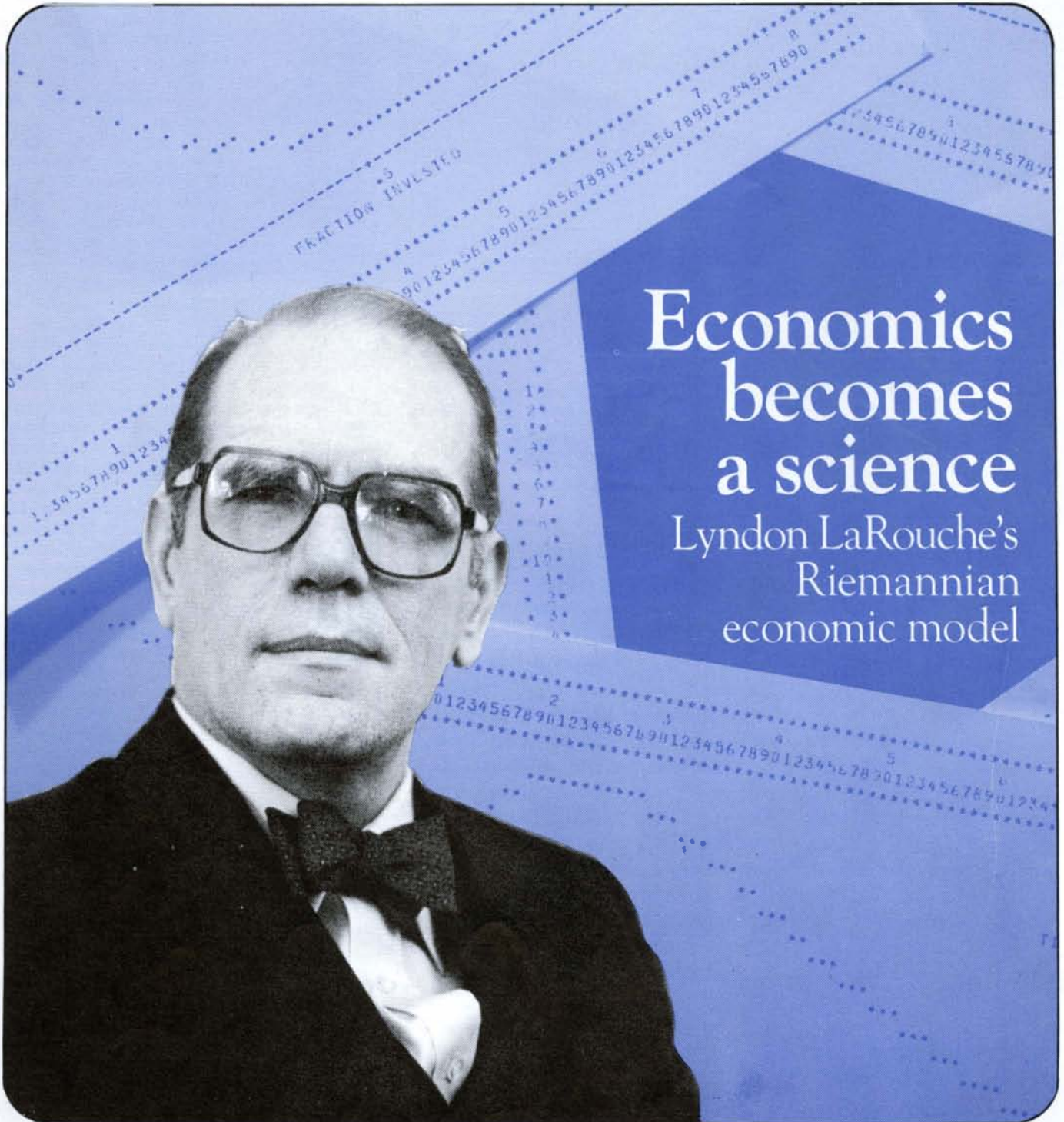


EXECUTIVE INTELLIGENCE REVIEW

May 1-7, 1979

Italy pursues
"definitive end" to terrorism



Economics
becomes
a science

Lyndon LaRouche's
Riemannian
economic model

New Solidarity International Press Service

\$10

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Executive Intelligence Review is
published by New Solidarity
International Press Service
304 W. 58th Street
New York City, N.Y. 10019

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Subscription by mail for the U.S.:
3 months — \$125, 6 months — \$225,
1 year — \$400

ISSN 0146-9614

EXECUTIVE INTELLIGENCE REVIEW

Economics becomes a science

Our cover story this week is the long-awaited Part II of Lyndon LaRouche's Riemannian economic model, by Uwe Parpart and Steven Bardwell. In part II, this week's SPECIAL REPORT, scientists Parpart and Bardwell present the equations and forecasting techniques by which they have achieved virtual "100 percent" accuracy in test model runs based on known data. And their report explains the methodology, developed by noted economist and *Executive Intelligence Review* contributing editor Lyndon H. LaRouche, Jr., by which economic forecasting has finally been led out of the age of the "fudge factor" and "stochastic" uncertainty and onto a par in accuracy with advanced nuclear physics. Finally, the report outlines the prospectus for forthcoming forecasts based on the model—which will be featured as they appear in the pages of *Executive Intelligence Review*. **Page 15**

On the cover:

Lyndon H. LaRouche, Jr., chairman, U.S. Labor Party, with a computer-generated graph based on inputs from the Riemannian economic model developed under his direction.

IN THIS ISSUE

Italians use a new method against terror

After years of seemingly unstoppable terror and fear, a courageous team of Italian judicial officials and police finally seems on the verge of breaking the back of the network of terrorist organizations which has plagued that nation. In this week's EUROPE section, we detail the new method by which this team has broken through the shield of protection which guarded the terrorists, and the not-so-surprising, but now provable in court, involvement of apparently respectable and well-established professors, journalists, and other professionals which they have uncovered. Including excerpts from a document which helped crack the case, the European Labor Party's dossier, *Who Killed Aldo Moro*, and a report on the international connections of the Italian terrorists. **Page 29**

A world SDR standard?

