecker emphasized that the GDR wants no fuss around West Berlin, others in the leadership are emitting hardline rumblings on that very issue. Kurt Hager — the "Suslov" of the GDR — made a point of stressing in a recent speech that relations with Bonn demand West Germany's strict observation of the spirit and the letter of the Four-Power Agreement on Berlin. The Soviet Embassy in Berlin subsequently issued a release attacking West Germany Chancellor Schmidt for accompanying Britain's Queen Elizabeth to West Berlin — despite the fact that Soviet Foreign Minister Gromyko had already assured Schmidt that the USSR would view this as a matter of British, not West German, policy.

In Hungary, Communist Party head Janos Kadar gave a speech attacking two identifiable tendencies within the party, according to the *Frankfurter Allgemeine Zeitung* May 29. Kadar attacked both those who falsely praise cooperation with the USSR but are in fact narrow nationalists, and on the other hand those ultra-leftists who are against intensive cooperation with the West. "Nobody can be more religious than the Pope," Kadar assured the grumblers, "and nobody can be more conscious of the class struggle than the Central Committee."

In Czechoslovakia, President Gustav Husak is walking a tightrope between various factional groupings, and Brezhnev's current visit to Prague is being viewed as a show of support to Husak's moderate course. Husak, at a meeting of the Prague Party organization May 13, strongly endorsed Brezhnev's foreign policy line: "A great struggle is being waged in the world for a peaceful or non-peaceful solution of the problems which exist... An immensely progressive role... is played by the Soviet Union, its personalities, and above all, Comrade Brezhnev personally, as you were able to read about during his latest visit to the Federal Republic of Germany. We wholeheartedly support this policy of establishing good-neighborly relations with regimes with a different social system. This was also the meaning of my trip to the FRG."

—Susan Welsh

Soviet 'Bukharinites' Print The London Line

In these two excerpts from the Soviet press, "supermilitant" attacks on capitalism function as an implicit attack on Brezhnev's just-concluded agreement with West Germany.

"Bourgeoisie Incapable of New Ideas"

Pravda, "The Ideological Maneuvers of the Opponents of Marxism-Leninism," by Timur Timofeev

...The bourgeoisie, like any other class departing from the historical arena, is incapable of putting forward new constructive ideas which would attract the attention of the masses. Therefore, it is no coincidence that it stubbornly tries to renovate, to galvanize old ideas. But the very idea of such a 'renovation' is hardly new: it consists in replacing the idea of social revolution with the categories of scientific-technological progress, and especially in belittling the world-historical consequences of those grand revolutionary social transformations which began in October 1917....

The economic crisis of the 1970s, massive unemployment, galloping inflation, the inability of the ruling circles to solve the social-economic problems caused by the scientific-technological revolution by means of state-monopoly regulation — all of this discredits capitalism still more...

Bourgeois ideologues cannot but take into account the enormous growth of the interest of the broadest popular masses in global problems—ecological, energy, and demographic problems...

Capitalism Is Capitalism, Even If It Is For Development

Izvestia, May 20, "The Developing Countries and the Grip of the 'Mini-Blocs,'" by L. Koryavin

In the American biographical reference book "Who's Who" William Rogers is described above all as a former Secretary of State in the Nixon Administration, Richard Helms as a former CIA head, and Kermit Roosevelt is noted on the genealogical tree of the strong men of America as a grandson of the late President Theodore Roosevelt.

But there is a certain side to these peoples' activities today about which many Americans are not informed. All three, as well as tens of other American politicians and businessmen, have become attorneys for the affairs of Arab and Iranian oil capital in the USA.

The division of the developing countries into "poor and rich" does not mean that the western powers intend to erase the barriers between them and promote the betterment of living standards of the peoples of the developing states. On the contrary, they are striving to preserve this state "class structure" in order, using the so-called "elite", to mercilessly exploit those who remain on the lowest levels of the pyramid...

...The development of relations of American businessmen with the oil-extracting countries must be looked at above all in the short term general relations of the USA with the developing world...

(The imperialists) lean heavily on knocking together so-called "sub-imperialist regional alliances" or "mini-blocs"...

Thus Israel plays the role of an "agent-state" in defense of imperialist interests in the Mideast, South Africa, and as a Western outpost in the struggle with anti-imperialist forces in southern Africa, . . . and the "Saudi-Egypt-Sudan" Axis has been called by American journalist Robert Manning "an instrument of realizing American plans in northeast Africa."

The architects of the "mini-blocs" in fact are none other than the imperialist circles and their agents, and it is no accident that to carry out cooperation with "agreeable regimes" experienced politicians and intelligence officers, these same Rogerses, and Helmses were chosen. . . .

'Bukharinites' Play Press Games On Africa

American Colonials in Africa

Pravda "The American Threat to Africa", by A. Serbin May 21:

Now, as before, Washington's policy is determined by the interests of American monopolies seeking domination over Africa.

There has never been and is not a single instance, in which the USA acted in Africa on the side of its peoples. On the contrary, Washington has always been on the side of the colonialists.

...The USA has long been undermining African unity. It tries to split the African countries to create proimperialist "mini-blocs." Among its plans are the formation of a "Red Sea bloc" which would unite a number of northeast African countries with reactionary Arab regimes, and forming a military-political group in western Africa.

...The policy of the USA everywhere is aimed at wrecking settlement of controversial questions, at creating pretexts for interference...

Back and Forth

Krasnaya Zvezda (Red Star) "American Gendarme in Africa," May 17:

Neocolonialism, attempts to hold reactionary racist regimes in power, to subvert the national liberation

movement of the peoples, to ensure the "interests" of the monopolies — such is the essence of the policy of American imperialism on the African continent. One of the principal methods of American diplomacy and of the CIA in Africa is the inflammation of internecine conflicts, especially on the borders of progressive states. At the direct instigation of the USA, Somalia initiated aggression against neighboring Ethiopia and invaded the Ogaden region. After the failure of this armed adventure, the United States conducted negotiations with Somalia on supplying it with "defensive" weapons....