An exclusive intelligence scoop by our Economics research staff: the startling new world currency plans which will be placed on the table at the May 6 meeting of world central bank chiefs in Basle. Writes economics sleuth Kathy Burdman, "Interviews with Fed, Bundesbank, and other international banking officials have revealed a composite picture of a two-stage process for the 'controlled disintegration' of the world dollar market." Also in our ECONOMICS report, the prospect that the Carter Administration may impose wartime credit controls to fight inflation—and maybe to fight a war; and a report on the growing battle over attempted British takeovers of U.S. banks. **Page 7**

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**Documents implicate
Kissinger in defamation
of LaRouche, NSIPS**

Once characterized as a compulsive liar by UN Secretary General Kurt Waldheim, former Secretary of State Henry Kissinger has now been implicated by State Department Freedom of Information Act releases as directly involved in an international campaign to defame and slander NSIPS, the parent news service of the *Executive Intelligence Review*, and *EIR* contributing editor Lyndon H. LaRouche. The documents were obtained by the U.S. Labor Party, which LaRouche heads, and our COUNTERINTELLIGENCE report, contributed by USLP Organizational Secretary Warren Hamerman, describes the documents and their contents, which implicate the former Secretary of State, among other activities, in the expulsion of NSIPS correspondent Gretchen Small from Peru in 1976. **Page 45**

**Kissinger's Washington-
Peking-Tokyo axis in the
making**

Did Henry Kissinger's recent visit to Tokyo help steer the Japanese toward participation in Washington's coveted Asian axis to contain the Soviet Union? Kissinger is an old friend of Japan's recently elected Prime Minister Ohira, and, from all indications, he was instrumental in the new militarist noises that have been emanating from Tokyo. Our ASIA Report this week looks at the alarming turn in Japanese policy, together with indications of a new policy shift in Washington, signaled by the Carter Administration's initiation of "ping-pong" diplomacy with North Korea. Plus, a report from India

Vajpayee's visit to Washington.

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EXECUTIVE INTELLIGENCE REVIEW

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A grain of SALT

President Jimmy Carter told the American Newspaper Publishers Association on April 25 that the United States is fully committed to concluding a SALT II accord with the Soviet Union, and U.S. newspapers headlined the slogan that SALT will be the "best chance for peace." But even as Carter spoke, the effects of another "peace in our time," concluded barely a month ago under the orchestration of the White House, brought the two potential signators of a U.S.-USSR Strategic Arms Limitation Treaty closer than ever before to a thermonuclear war.

Indeed, the actions of U.S. ally Israel, under the combined impetus of the "lebensraum" demands of its own war economy and the U.S. military umbrella extended by the terms of the Camp David pacts, signal that the Administration's current push for SALT cloaks an unbridled drive for strategic confrontation against the Soviet Union.

The Israeli military has begun preparations for a blitzkrieg war against Lebanon and Syria, the latter a treaty partner with the Soviet Union. Since April 22, Israeli armed forces have launched low-level, continual bombardment of positions in Lebanon from the northern port of Tripoli to the Palestinian camps in the south. In addition, the fascist militia commanded by Major Saad Haddad, the Lebanese renegade who last week declared an Israeli-backed "Republic of Free Lebanon," have launched heavy shelling against United Nations, Lebanese, and Palestinian forces in the south of Lebanon.

But observers are expecting something much bigger. The Israeli press has accused neighboring Syria of "teleguiding" the bands of terror-

ist zombies whose actions over the second half of April have whipped the Israeli population into a frenzy for revenge. In fact, Arab sources privately say that the terrorism was perpetrated by a combination of British intelligence and Israel's own intelligence service, the Mossad—not the first time that the Mossad has spilled Israeli blood to justify a "reprisal."

The threatened conflict in the Middle East is intended to expand immediately into a conflagration that will engulf the entire "arc of crisis" from the African Horn to the Persian Gulf, Iran and Pakistan. The disintegration of Iran, now under the Nazi-like rule of the komitehs and Ayatollah Khomeini, and the Egypt-Israel war axis are each being used to destabilize the governments of Saudi Arabia, Iraq, Syria and Turkey.

In this light, it is hardly surprising that Jimmy Carter's April 25 speech insisted that "we will not accept any Soviet attempts to link SALT with aspects of our own foreign policy"—while one day earlier, Carter's press secretary had affirmed to reporters that U.S. decision on

deploying new weapons systems would be linked to "Soviet behavior." Administration proponents of SALT and their apparent foes in such outfits as the Committee on the Present Danger are fully in agreement that SALT should be used to force the Soviets to curb technology development, and provide a framework for negotiation while regional, "limited" nuclear wars are hotly pursued—preferably on the south Asian flank of the USSR.

A series of statements emanating from Moscow over this last week in April have made it abundantly clear that the Soviets will accept neither a ban on high technology nor a strategy for "limited" war (See SOVIET SECTOR report). The Soviet leadership sees the possibilities for avoiding World War III as rapidly running out. It is for this reason that they are staking much on French President Giscard's current visit to Moscow, and on Franco-Soviet negotiations which reportedly include a mutual monitoring of world hot spots.

—Nora Hamerman

The Week in Brief

Senator Proxmire's Banking Committee has just issued a report which predicts that **60 to 80 percent** of the U.S. population would be immediately killed in a nuclear war. This is considered an acceptable figure by the study's author, Dr. Arthur Katz. Katz is currently Assistant Secretary of the Environment at the **Department of Energy**.

In an interview, Katz spelled out

that the Harrisburg "nuclear mishap" was run to test civil defense capabilities. As he explained, however, civil defense is not concerned with the biological survival of individuals, or even the biological survival of the species. What is crucial is what he termed the "survival of the nation." Katz explained that the committee is investigating whether, after nuclear attack, the nation

would fall to the level of a Third World country and whether or not the U.S. would become a client state.

Katz is optimistic; in the committee's view, the United States after 80 percent of its citizens were dead would be in a better situation than the USSR, because the latter is surrounded by hostile nations. In fact, Katz estimates that the cost of fighting such a war would be cheap.

* * *

Veteran French foreign policy commentator Paul Marie de la Gorce became the first Western journalist to raise the issue of whether a **military confrontation with the Soviet Union** might not be launched by the United States.

In a commentary published April 23 in *Le Figaro* just before French President Giscard d'Estaing left for a state visit to Moscow, de la Gorce discussed the strategic implications of the Soviet development of high precision long-range SS18 and SS20 missiles. "... Setting aside the question of knowing whether there is the slightest reason to think that the USSR is contemplating suddenly and massively attacking Europe—and (retired French) General Gallois recognizes that they have reasons not to do so—one could ask if the **United States couldn't one day take the initiative** ... in response to the collapse of its positions in other parts of the world or in response to a conflict set off elsewhere. ..."

Earlier this month the U.S. Strategic Air Command announced a "no prior notice" rehearsal for a **nuclear first strike** against the Soviet Union under the code name, "Global Shield '79."

In a second commentary in *Le Figaro* April 24, de la Gorce stressed the **continuity of French foreign policy** since de Gaulle defined it as "entente, detente and cooperation" 20 years ago. Assessing the "favorable circumstances" of Giscard's trip, de la Gorce noted that France, contrary to the United States, is calling for a global settlement in the Middle East, has turned its back on military ad-

ventures in Africa, and refuses to back China against the USSR.

* * *

Herbert Wehner, the leader of the West German Social Democratic Party (SPD) parliamentary fraction and a close ally of Chancellor Helmut Schmidt, has put out the most powerful warning of the **imminent danger of world war** yet to come from the leadership of a NATO country. Speaking to a conference of SPD war veterans and refugees in late April, Wehner warned against those "who want to show their own muscles" and "are not content with having provoked two world wars—they want a third one too."

Wehner said: "There is one thing that brings publicity in Germany, it is showing one's own muscles. I warn those who go for such demonstrations, for in the end **we all may find ourselves back in the dust**, or worse, in the mud.

"The Federal Republic is part of the North Atlantic defense alliance. This came about before the final attempt at a peace-treaty-like agreement between Germany and its former enemies. And when this could no longer be reversed," Wehner said, "there was only one thing left to do: to do everything in our power to **prevent the two opposing military blocs from clashing** with one another. ..."

"One thing is clear: a retreat to the cold war would not be like what we experienced during the fifties and sixties; it would be much worse. ... We must do what is humanly possible, lest someone provokes not only two world wars, but finally a third world war."

* * *

The "**gentler**" method to force Mexico to hand over its oil as a strategic reserve for a militarized United States is **not working**. In Pittsburgh this week, the head of the Energy Commission of Mexico's Chamber of Deputies told a stunned audience that the idea of a **North American**

Energy Common Market is a "**sophisticated provocation**" against his country.

Nor has the zealous promotion of the idea from liberal presidential contenders Edward **Kennedy** and Jerry **Brown** as the alternative to James Schlesinger's more abrupt tactics fooled Mexico. Speaking to the Latin American Studies Association, Jesus Puente Leyva pointed to the "**Kissingerian origins of the proposal**" in the U.S. "**State Department, the Rand Corporation, etc.**"

The Energy Commissioner stated that Mexico will have nothing to do with the pact. He underscored the point upon his return to Mexico City, telling reporters: "Mexico has **no gas to sell abroad.**"

* * *

Some observers think it was **no accident** that just as French President Giscard arrived in Moscow for crucial Franco-Soviet summit talks on world peace, all hell broke loose on the domestic front. All **French ports** were shut down April 26 for the second time in three days, as the dock and shipyard workers union retaliated against the one-day management shutdown days before.

The nationwide **port lockout**, organized by the Stevedoring Association, shippers and shipyard managers, was presumably to attract attention to the plight of French industry after a three month-long labor shutdown. However the focus of hostility has been the Communist Party-linked dockworkers union, the most pro-industry and pro-Soviet union in the country. Joint managerial press conferences and communiqués targeted the CGT labor confederation, to which the dockworkers belong, with calls to revoke the 1967 law granting the union a **monopoly on hiring and wage scales**. If a paralyzing strike is provoked, the French government could be forced to intervene against the union while President Giscard is in Moscow. **Who benefits?** A clue may be in the fact that in March, the London *Economist* predicted that Giscard would be out by May—over **labor difficulties**.

A world SDR standard?

May 6 BIS meet to map restructuring of Eurodollar market

The May 6 meeting of world central bank chiefs at the Bank for International Settlements in Basle will become the forum for the count-down to phasing out the U.S. dollar as the international currency, Washington Federal Reserve sources said April 26. The meeting will secretly debate a report, "Reserve Requirements for Eurocurrency Deposits," written by Fed Director for Monetary Policy Stephen H. Axelrod and Fed International Finance Director Edwin M. Truman, that calls for a total restructuring of the international dollar

EXCLUSIVE TO EIR

market aimed at forcing large-scale private bank unloading of dollars and central bank "substitution" of dollars for the Special Drawing Right (SDR), of the International Monetary Fund (IMF).