Compare this with Izvestia, "Against Logic," by V. Kudryavtsev, April 9:

...The truth is that Britain and nobody else pushed Somalia into reckless adventure, with its promise to send arms. A fact is a fact.

London's Back Up

The Times, London, "Soviet Union Accuses France and Belgium of Carrying out Kolwezi Massacre to Put Blame on Rebels" May 26:

The Soviet Union today accused French and Belgium troops of committing a massacre in Shaba in order to be able to blame the Katangan rebels in the southern part of the province.... Tass said: "...After coming to the aid of the unpopular regime, French legionnaires and Belgian soldiers staged a real massacre in Kolwezi and other towns of Shaba so as to blame the rebels for the mass murder of whites."...

Meanwhile the Soviet press today continued its denunciation of the French and Belgium intervention, this time making no bones about detailing the French role—from which, Pravda said, other members of the European Community had tried to dissociate themselves at the foreign ministers' meeting in Nyborg, Denmark. (The only minister to do so was Britain's David Owen—ed.)

An article in the weekly New Times accused France of a "divide and rule" policy in African, prompted by nostalgia for the colonial past. What it called the "African interference corps" proposed at the Franco-African conference in Paris would be a kind of police force to suppress liberation movements in Africa, it alleged.

The magazine said France was playing the role of "gendarme of Africa." It detailed the French role in Chad.

Sadat, Arafat Purge Terrorist Rings

Exclusive to the Executive Intelligence Review

Since the February assassination of a top Egyptian editor on Cyprus and the March 11 Palestinian terrorist raid into Israeli territory, a slow but steady process has been set into motion to dismantle the terrorist apparatus that for years has plagued the Middle East from Morocco to Iran.

Together, the security and intelligence services of France, West Germany, and Italy and those of major Arab nations, Iran, and the Palestine Liberation Organization are working to root out the terrorists. As the following exclusive report will document, their efforts have been met with success.

MIDDLE EAST

Until recently, the "terrorist international" has existed in relative freedom in the Middle East. Algeria, Iraq, and Libya have tolerated the presence of known terrorists on their soil, for various reasons and to varying degrees. In Lebanon, the government—despite the presence of 30,000 Syrian troops—has been unable to provide effective security to eliminate nests of terrorists and their training bases. Cyprus has provided a convenient gathering point for the network of terrorists, including the infamous Carlos, various Palestinian extremist groups led by the late Wadi Haddad and the renegade Abu Nidal in Baghdad, and their European allies, including especially the Italian Red Brigades and the West German Baader Meinhof gang.

The terrorists, it should be noted, are not in any way the product of a "sociological phenomenon," although they do draw their members from alienated, and fanatic social movements. The hard core of Middle East terrorism is created and sustained by a network that includes Israeli intelligence, the British Secret Intelligence Service, and elements associated with the Second International of Willy Brandt and François Mitterrand. It is their creations that are now, happily, being exterminated across the Middle East.

The Libyan Breakthrough

The start of the cleanup of Arab terrorism virtually coincided with the launching of the March 11 attack on Israel by a murderous band of terrorists, an event which ended in an Israeli massacre of hundreds of Lebanese in the invasion of southern Lebanon. To all honest observers, the raid on Israel—timed at a sensitive point in the Mideast peace negotiations—was clearly the work of Israel's own secret services, manipulating a faction of Fatah and the PLO opposed to conciliation with Israel.

The time had come, obviously, for some serious housecleaning.

The first breakthrough was in Libya. The chief of intelligence in Libya and his brother, a leading army officer, were suddenly ousted by President Muammar Qaddafi. Both men, according to the *Financial Times* of London, were advocates of terrorism and had planned a series of assassination attempts against Egypt's President Anwar Sadat, King Hassan of Morocco, and other conservative Arab leaders. According to African diplomatic sources, several African governments had secured evidence concerning the activities of the two men, especially in regard to their support for the maintenance of several terrorist training bases in southern Libya near the Chad border, in an area where the local tribes are still loyal to former King Idris of Libya and have close contacts with British intelligence. The government of Chad contacted the French and Soviet governments with the evidence of terrorist bases, including links as far away as Argentina, and proof of the complicity of the Libyan intelligence director. Under pressure from France and the USSR, Libya fired the accused and put an end to the nest of terrorists.

The effect was immediate. Relations between Libya and France improved overnight, with a similar effect on relations between Libya and Chad, her southern neighbor, against which Libya had previously backed a secessionist rebel force, Frolinat. A ceasefire was demanded in Chad by Qaddafi, and arrangements were made for a summit meeting among Libya, Chad, Sudan, and Niger to discuss a permanent solution. At this time, in mid-April, President Ould Daddah of Mauritania visited Libya, and in a communiqué the two presidents praised the Chad settlement as a model for African conflicts. This was obviously a reference to the crisis in Western Sahara, where an Algerian-supported band of terrorists called the Polisario was demanding "independence" for Sahara. According to diplomatic sources, Libya quietly agreed to end its lukewarm support for the Polisario and to put pressure on Algeria to do the same.

A casualty of the Libya affair was Werner Lamberz, a highly placed East German official who was killed in a helicopter crash on March 6 while in Libya. The helicopter, which was sabotaged, was supposed to be carrying Qaddafi himself, and it appears that the clique of terrorists had attempted to kill Qaddafi to prevent the purge from taking place.

Palestinian Crackdown

The next phase of the operation, which is far from complete, is a large-scale effort to root out terrorism from the Palestinian movement.

An important event in this context was the death in April of Wadi Haddad, the mastermind of virtually all

the major international acts of Palestinian terrorism since 1970. Haddad, who died in East Germany, may have been eliminated by intelligence officials from the socialist bloc.