Interviews with Fed, Bundesbank, and other international banking officials have revealed a composite picture of a two-stage process for this "controlled disintegration" of the world dollar market. First, the greater cost of reserve requirements imposed will force U.S. banks to massively "pull in their horns" from the \$800 billion Euromarkets, gravely weakening their international lending structure and causing an unprecedented run on the U.S. dollar. Then, prepared in the background will be the European Currency Unit (ECU) as an alternative currency, following which, as one West German financial analyst put it, "*The SDR will be brought in on the back of the ECU.*"

That is, the European Currency Unit (ECU), designed as a mere accounting device through which the European Monetary System was originally designed to *strengthen* the U.S. dollar by recycling billions of dollars internationally for world technological development, will under this schema actually be printed up, circulated, and twisted into an "alternate currency" to replace the dollar. ECU accounts in turn will eventually clear through the IMF, thus bringing the entire world onto an SDR standard.

Perhaps the shock of this extremity of discussion at this

high level will convince the New York banking community of what this magazine has been warning for over two years: Britain is out to reconquer the U.S. by destroying the dollar. We are now witnessing the playing out of the "1980s Project" of the City of London-dominated New York Council on Foreign Relations, written in 1976 for and by insiders who later became the Carter Administration—including Werner M. Blumenthal, Richard Cooper, and Cyrus Vance. In the International Monetary Policy paper of the Project, British economist Fred Hirsch wrote: "Controlled disintegration in the world economy is a legitimate objective for the 1980s."

Hirsch went on to describe a world in which the thought of Alexander Hamilton and Friedrich List, who stood for central banking to direct credit toward the highest technology in an economy to provide its most efficient development, would succumb in disintegration to the "liberal" thought of Adam Smith, in which *credit would be rationed away from industry* to halt the dangerous spread of technology. But once other nations each liberally and "democratically" shut down their own credit systems, Britain, with its superior money markets, would rule world trade, Smith also wrote.

As the monetary medium to implement controlled disintegration, Hirsch wrote, London-trained economist Robert Triffin's plan for regional currency blocs must be implemented. After Lord Keynes of the British Treasury failed to take the world off the dollar standard and put it onto the "bancor" unit he proposed for the IMF at Bretton Woods, Triffin in 1947 proposed a "Europa" for Europe, and similar Latin American, African, and Asian regional currency blocs. Each was designed to enforce credit austerity on these regions—so they would disintegrate in a controlled manner—and eventually be forced to clear payment amongst themselves through the London-controlled bureaucracy of the IMF.

A spate of meetings

Meetings on the dollar's demise have continued since April 18, when the Group of Five major western nations' Finance Undersecretaries, led by U.S. Treasury

Deputy Assistant Secretary Lisle Widman, met in London and resolved on the need for an international summit to lay out the transition to "SDR substitution" for the dollar. Then, Luxembourg Central Bank President Jaans and other European central bank chiefs flew hurriedly into Washington for a secret meeting April 26 at Stephen Axelrod's Fed office to discuss the SDR in the context of the "total and rapid restructuring of the Eurodollar market," Luxembourg banking sources told *EIR* Wiesbaden.

New York Fed President Paul Volker, the leading U.S. protégé of Fred Hirsch, detailed how the ECU will be made to serve as Triffin's Europa at the April 21 Columbia University International Monetary Conference, sponsored by the Anglophile Dillon Read investment bank. "What would be the effect on the dollar," he asked, "if the ECU were made into a really attractive financial asset?" Conference participant H. Gutovski, president of the Hamburg Weltwirtschaft Institute, reporting on this, told *EIR* Wiesbaden that Volker had in mind exactly Triffin's proposals for the ECU. Volker acclaimed the "piecemeal elevation of the SDR as a reserve asset" and predicted that by year's end, the IMF substitution account would go into effect. U.S. Treasury Undersecretary Robert Solomon and Assistant Secretary Fred Bergsten agreed with Volker there.

This intensity of Anglophilism from the U.S. Central Bank and Treasury itself has been enough to allow the British tendencies of West German central bank chief Otmar Emminger and his deputy, Karl Otto Poehl, to prevail over Chancellor Helmut Schmidt's desire to use the EMS rather to save the dollar. As our International Credit Market Column details, "The West Germans will never go against the IMF," a source close to Poehl told *EIR* April 25, "because the U.S. has made German adherence to the IMF a direct issue of the strategic alliance with the U.S. itself. The SDR is therefore ... a process ... somewhat down the road, but the ECU is a different story, more immediate, in the Bundesbank's viewpoint. The SDR will be brought in on the back of the ECU."

The Bundesbank's latest monthly report, accordingly, claims that the current state of world banking through the dollar constitutes "over-recycling" through commercial banks, and should be shifted instead through the IMF directly. The source close to Mr. Poehl commented on this that "Although up to now the Bundesbank has made no comment on the substitution account, all they are waiting to see is whether the U.S. is really ready to support the SDR."

—Kathy Burdman

ABA talks about U.S. credit plans

Executive Intelligence Review conducted the following interview with a spokesman for the American Bankers Association in Washington, D.C. on Sen. Jesse Helms' efforts to repeal the Credit Control Act of 1969.

EIR: *Why did Senator Helms introduce a bill to repeal the Credit Control Act? It's been around since 1969.*

ABA: There has been some talk in the Administration about targeting particular areas of credit for control. No one has talked about across the board controls, however.

EIR: *What provoked the 1969 bill in the first place? As I understand it, the Administration had not even asked for it.*

ABA: Well, there had been a credit control act which was used during World War II and the Korean War, but it had expired. The 1969 act was a resurrection of that. It was drafted at a time when there was consideration of using credit controls to prevent further conglomerate mergers. You remember, that was a time of major conglomerate activity, and the

idea was that huge amounts of credit were being expended for these takeovers which were not productive in that they were not increasing the GNP.

EIR: *Is that what the current Administration is interested in?*

ABA: I have heard talk on two points. First, to control credit for these four and five year new car loans, which is a relatively new phenomenon. And second, to control credit for the financing of hostile takeover bids. But the previous idea is probably kicking around, too. The point is to ascertain when credit is being used unproductively.

EIR: *What is the Fed's position?*

ABA: The Fed, and Miller, have said that they do not support the implementation of the Act. However, I don't know if they would go so far as to support its repeal. The Administration has not made its position known.