According to scare stories that ran immediately after the death of Haddad, a "sophisticated terrorist empire" had passed intact into the hands of George Habash of the Popular Front for the Liberation of Palestine. But Habash, although an extremist, is not as fanatical as Haddad, and—under Iraqi influence—may moderate the Haddad network. With the death of Haddad, a major chunk of the terrorist apparatus had been eliminated.

The *Sunday Times* of London reported redoubled activities by "Carlos," in Libya and elsewhere. But in early April, Oil Minister Zaki Yamani of Saudi Arabia hinted that his country understood the real nature of terrorism by stating that Carlos "may be a Jew." Yamani's statement recalled an assertion by King Faisal to Richard Nixon, cited in the former President's memoirs, that Palestinian terrorists were working for "the Zionists."

On April 19, PLO Chairman Yasser Arafat arrested over 120 Palestinian hardliners who, in southern Lebanon, had threatened to unleash warfare against the occupying Israelis. The 120 were linked to Iraq, some being Iraqi volunteers, and had ties to the terrorist Abu Nidal in Baghdad, a Fatah renegade. Rumored to be supporting Abu Nidal and the radicals was Abu Daoud, a leading member of the Fatah command. Some actual military clashes were reported in Lebanon between the pro- and anti-Arafat factions of Fatah, while Ibrahim Koleilat, an extreme leftist Lebanese, issued a political declaration attacking Libya and Arafat.

Sadat Cleans House

Coinciding with Arafat's crackdown within the PLO, and the climax of the kidnapping of Italy's former Premier Aldo Moro, Sadat launched a major purge of terrorists. On April 24, the Egyptian security police announced the arrest of a major ring of terrorists linked to Italy's Red Brigades and to the Abu Nidal faction of the Palestinian movement. The Egyptians said that the ring was responsible for the assassination of Youssef Sebai in Cyprus and the PLO Ambassador Said Hammami in London two months earlier. The "security of the state" was threatened by the ring, the Egyptians said.

According to the Egyptians, the ring was led by one Sergio Montovani, who was the "contact...to coordinate work" between the Red Brigades and the extremist Palestinians. Montovani, the Egyptians added, maintained a liaison in Zurich, Switzerland, named Giorgio Bellini, and was a crucial coordinator of international terrorism.

The crackdown soon assumed international dimensions. *Il Giornale* reported in Italy that the security forces of Egypt, Italy, and the PLO had begun to systematically coordinate their activities in search of terrorists. West German Justice Minister Hans Joachim Vogel paid an unprecedented visit to Cairo where he and his counterparts pledged "relentless" measures against international terror.

But the most significant aspect of the crackdown emerged in Lebanon. In the PLO, Arafat was engaged in

a showdown with extremists within the PLO, and in a heated meeting of the Fatah Executive Committee won unanimous support for his political stand, crushing a small adventurist faction around Abu Daoud. Public evidence came in Arafat's pledge to work with French and United Nations troops to calm the occupied area of southern Lebanon in anticipation of Israeli withdrawal. In addition, Arafat sent a telegram to Italy condemning the Red Brigades and urging that Moro be released.

In southern Lebanon, renegade PLO elements ignored Arafat's ceasefire orders and attacked French troops, killing two. The French troops suddenly found themselves in the midst of a nest of secret training bases in southern Lebanon for the Red Brigades — and the Brigades had initiated the attack on French peacekeeping forces! The critical break came on May 7, with the arrest at the Beirut International Airport of a Swiss woman who was carrying a bomb in her handbag onto a Middle East Airlines jet. The woman, who worked with the suspicious Palestine Solidarity Committee, said under interrogation that she was working for Israeli intelligence as a "spy"—obviously an *agent provocateur*—in Palestinian camps.

From this network, a new terrorist group emerged, the "Sons of South Lebanon," who attacked specifically French interests. Increasingly, evidence was piling up about Israeli intelligence's involvement in terrorism. *L'Humanité*, the French Communist daily, said that Shmuel Flatto-Sharon, an Israeli Knesset member, was linked directly to the Red Brigades, and numerous Italian sources hinted that Israel was involved in the Moro kidnapping.

Shakeup in Egypt

In the first week of May, Sadat moved decisively in Egypt. First, he cleaned out of his Cabinet Deputy Prime Minister Kaissouny, the chief advocate in Egypt of cooperation with the austerity demands of the International Monetary Fund. Kaissouny's ouster led to a resurgence in Egypt of talk about broad development plans, including multi-billion dollar infrastructure projects, nuclear energy plans, the Qattara Depression development zone, and other plans. Immediate support was received from West Germany and France, the latter via the important Arab Industries Organization backed by Saudi Arabia, and the United Arab Emirates, and France.

Sadat extended the crackdown to a broad network of rightists and leftists from the pro-British, monarchist Wafd Party, extinct since 1952, to the so-called Nasserists and others like Mohammed Heykal, making a small number of strategic arrests. Heykal, who has strong intelligence connections, had recently tried to bring Amnesty International, the Fabian watchdog on "human rights" into Egyptian politics, and had won support from the *London Times*, and other British conduits.

Sadat then called a national referendum to give him broad powers to assert his leadership in slowing down the pace of "democratization," which had been exploited by British-supported factioneers like Heykal, the Wafd, and others. With an overwhelming victory, Sadat gained leverage to stabilize the Egyptian political front. According to several sources, the Egyptian military, led

by War Minister Gamassi, had strongly suggested that Sadat put a stop to the organizing of the Wafd and the leftists.

The Wafd, in particular, was the real danger. With military contacts of its own and with outside support from British interests who had maintained links to the Wafd since the days of World War I, the Wafd was beginning to represent a serious threat, led by Faud Seraggeddine, the hated interior minister under the last royal government overthrown by Nasser and Sadat. Notably, Sadat did not blame the Soviet Union for his troubles during the purge, as is his wont, but on several occasions directly attacked the British.