EIR: *And the ABA?*

ABA: We will be meeting this week on whether to testify at the Helms hearings and what our position will be.

Fear wartime credit controls in the U.S.

At the urging of Sen. Jesse Helms of North Carolina, the Senate Banking Committee announced April 18 that it will hold hearings in late May on whether to repeal the President's existing authority to impose selective credit controls on the economy.

This authority dates from the 1969 Credit Control Act, inspired by the congressional joint Committee on Defense Production, which gives the U.S. President standby powers to direct the Federal Reserve to cut off credit selectively for the purpose of combating inflation and, if necessary, of gearing up the economy for war. The act, in fact, grew out of plans drafted by the Office of Emergency Planning for standby controls on consumer credit and other mechanisms for ensuring the defense production capabilities of the economy in the event of conventional or nuclear war.

Helms's concern that the Administration's next bungling move in its professed fight against inflation could be the imposition of wartime credit controls is well-taken. In recent weeks, the President's economic advisors—Secretary of the Treasury Werner Blumenthal, inflation "czar" Alfred Kahn, and Council of Economic Advisors head Charles Schultz—have said repeatedly that a deep recession would be preferable to the current double-digit ascent of the consumer price index and the "overheating" of the economy. If Capitol Hill fears pan out, and the economics team goes for a shutoff of the five-year auto loans that have been the main prop holding up the U.S. economy for the last three years, the Administration will indeed succeed in triggering a recession. (See interview.)

Domestic auto sales skidded a steep 17 percent in mid-April from the year-earlier pace. Sales of the wobbling Chrysler and near-bankrupt American Motors Corp. were off 38 and 25 percent, respectively. Ford Motor, whose troubles are only a shade less severe, announced last week that it is putting the 1,400 employees at one of its assembly plants on indefinite furlough in mid-May because of excess inventories. The drop in auto sales comes at a time when the entire Midwest corridor is being crippled by the continuing strike by Teamster steel haulers and is threatened by the likely possibility of upcoming strikes in the rubber, electrical equipment, and, come September, the auto industries—strikes which are being provoked by the Administration's unworkable seven percent guidelines. Any further destabilizing move—such as a restriction on auto loans—would be a calculated effort to trigger a new recession.

But this is not the worst of the credit controls story.

For the "utopian" planners in the Joint Committee on Defense Production who instigated the Credit Control Act, credit controls are part of an insane "limited nuclear war" strategy. The more recent activities of the committee have included the consolidation of all Federal defense preparedness agencies into the Federal Emergency Management Agency (FEMA), and the commissioning of a March 1979 report entitled, "Economic and Social Consequences of Nuclear Attacks on the United States." The subject of that 60-page study, which was published complete with aerial strategic bombing maps of Massachusetts, the test case for the study, is the need to have in place a complete infrastructure for running the U.S. economy after a nuclear strike.

In congressional hearings in 1966 on extending the emergency economic provisions of the Defense Production Act of 1950, Rep. Leonora Sullivan of Missouri, a key member of the Joint Committee on Defense Production, questioned an official from the Office of Emergency Planning on the OEP's progress on drafting emergency economic plans. The OEP's Mr. Belsey responded: "This has been done. It is a continuing job. The plans have been made not only for conventional or limited war situations but also for nuclear war situations."

Economic side

The Credit Control Act was originally pushed through Congress in the inflationary climate which was touched off by nonproductive defense spending for the Vietnam war and aggravated by the tight money policies adopted by the Federal Reserve under then Chairman William McChesney Martin, allegedly to fight inflation. While much was made at the time of the need to have a mechanism for curbing credit extension for nonproductive uses, such as the big conglomerate wave of the 1960s, the clear intent of credit controls was—and continues to be—to offset the inflationary spiral due to military and other nonproductive spending through cutting off credit to and collapsing the consumer sector and industry.

In an infamous early 1970s interview in *Business Week*, the then chairman of Textron went on record as favoring selective credit controls as an important tool of monetary policy, thus distinguishing himself from the contrary view of most U.S. businessmen. Then at the November 1976 meeting of the Northeast Governors Conference in Saratoga Springs, N.Y.—the conclave which created the corporatist ENCONO—Miller told an interviewer matter-of-factly that he supported the decentralization of the nation's defense industry to insure continued defense capability after an A-bomb strike.

—Lydia Schulman

BANKING

USLP suit to halt bank takeovers polarizes U.S. banking community

The U.S. Labor Party's challenge to the Federal Reserve Board's approval of the Hongkong and Shanghai and Standard Chartered banks' attempted takeovers of two key U.S. banks has polarized the American banking community, as the strengths of the suit become increasingly apparent. "We have every indication," USLP Director of Financial Intelligence David Goldman said April 25, "that some of the major New York clearing banks, fearful of British re-

prisals against them if the takeovers are blocked, have acted to influence lawyers and other banks whom we have approached for cooperation in this case against us."

On the other hand, he said, "several state banking associations across the country are reviewing our case with great interest."

On April 16, the USLP filed a Petition for Review in the U.S. District Court of Appeals of the Fed's March 16 approval of Hongkong

and Shanghai's application to purchase the \$14.3 billion Marine Midland, the nation's 12th largest bank, and Standard Chartered's application to purchase the \$5.3 billion Union Bank. The USLP has charged the British banks with funding the \$200 billion annual world narcotics trade.

The strengths developing in the USLP's case are underlined by the April 23 agreement of a noted Brooklyn Law School professor, Fabian Palomino, former counsel to the New York State Senate Banking Committee, to become the attorney of record on the case. Professor Palomino will be taking the case on a *pro bono* (feeless) basis because of its strong public interest content.

The court may overturn the Fed's order if it was "arbitrary and capricious," or not supported by "substantial evidence in the record," the USLP legal auxiliary's staff April 20 memorandum on the USLP appeal states. That is exactly what the USLP

INTERNATIONAL CREDIT MARKETS

Buba applies 'controlled disintegration' to Euromarket

Warning that "over-recycling" of funds in the Eurocurrency market poses "a serious potential danger to the international community," the West German central bank proposed this week that a greater share of world credit flows be channeled through the International Monetary Fund (IMF). The Bundesbank's call, which is expressed in unusually strident tones for the normally staid central bank, signals that West German monetary authorities have fallen in step with the New York Council on Foreign Relations' "controlled dis-

integration" scenario for the world economy.

According to this scenario, world governments will be forced to choose between either 1930s-style trade warfare and competitive interest rate hikes leading to generalized economic chaos and depression, or "controlled disintegration," in which national economies undergo "structural reorganization," (a polite phrase for industrial cartelization a la J.M. Keynes and Hitler's Finance Minister Hjalmar Schacht).

The Bundesbank's statement on

the Euromarket, which appeared as a special section of its just-released 1978 annual report, charges that private banks have utilized the Euromarket to provide overly generous funding to countries with balance of payments problems. This has permitted borrowers to postpone the austerity measures which they otherwise would have been forced to undertake if the credits had been tied to IMF conditions. According to the Bundesbank, the delay means that borrowing countries will have to impose more drastic measures later, and this situation increases "not only the danger of a serious financing crisis but also a threat of recourse to drastic protectionist measures when action to deal belatedly with the problem of necessary adjustment can be no longer postponed."

A strategic question

That the Bundesbank can so openly advocate what amounts to an IMF credit dictatorship is illustrative of

intends to prove. In the first place, Title 12 Section 1842 of the Banking Holding Company Act states that "the Board shall take into consideration the financial and managerial resources" of the acquiring bank. According to a source at the Federal Reserve Staff, "the Board in prior cases has consistently defined 'managerial resources' to include the integrity of the acquiring company's management and their disposition to comply with U.S. law."

The cases on the court record show, the Fed source said, that USLP charges are clearly within the meaning of "integrity" in asserting that HongShang and Standard Chartered are deeply engaged in the world narcotics trade and intend to use their sought U.S. banking base to control credit conditions here contrary to U.S. national interest.

The facts of this lack of integrity and legality have already been documented in the USLP's 300 page October 1978 submission to the Fed.

All the USLP must do now, spokesmen say, is to show that the Federal Reserve Board made its landmark decision in "gross malfe these issues of integrity and legality. The wording of the Fed's order, to the contrary, clearly shows the entire USLP protest was rejected as "lacking sufficient weight."

As *EIR* reported earlier in an exclusive interview with a high-level executive involved in Citibank's London operations, London is putting an unethical squeeze on the big U.S. banks to lobby within the U.S. in favor of the takeovers—or else. "We depend on the British banks to get funds," this executive said flatly. "No single American bank would want to have its name in the newspapers as opposing the British banks coming into the U.S...."

Reflecting this, the office of First National Bank of Chicago President Richard Thomas told the USLP's Goldman April 25 that "Mr. Thom-

as cannot meet with you because it would not be appropriate to discuss bank policy on this subject with the USLP."

The positive response the case continues to receive at state banking associations around the nation includes consideration by some of them of filing *amicus curiae* briefs in the USLP case. More broadly, there was a sweeping rejection by regional banks this week of the London-inspired New York clearing banks' proposal to the Fed for a "Free Banking Zone" in New York City.

"So intense is the opposition from the hinterlands that the big New York banks figure it could sway the Fed against the free zone," the *Wall Street Journal* reported April 25.

—Kathy Burdman

the 180-degree turn which has occurred in West German policy toward the IMF during the last two months. Chancellor Helmut Schmidt and his close advisors had until recently planned to build the European Monetary System as a rival institution to the IMF which would finance advanced-sector capital goods exports to the developing world.

Last month, however, the West German government was warned by London and Washington that any effort to undermine the IMF would be regarded as "a war question" and "a threat to NATO." The anti-IMF content of the EMS has since been quietly dropped. West Germany will "never go with an anti-IMF policy," commented a German journalist, "because it's a direct issue of the strategic alliance with the U.S. ... The BRD will always behave as a very responsible member of the IMF."

Although the Bundesbank's report is short on specifics, it implies

that the central bank would prefer an arrangement in which all financing for balance of payments purposes is either funneled directly IMF or handled by private banks but subject to IMF "conditionality." Ironically, such a policy will result in the strangulation of West Germany's export industries, since developing countries will be forced to institute further cuts in capital goods imports to meet the IMF's requirements.

The Bundesbank also warns—correctly—that the volatile character of the Eurodollar market is aiding foreign exchange speculation and may seriously disrupt domestic capital markets such as that of West Germany. However, the central bank's "solution" is to dry up the "excess" dollar liquidity through tighter U.S. monetary and fiscal policy—a prescription for U.S. economic collapse and spreading world recession. The Bundesbank further calls on all "major countries" to "agree on a set of general rules governing the Euro-

market's operations."

Resistance in Germany?

Although the Bundesbank report ostensibly represents a "unanimous" opinion of the Bundesbank board, there are indications of resistance to it among Finance Ministry officials as well as within the central bank itself. Finance Ministry chief Mathoefers' press aide Meerman told this press service that the department is reluctant to comment on the report since "it's only an opinion they have expressed" and "it is very awkward to get into a quarrel with the central bank in Germany." Meerman did take exception to the Bundesbank's advocacy of deflationary measures for the U.S. economy, noting that "many economists in the Finance Ministry think that a further interest rate increase in the U.S. would not be a good thing, because it would increase inflation."

—Alice Roth

TRADE

Cambridge cultists push trade war

Three weeks ago, we warned that the prescription for national autarky economics—emanating from a financial cult at Cambridge associated with Denis Healey—is already being enacted by Energy Secretary Schlesinger and Trade Negotiator Robert Strauss. With the protectionist hawks in the U.S. Senate further tearing up the tattered GATT agreement and environmentalists aggravating for the dismantling of the nuclear industry, the U.S. is only a short step away from Cambridge's nightmare.