In a May 30 interview with Western correspondents Sadat accused the BBC, *London Times*, and the British *Guardian* of lending support to critics of the regime, such as Heykal, and warned them not to abuse their privileges. The same day, the Cairo daily *Al Akhbar* warned the BBC correspondent not to think that "the guarantees of freedom of the press mean that he can join the opposition" to the government. Sadat compared the operation to that of Lord Haw Haw, who broadcast fascist propaganda to England from Germany during World War II.

Still more significant information came with the arrest of yet another terrorist ring, this one masterminded by Abdel-Megiud Farid, the former chief of Egyptian intelligence who is now, in exile, an aide to Algeria's President Boumediene. Farid is forming, the Egyptians revealed, an "Egyptian Liberation Front" that was planning terrorism and assassination inside Egypt.

An important angle, from the standpoint of intelligence, was provided by the rapidly developing relations between France and Saudi Arabia. The Saudis established close links with the leading circles of the French aerospace industry, headed by Marcel Dassault. The Saudi intermediary for the talks, which coincided with the visit of King Khalid to France, was Adnan Ojeh, a Syrian who now lives in Saudi Arabia. Ojeh who is closely linked to the Gaullist intelligence apparatus, was close to Gen. de Gaulle personally. He now is a friend of the outspoken prodevelopment Gaullist leader Michel Debré. Ojeh is assembling the various disparate French airlines into a major national grid in France, and is channeling billions of Saudi dollars into Dassault and the Arab Industries Organization.

— Robert Dreyfuss

'We Have One Foot Through The Door'

The Philippines' Energy Secretary issues a nuclear development challenge

Exclusive to the Executive Intelligence Review

Nuclear energy technology for developing countries was the challenge carried to the U.S. by Philippine Energy Secretary Geronimo Velasco last month when he met with Energy Secretary James Schlesinger in Washington, and with leaders of the American business community in New York City.

allegations have never been proven, despite Security Exchange Commission investigation.

It has been reported in both the U.S. and in the Philippines that the press slanders aimed at not only sabotaging the Philippine nuclear program but more broadly at the U.S. Export-Import Bank—the major financier of American-built nuclear power plants built overseas, including the Philippine plant.

SOUTHEAST ASIA

The Philippines is in the midst of an ambitious energy program to expand their power generation capacity as well as diversify their energy sources. Central to the program is a nuclear power plant now under construction by Westinghouse Corporation with plans underway for a second. It is this atomic energy program which, like those of Brazil, India, and Pakistan have brought the Philippines into sharp conflict with the Carter Administration's and particularly Schlesinger's anti-nuclear policy.

The Philippine nuclear program obviously loomed large in Secretary Velasco's discussions in Washington. Several months ago the *Washington Post* and *New York Times* published a series of articles alleging illegal payments by Westinghouse Corporation to Philippine businessmen who, in turn were linked to President Marcos, to win over the contract from Westinghouse's competitors. As this news service reported, such

"A Step In The Right Direction"

While in the U.S., Philippine Energy Secretary Geronimo Velasco outlined his government's energy development perspective in an interview with NSIPS. Here excerpts:

Q: Citing so-called technical dangers and fear of the proliferation of nuclear weapons, the environmentalists in the Carter Administration have called for curtailment of nuclear energy development, particularly for the developing sector. This concern has led to the implementation of the Nonproliferation Act. In view of these concerns in Washington, could you please comment on your just-concluded talks there?

A: Obviously you are referring to the nuclear energy plant we are building; for the supply of enriched uranium, the enrichment will be done in the United States. I don't think we'll have any problem. We are signatories to the Nonproliferation Treaty and we, of course, abide by the latest regulations in the Nonproliferation bill, which was passed last March.

And of course the other side of that question is that unless we agree to abide by our bilateral treaty, there might be a refusal on the part of the United States to ship the reactor vessel at such a point in time.

Q: Japanese Prime Minister Fukuda recently called for close cooperation between Japan and the United States in the economic development of Southeast Asia and Indochina. He particularly called for joint development of fusion-based technology between the two powers to be extended to the developing sector. Could you comment on these proposals?

A: Certainly I think Mr. Fukuda's proposals, from a Philippine viewpoint, are a step in the right direction, because there will be more opportunities for nations like ours to avail themselves of facilities—not just enrichment—but even technologies that will be available to the other countries. Also we have economic relations with these countries, especially Japan which is our largest trading partner....In our particular region, the ASEAN region, we are the only ones that have a nuclear plant under construction....

The invitation has been extended internationally. . . . France is going to have enrichment facilities; the Soviet Union obviously has enrichment facilities; I don't know if China was part of this invitation but probably, India was, so to speak, and Africa has control of uranium resources. So I think internationally it is a step in the right direction. Now probably from an American viewpoint it will have to be rather guardedly accepted...you have your own interests.

Q: In your talks in Washington and those recently held in Manila with Vice-President Mondale, did you see support for this proposal?

A: Well, I think Mr. Fukuda's concerns are basically with Japan's nuclear program because Japan is quite heavily committed to nuclear power. I visited Japan last December and am told that they have 10,000 megawatts in operation today. The 1980s will bring them to twice that, more than 20,000 megawatts. So it is going to be a fast development on their part and they have had considerable success in the operation of nuclear power plants. Mr. Fukuda's thrust is along the fusion side.

Coupled with that there is a trade problem between Japan and the United States. Now I don't mean to speak of this with an expert's knowledge, but certainly Japan needs to import more from the U.S., and probably this is one area, nuclear development, that is promising. Also in the energy field Japan has made, and is surveying — and I hope to have some serious conversations with the government of Japan about the end of June — floating thermal power plants. They want to buy essential American equipment and put it on a barge which they hope to build in their shipyards, which are rather idle these days, and give them to the developing countries on a long term arrangement as the most rapid way to get it out. We have had conversations on this already. This is one of the ways they plan to solve their balance of payments problems. We like that kind of solution between developed countries because the end track is a development assistance which will have an infra-structural impact.

Q: Do you envision Soviet and East European involvement in energy development in the Philippines?