This was announced by the *Wall*

Street Journal in its front page "Outlook" column on April 23. "The real culprit fingered by the Cambridge group is the pattern of trade in manufactured goods (which Cambridge says is) the obstacle to growth of GNP in most parts of the world, including the U.S.

"The only way out, the Cambridge men say, is for the U.S. to restrict selectively its imports of manufactured items from Japan and... West Germany." Even if Japan retaliated against the U.S., they argue, this would cut world trade by "only" 5 percent.

This nostrum is a thin cover for outright trade war. Under the Cambridge policies, the U.S. and advanced sector would see their capital goods capacity replaced with 19th century-styled technology.

This possibility is underscored in a recent commentary by John Hauge of Lehman Brothers Kuhn Loeb. Hauge warned that "the potential for trade war is stepping up. The U.S. has had a transitory honeymoon with Japan with Ohira coming in. He may make concessions to the U.S. on the trade question, but it won't be enough. Britain is already throwing up import barriers, and Europe is going along with the British." Hauge predicts that U.S. recession would engender a sharp slowdown in world trade, which would consequently force Germany and Japan to cave in to trade war under conditions of rising unemployment and social unrest.

—Steve Parsons

CORPORATE STRATEGY

Will Ford bow to pressure to reorient to defense production?

The announcement by Ford Europe April 24 in London that, "barring new and unforeseen circumstances," it is abandoning plans to build a billion dollar auto assembly plant in France's economically depressed Lorraine region, adds a new dimension to pressure on the auto giant to pare down its robust international operations in favor of a domestic reorientation toward government defense orders.

The Ford deal fell victim to a dirty operation run by French Indus-

try Ministry advisor Christian Stoffaes, who succeeded, to the astonishment of Frenchmen, in creating an alliance between Peugeot-Citroen and the state-owned Renault against Ford. Ford, which had been expanding rapidly in Europe and in 1978 earned nearly half of its profits from its overseas sales, is thus being squeezed back into the U.S. market, where it finds itself clubbed by manufactured scandals, lawsuits, and yellow journalism about the "autocratic king" Henry II—a sneer at Ford

Chairman Henry Ford II, who steered the company safely out of its postwar near-bankruptcy—and alternately enticed with weapons contract promises.

Ironically, French President Valéry Giscard d'Estaing fought hard for the Ford plant. On April 2 he met with Henry Ford II, a meeting scheduled three months earlier, to personally work out the deal and give Ford political assurances of support. France's largest union federation, the CGT, gave Ford assurances of labor peace, and Ford execs were helicoptered to numerous potential factory sites.

But Stoffaes had counterattacked as early as mid-March, with a report praising the French auto industry as the bulwark of French industry, which was directly threatened by American and Japanese "monopolization strategies." The Stoffaes report slapped Renault for its high wages and modernization policies, and specifically mentioned that

All systems go for gold price take-off

Following the U.S. Treasury Department's decision to halve the amount of gold offered for sale at its monthly gold auction, the stage has been set for another major move upward in the gold price to approximately \$270 within the next two months. This assessment stands in sharp contrast to the rather linear projections of many other analysts who ignore the growing potential for a classic "crisis of confidence" in which *all* currencies are called into

question due to the declining real profitability of investments denominated in those currencies.

Accelerating inflation rates in Western Europe and Japan are laying the groundwork for just such a crisis. For example, West German bankers are in a defensive and near panicky mood following the recent huge drain of capital out of West Germany's financial markets into higher-yielding dollar- and sterling-denominated investments. These

bankers report that the Bundesbank will resort to competitive interest rate hikes and massive dumping of dollars, if necessary, to protect the value of the deutschemark and West Germany's capital market. Thus, when all economies appear to be disintegrating simultaneously, the question of which currency collapses first—the dollar, the deutschemark, or the yen—will likely be determined not by ordinary criteria but by "who comes out on top" in the interest rate combat between central banks or "who grabs the biggest markets" in the present struggle over world trade.

The potential for chaos is enormous—the Council on Foreign Relations' chosen motto of "controlled disintegration" notwithstanding. Once this state of affairs becomes more widely recognized, gold will be seen as the "last refuge" and a substantial flight into metal will ensue.

—Alice Roth

Ford's high technology policies made it a very formidable competitor in France and Europe.

Stoffaes called for a major "rationalization plan" for French auto which later turned out to be a scheme to rehouse old auto equipment in small new plants to be built in place of the wholly new Ford plant.

Just before Stoffaes made his report public, he had addressed an international steel conference in Cleveland, and lauded the Davignon Plan for European steel rationalization—the very plan that will rationalize 12,000 Lorraine steelworkers permanently out of work, for whom the Ford assembly plant was to supply jobs.

At the same time Jean-Paul Paraye, the head of Peugeot-Citroen-Chrysler, convinced Renault's chief, Bernard Vernier Palliez, to intercede with Prime Minister Raymond Barre and Industry Minister Andre Giraud, to block Ford. That Renault, considered the "Ford" of France for its

high-wage and modernization policies, could be steered into an alliance with Peugeot, its arch-rival and opposite in corporate policy (Peugeot is known for its low wages, use of low-paid immigrant labor, and company goons)—has stirred speculation of heavy financial and political pressure having been applied to Renault.