A: Generally yes, but not nuclear. There has been an offer but their involvement at the moment is in coal. Romania has sold us a drilling rig at a time when we couldn't buy a drilling rig. We now have it in operation. Poland and Czechoslovakia have offered technology in coal development. These people have the expertise in coal. The nuclear offer from the Soviet Union is really only an offer but we are still considering it.

As far as the security of the region is concerned, this is totally out of my province; but of course the more cooperation you have between the developed countries, the better the security and stability of the region.

Q: The question of energy development is integral to the overall development of a nation. How do you think the Philippines will be developing its energy resources and potentials?

A: Our thrust for development is to solve the problem of today. That is that 95 percent of our energy needs is oil. Only 5 percent is indigenous, and that is hydroelectric. We have prepared a program — and in fact we will see its reality next year in rather concrete terms — to go non-oil for one, and two, indigenous. We have gone into a diversification of energy sources. We have geothermal, we have coal; we are going to develop more hydroelectric, and of course, we have the nuclear approach....

Q: Could you describe your ambitious rural electrification program?

A: We have just signed a World Bank loan for \$60 million. It is the first World Bank loan that has been granted for a rural electrification program. That's quite significant because we have been used as a model in rural electrification. You will notice that our energy diversification and the indigenous energy resources that we have lends itself towards power generation. Hydroelectric is really electric power generation; coal is essentially a power source; geothermal is also essentially a power source and nuclear no doubt is a power source. So with this we will be able to complete the total electrification of the country. As of today only 30 percent of our homes are given the benefit of electricity. This loan was given for the completion of what we call the "backbone system" by 1984. By 1990 our program calls for total electrification of the country. In other words, every town, every municipality will have electricity.

Q: Could you describe your nuclear energy program?

A: We have one plant in the process of being built, with foundations for facilities for a second plant. When do we make the decision for the second plant, and how far do we go beyond that? As far as I am concerned, for today I would like to see this first plant completed and see what our experience is with it. I am optimistic because we have good people who are properly trained. This plant will come out well. . . .

Our first foot is not only in the door but our second foot will be soon crossing that threshold fairly soon. And I hope we can walk the proper way — if we do, then certainly we will be taking more steps.

The Case Against Mr. Kissinger

The U.S. Labor Party's complaint charges treason and subversion

A formal complaint against Henry Kissinger is being delivered to U.S. Attorney General Griffin Bell this week, citing the legal precedents and public-record evidence for an investigation into the former Secretary of State's past and present activities against the U.S. national interest. The complaint was made by the U.S. Labor Party's Chief of Staff, Konstandinos Kalimtgis, who authored the Campaigner Publications pamphlet *Expel Britain's Kissinger for Treason*.

A close study of the pattern of Henry Kissinger's activities from the time he left office as Secretary of State on Jan. 20, 1977 to the present can lead to no other conclusion than that Mr. Kissinger has been acting, in concert with certain other individuals, to undermine the constitutional authority of the executive branch of the United States government, minimally in the instances cited below, by attempting to conduct foreign policy, determine military strategy and carry out certain economic policies as a private individual.

In addition, the effect of Mr. Kissinger's activities has been to draw the United States closer to potential war confrontations, and to infringe on the lawful sovereignty of a number of foreign nations.

We stress that it is the *pattern* of activities reflected in the documentation below which provides probable cause for the charges of treasonous undermining of U.S. sovereignty and of the executive branch of government, as well as for the charges of violations of the sovereignty of foreign nations. We do not charge merely the existence of a "naked conspiracy" — merely policy differences reflected in the sphere of intellectual debate. Rather, even the public source material cited in this complaint indicates a series of overt acts in furtherance of an intent, in concert with others, to undermine U.S. sovereignty. The conspiracy itself is defined around a set of policies which are antithetical to the very existence of this nation as a constitutional republic — policies which would, at best, return the United States to its former status as a colony of Great Britain. Militarily, British and allied policy interests seek to use the United States as a battering ram against the Soviet Union in furtherance of a global neocolonial policy of zero growth, labor-intensive economies, and monetarist looting opportunities unimpeded by any "old-fashioned" notion of national sovereignties. The pattern of Kissinger's activities defines him as a principal, engaged in clearly illegal overt acts, in furtherance of the policies of that unlawful conspiracy.

Therefore, we urgently request that the Attorney General of the United States and the Department of Justice begin a full investigation into that pattern of activities and the probability that Henry Kissinger is in violation of the following laws of the United States:

18 USC 2381 and 2382 (treason); 18 USC 371 and 960 (conspiracy against a foreign power); 18 USC 951 and 22 USC 611 et seq. (foreign agents registration act); 18 USC 793 (a) and (d) and 18 USC 794 (a) and (b) (espionage); and 18 USC 1621 and 118 USC 1510 (obstruction of justice and perjury).

There should be no technical difficulties in pursuing such an investigation. Both probable cause and a clear and present danger to the sovereignty of the U.S. are established in publicly available documentation.

I. THE COURTS HAVE RULED ON SIMILAR CHARGES

These are serious charges, made against an individual who enjoys a certain public reputation and respectability, due in part to his former position as Secretary of State. However, they are not unprecedented in the history of the United States. In fact, at certain crucial periods in our history — immediately following the ratification of the Constitution, or just prior to the Civil War, for example — certain individuals with standing and public position have taken it upon themselves to act, for private interests, outside the political process in a manner which threatened the sovereignty of the nation and the authority of the executive (for example, Aaron Burr or Citizen Genet).

The debates of the Federal Convention and the *Federalist Papers* themselves, as well as later Supreme Court decisions, indicate that it was the intention of the framers of the Constitution to base the sovereignty of the United States on a policy of creating a republican government to make possible the most rapid economic growth and development of the nation as a whole.* To that end, policies in the area of foreign affairs are to be formulated and executed by the executive with, where appropriate, the advice and consent of the U.S. Senate. This conforms with the most elemental requirement of international law: that a republic speak as a whole on the questions of foreign policy.

The problems that immediately arose after the 1783 Treaty of Paris in putting this principle into practice to define our relationships to Great Britain were the basis, in part, for the writing of the Constitution. Shay's Rebellion and British-inspired Indian provocations made it clear that no room could be allowed in which political factions could be permitted to *carry out* foreign policy apart from government. French attempts to create just such a faction after the 1789 Revolution resulted in the

*Alexander Hamilton, *Federalist* No. 15, citing the "insufficiency of the present Confederation to the preservation of the Union," describes the circumstances which led to the drafting of the Constitution: "...what indication is there of national disorder, poverty, and insignificance that could befall a community so peculiarly blessed with natural advantages as we are, which does not form a part of the dark catalogue of our public misfortunes."

Fries treason case, and in legislation dealing with *the usurpation of executive authority* in the field of foreign affairs, which was first passed in 1799. Congress felt that "the offence proposed to be punished by this law is separated by only a shade from treason. . . ." and made it clear that the occasion for its action was the efforts of France to enlist a political faction within this country with whom it could negotiate on terms more satisfactory to the interests of French policy.

Similar conspiracies continued to arise, threatening the peace and security of the United States. The principles of law to deal with such conspiracies are well expressed by U.S. District Court Justice Shipman in 1851 in his charge to a grand jury concerning violation of neutrality laws (*5 Blatchford 556*) (an attempted invasion of Canada): "A government is justly held responsible for the acts of its citizens. And if this government be unable or unwilling to restrain our citizens from acts of hostility against a friendly power, such power may hold this nation answerable and declare war against it . . . History affords no example of a nation or people that uniformly took part in the internal commotions of other governments, which did not bring down ruin on themselves . . . It is indeed lamentable to reflect that such men, under such circumstances, may hazard the peace of the country. If they were to come out in array against their own government, the consequences to it would be far less serious."

Judge Shipman's 1851 charge has been followed most recently by Judge Irving Ben Cooper, in the Second Circuit Court of Appeals, in *United States v Elliot* 266 F. Supp. 318 (1967). Upholding a conviction on a charge of conspiracy to injure the property of a foreign government, Judge Cooper noted: "The Court cannot help being aware of the delicacy of American foreign relations particularly in such areas as Africa. The offense charged, if consummated, clearly would have disrupted the economy of a nation. It is inconceivable that such an act, conceived in America and perpetrated by Americans, would not have seriously affected American relations with Zambia. The prevention of the deed (blowing up a bridge) and the prosecution of the culprits (if only to show the complete lack of any official complicity) makes such proceedings imperative and is well within the legitimate interests of the United States government."

In January 1861, when it was clear to many that a Southern-British secessionist conspiracy threatened the authority of the U.S. government and the integrity of the Union, F.C. Treadwell, a private citizen in New York, petitioned Supreme Court Chief Justice Roger Taney to issue treason indictments against the Southern leaders in the conspiracy. It is in that tradition that we ask the Attorney General and Justice Department to undertake an investigation of Henry Kissinger, and the British-connected conspiracy of which he is a part.

II. THE PATTERN OF ACTIVITIES MERITING INVESTIGATION

The pattern of Henry Kissinger's activities since his well-publicized return to "public life" in June 1977, following the Carter Administration's beginning rapprochement with the Soviet Union, more than

justifies a case for investigation under currently prevailing standards and under the statutes we have cited. In addition, certain of Kissinger's activities during his tenure as Secretary of State should be included, for they reach beyond the discretionary powers of the State Department and National Security Council to preserve the national security of the U.S., and enter into an area of blatant violations of international law.

There are three areas which particularly merit investigation: First, Henry Kissinger's interference with certain foreign policy objectives of this country. Second, his involvement in destabilizations and terrorism, as literally military operations against a foreign sovereignty. Third, his direct interference with the republican political process in this country, through obstruction of justice, perjury, etcetera.

1. Henry Kissinger's efforts to force a U.S.-USSR confrontation in Africa, and to force American military intervention in Zaire. Mr. Kissinger used his considerable prestige to give credibility to his insistence on U.S. military intervention into the Zaire crisis against an alleged Cuban-supported invasion on two national television broadcasts the week of May 14, 1978. Kissinger stated further, "We must hold the Soviet Union responsible . . . in light of what now appears to be occurring in Zaire, I think we ought to review the whole negotiations, all our negotiations with the Soviets." Where did Mr. Kissinger get his information that Cuban-inspired troops were involved in the Katangan invasion of Zaire? There was no such information. In fact, CIA studies of the invasion indicated there was no Cuban involvement. Mr. Kissinger's effort to rush the U.S. into battle are better explained by his April 1, 1978 speech in Richmond, Virginia. There, noting that France could have stopped the Nazis by deploying one army division into the Rhineland in 1939, he stated that a parallel situation exists vis-a-vis the Soviets in Africa today: "In 1975 we could have stopped the Cubans and Russians in Angola without military force . . . To prevent disasters, you must live with uncertainty . . . We must act before all the facts are in."

2. Henry Kissinger's central role in sabotaging the potential for Middle East peace. Immediately following the Oct. 1, 1977 joint U.S.-USSR statement endorsing a Geneva conference on the Middle East, Mr. Kissinger began an unprecedented campaign to abort that conference, including meeting with most of the participants in the Middle East negotiations. It is notorious that Kissinger consulted both with Egyptian President Sadat and Israeli Prime Minister Begin, among other foreign dignitaries, when they made official visits to the United States, *before* they met with U.S. government officials. Further, it was reported in the *New York Post* of earlier this year that Mr. Kissinger became a *consultant* to the Israeli government in handling that government's relationship to the U.S. Mr. Kissinger was also serving as foreign policy advisor to the America Israel Public Affairs Committee, the World Jewish Council, and other groups which are themselves quite intimately involved in influencing Israeli policies.

Speaking at the World Jewish Congress, in a closed session, on Nov. 3, 1977, Mr. Kissinger urged the Jewish

community "to understand the real concerns of both sides (i.e., the U.S. and Israel); the U.S. is a superpower — but for Jews and Israelis, the margins of safety are very narrow. The U.S. can afford certain experiments because, if we are wrong, our worst penalty is to redouble our efforts. For Israel, certain experiments cannot be tried because Israeli leaders get only one guess — if they are wrong, it may involve the survival of their people . . . And therefore, it must maintain its faith in itself and its confidence that it is a master of its own destiny, and not just the protectorate of some other country, however well-intentioned that country may be." The Israelis, availing themselves of Kissinger's advice, appear to have been well aware that their refusal to negotiate seriously either in Geneva or in bilateral talks with Egypt would not jeopardize U.S. support. Mr. Kissinger then put the evidence of his intervention into the public domain with a national television interview in which he insisted that nothing could be resolved in the Middle East without a return to his own "step-by-step" style of negotiations.

3. Henry Kissinger's efforts to foment U.S.-USSR tensions. Mr. Kissinger's own intervention in U.S. Middle East policy, as well as his efforts to force a confrontation in Zaire, are hardly surprising in view of his Oct. 20, 1977 keynote speech at the annual meeting of the Trilateral Commission, in which he laid bare the foreign policy he is pursuing, calling for regional confrontations and a return to the Cold War and to "test the will" of the Soviets, as the basis for the West's survival and regeneration: "NATO's weaknesses which are usually swept under the rug urgently need to be faced and corrected if we are to redress the potentially very dangerous state of the regional balance in Western Europe . . . the Soviet Union presents the paradox of a strong military power which is somewhat amorphous politically, its current inability to meet its economic, nationalities, and alliance problems probably explains why it has backed off crises with such rapidity in ways which did not correspond to the correlation of forces." This policy Kissinger elaborated at the April 21-23, 1978, Bilderberg meeting at Princeton, New Jersey, where he advocated NATO confrontations with the USSR in the "peripheral zones," particularly the Horn of Africa and southern Africa, so that the Soviets might be forced to "pay the price" for their involvement in Africa. Both the Zaire affair and the Middle East crisis provided the potential for just such a "test of will" between the U.S. and Soviet Union — provided that joint peaceful solutions to either situation were ruled out. In each instance, the U.S. government's commitment to exactly such peaceful solutions was undermined, with Mr. Kissinger playing a major role.

The same effort by Mr. Kissinger to force a confrontation is responsible for the "linkage" doctrine which has undermined both U.S. efforts to negotiate a peaceful solution in southern Africa and the Strategic Arms Limitation Talks.

4. Henry Kissinger, throughout his public and subsequent private career, has been deeply involved with the deployment of terrorist units. Vito Miceli, member of the Italian fascist, terrorist grouping MSI, met with "Kissinger's people" when he toured the U.S.

this April, according to reports in the Italian journal *Panorama*. Miceli is currently a target of the Italian government's investigation of terrorism. Mr. Kissinger's Jan. 13, 1978 NBC television special "On the Record" is a useful indication of what Kissinger intends to gain from the terrorist deployments with which he is complicit. In that broadcast, he linked the Italian Communist Party to terrorism and urged that the Soviet Union was in fact behind Italy's Red Brigades terrorists. In fact, evidence available from the "Dossier San Marco," published in *Il Settimanale* in 1974 and in English translation in the *Executive Intelligence Review* in April 1978, indicates that Mr. Kissinger, complicit with sections of Israeli intelligence, was not only aware of the origins and deployment of the Red Brigades, but that as early as 1972 he directly interfered with efforts to stop their terrorist activities.

Italy is not the only target of Kissinger-directed destabilizations. Published accounts of Mr. Kissinger's planned destabilization of the Jamaican government immediately prior to the 1977 elections, and then the planned assassination of Jamaican Prime Minister Michael Manley have appeared in *Penthouse* magazine of November 1977. The house arrest of former Guyanan Foreign Minister Fred Wills also bears the stamp of Kissinger intervention. As a result of Wills's leading role in organizing for a new world economic order, he, like Pakistani premier Bhutto, was personally threatened by Mr. Kissinger.

Mr. Kissinger's role in creating terrorist capabilities in North America has also been documented. In 1972, while Secretary of State, Kissinger personally directed the establishment of a unit of Black September in Canada. This information was made available in June 1975 to the Senate Select Committee on Intelligence and to CBS News.

5. None of the above actions could have been carried out, in actual service of the conspiracy which we are charging, without certain violations of law outside the category of treason and associated crimes.

Obstruction of justice and perjury — the Watergate affair: Although much of the attention during the Watergate investigations was directed at a "paranoid" White House staff that tapped phones, arranged a break-in into Daniel Ellsberg's psychiatrist's office, and created the "plumbers' unit," Henry Kissinger's central involvement in insisting on the taps, feeding President Nixon doctored intelligence reports to motivate the Ellsberg break-in on national security grounds, and founding and deploying the plumbers unit has been covered up entirely, with the willing assistance of House Judiciary Committee counsel John Doar.

In fact, in sworn testimony before the Senate Judiciary Committee Kissinger denied under oath his direct knowledge of "plumbers' unit" chief David Young's activities. Mr. Kissinger's perjury before Congress was not limited to his testimony in the Watergate investigation. It is already recognized and in the public record that Mr. Kissinger's testimony on U.S. involvement in Chile at the time of the Allende government, U.S. involvement in Angola during the civil war there, and U.S. involvement in Portugal were replete with criminal omissions, misstatements of fact, and outright lies.

III. SUMMARY

The pattern of activities developed above, in concert with a conspiracy of British and allied policy interests to undermine the authority of the executive in the area of foreign policy, thereby undermining U.S. sovereignty, obviously goes far beyond any discretion available to a public official. Furthermore, the pattern of proofs, of knowing, overt acts, denies Mr. Kissinger's activities as a private individual any First Amendment protection.

The effects have been, in the instance of the Zaire crisis, for example, to shift the terrain of U.S. foreign policy away from the potential for a near-term SALT agreement and towards confrontation in Africa with the USSR. Such activity clearly creates a clear and present danger, as envisioned in *Brandenburg v. Heyes*, to the security of the United States. Therefore, there can be no impediments to a full immediate investigation of the past and current activities of Mr. Kissinger.

The manipulation of foreign policy and the deployment of terrorists described above meets the criteria of the treason statutes themselves, as well as the requirements for investigation for violation of statutes forbidding

conspiracy against a foreign power. In the course of that manipulation, most particularly in Mr. Kissinger's role as a political consultant to the Israeli government, probable cause exists that the espionage statutes were violated. Finally, the violations of the foreign agents registration act situate—as Congress intended the act to do — the more far-reaching issues of Mr. Kissinger's manipulation of foreign policy.

The charges of perjury and obstruction of justice merely document the course of the illegal activities in question, as does Mr. Kissinger's improper and probably illegal seizure of masses of State Department documents produced during his tenure in office as Secretary of State.

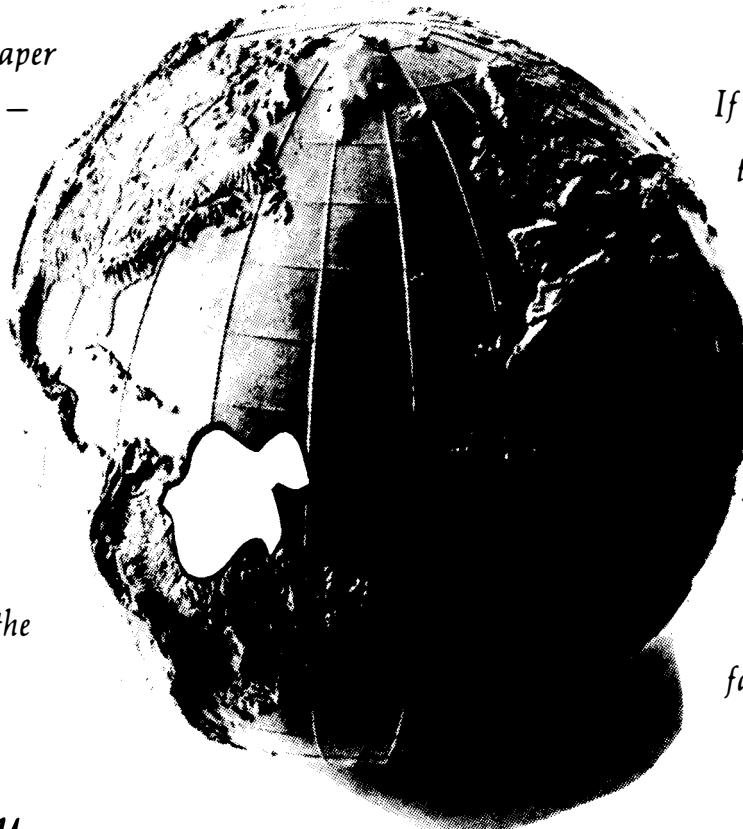
We trust that the material outlined in this complaint will be acted on immediately with the opening of a full national security investigation, and we are willing to meet with you at the first opportunity to discuss how we might further assist you in that effort. It is a crucial undertaking, both for the peace and national security of the U.S. itself, and for our nation's role in developing the world economy.

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fit when you try to put the
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EXECUTIVE INTELLIGENCE REVIEW SPECIAL REPORT
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 THURSDAY, JANUARY 11, 1978

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 DENUNCIATE AND ABOVE ALL HIS COSMETIC CONCESSION THAT HE WOULD AUTHORIZE SUPPLY OF ONE SHIPMENT OF ENRICHED URANIUM TO INDIA FOR ENDING TARAMPUR, THOUGH WE THINK THERE ARE AT LEAST SOME ARGUMENTS DID AFTER THE INDIAN EXPLOSION. THE JOURNAL CONCLUDES "IT 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 IT WAS NOT THE INDIANS WHO WERE PROMISED NEVER TO TELL US A LIE WAS USING THE PLOT 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, WHO 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, TODAY'S LONDON DAILY TELEGRAPH ADDS ONE IS TO ARRIVE AT A COMPROMISE AGREEMENT WITHOUT TOTALLY DIS- THAT CALLAGHAN HOPES TO TAKE DESAI'S SECRET PROMISES AND PLEDGES TO PAKISTAN WHERE HE WOULD USE THESE ASSURANCES TO PRESS THAT COUNTRY TO AGREE TO NEW RESTRICTIONS AND SAFEGUARDS ON ITS CONTRACTED 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 ONTO COAL STOCKPILES

JAN. 11 - AS THE NATIONAL STRIKE OF U.S. COAL MINE AND COAL-HANDLING MACHINERY, A SPOKESMAN FOR THE ELECTRIC UTILITY TOLD THIS NEWS SERVICE THAT THE CUSTOMERS HAVE BEEN ASKED TO VOLUNTARILY CUT THE FACILITY IN SHIPPERS REPORT. PA. HAS BEEN SHUT DOWN THE UTILITIES AFFECTED ALL EXPECT TO HAVE TO WEEKEND. HOWEVER A SECOND COAL FREEZE IS PRE- ALTERNATIVE USED TO REPLACE FROZEN COAL. THE FRESH COAL TO BE USED TO REPLACE FROZEN COAL. THE OHIO STATE ENERGY OFFICE DURING TV COAL DELIVERIES TO RESIDENTIAL USERS.

A SPOKESMAN FOR THE U.S. DEPARTMENT WILL DO NOTHING IN THE PRESENT SITUATION. MAKES A STATEMENT HE ADDED THAT THE PRODUCTION BY THE ONGOING STRIKE AND UNTIL THEN THE GOVERNMENT CONSERVATIVE BRITISH FIRING OPPOSITION TOM KING, BRIT GOVERNMENT HIS D OF

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