Peugeot then upped the ante by threatening the Giscard government with not building its promised Metz assembly line plant unless Ford was blocked

No bed of roses

Falling back into the U.S. market is no bed of roses for Ford. The company is being hit by a Naderite-type slander campaign over the "safety" of the Pinto model, harassed by Zionist lobby lawyer Roy Cohn's stockholder's suit, threatened by forces connected to California Governor Jerry Brown with having coke-snorting dissolute Benson Ford pushed into top management or even

the presidency as Henry Ford II prepares to retire, and buffeted by a press smear campaign epitomized by the April 30 *Business Week* magazine, which features Ford as "king" Henry II on his throne with the ghost of his grandfather, Henry Ford I, watching over him. It has been rumored that Ford is being strongly induced to break ties with Giscard in return for large new defense orders being privately promised by New York Council on Foreign Relations supporters of the presidential candidacy of Alexander Haig.

But the fight in Ford is still undecided. In a consortium with other U.S. tractor producers, Ford has signed a contract for 2,500 units with the Mexican government. This deal, Ford's largest in 60 years, will help encourage the company to produce tractors instead of tanks.

—Leif Johnson and
Garance Phau

FOREIGN EXCHANGE

Sterling takes tumble

The British pound fell sharply this week from its previous plateau of nearly \$2.10 to a close of \$2.0394 on April 26. Two forces contributed to this fall, both linked to the issue of austerity.

The first reason for the pound's collapse is that the British aided this depreciation themselves by shorting their own currency, while maintaining their investment in the British stock market which hit a record high this week. This is part of a larger move by the British to gain entry into

the European Monetary System (EMS) and transform that institution into an instrument for European-wide austerity.

A lower pound central cross-rate would be the first requisite of British entry into the EMS, as the British would be in perpetual trouble trying to defend sterling—within the EMS currency bands—at its current overvalued levels. At the same time, several British manufacturers have been demanding lower pound exchange rates to help Britain's export posi-

tion, according to the April 25 *Financial Times* of London. British exporters would be at a competitive disadvantage within the EMS if the pound remains at such a relatively "strong" position.

The second reason behind the pound's tumble is that West German traders moved strongly to fortify the deutschemark at the pound's expense by moving out of sterling held positions.

However, here too the motivation was austerity, as the Bundesbank, following remarks this week by its Chairman Otmar Emminger, is trying to strengthen the mark by tightening interest rates and cutting back energy growth targets.

The dollar did not gain this week against any other currency but the pound, as traders could not make up their minds whether the U.S. was headed into recession or another business boom.

—Richard Freeman

BRITAIN

Britain loses out to Ireland in bid for U.S. investment

The British lost out when one of the most technologically advanced microelectronics manufacturers in the U.S., Mostek of Houston, Texas, decided to locate a £42 million microchip manufacturing plant in Ireland instead of Scotland. The Irish Industrial Development Authority upped the ante after the Scottish Development Authority—which has just set up offices in New York to woo U.S. industry—tried to snatch the almost-completed deal from Ireland.

Although Scotland dangled £12 million in government aid, risk capital, and other incentives in an effort to match the Irish package—the U.S. firm was apparently more attracted by the Irish government's commitment to industrial development. Part of the Mostek deal involved the creation of a training center which would test integrated circuits and conduct research on Mostek's new state-of-the-art computer technologies.

The British Department of Industry, which is ultimately in charge of Scottish industrial development, was not willing to accept the first phase of the Mostek investment as "manufacturing," disqualifying the company from the usual 20 percent grant toward that portion of their investment. The Irish were ready to judge the test center as phase one of two high-technology enterprises. The training lab would provide graduates and technicians for other foreign microelectronics companies which Ireland hopes to attract, as well as making available research facilities for the country's rapidly expanding technological base. The Dublin government has made clear that it intends to be involved in the establishment of the new training laboratory and has pledged over £15 million of the £42 million Mostek will invest.

—Marla Minnicino

Economics becomes a science

Lyndon LaRouche's Riemannian economic model —part 2

Final completion of the computer model for Lyndon H. LaRouche's Riemannian economic model was announced jointly by the U.S. Labor Party and Fusion Energy Foundation in New York, April 25. The first phase of the computerized "LaRouche Model," featured in the following *Executive Intelligence Review* Special Report, was completed when a series of trial tests designed to test the predictive power of the model were successfully run through the computer. According to the scientists running the LaRouche Model project, the predictive power of the model is "virtually 100 percent," and its degree of accuracy depends almost exclusively on the accuracy of the inputted statistical data.

In the first major test of its capabilities, the "LaRouche Model" was given statistical data from the 1968 to 1973 period and was then asked to predict what would occur if a 400 percent increase in oil prices were superimposed. In response, the computer model was able to produce charts and diagrams describing the behavior of such key categories as rates of capital formation, rates of productivity increases, rate patterns in consumer-goods industries, capital-goods industries, etc., which are virtually identical with what in fact occurred in the U.S. economy during the 1974 to 1978 period.

The LaRouche model of economic prediction and analysis was developed on instructions from Lyndon H. LaRouche, Jr., presidential candidate for 1980 and chairman

and founder of the U.S. Labor Party. The research and development for the model was conducted by a team of Labor Party and FEF physicists, mathematicians, and economists headed by Dr. Uwe Parpart, the Director of Research of the USLP, who is also research and development director for the Fusion Energy Foundation.

The computerized LaRouche Model is based on the fundamental theoretical breakthrough in economic science which LaRouche accomplished during the early 1950s, the special significance of which is illustrated by his autumn 1978 *The Theory of the European Monetary Fund*. Although LaRouche's work is otherwise a continuation of the work of Plethon, Colbert, Hamilton, the Careys, and List, as well as incorporating essential contributions of Karl Marx, LaRouche, beginning in 1952, succeeded in solving the crucial problems left unsolved by all his predecessors in this field: the problem of developing efficient deterministic models for the rate of economic growth of economies under the impetus of directed rates of technological progress. This was solved with aid of the conceptual approach to relativistic physics identified with Bernhard Riemann's habilitation thesis, an understanding of Riemannian physics achieved with aid of the crucial work of Georg Cantor. The result is a unification of the problems of applying science to economy with the fundamental principles and methods of Riemannian physics.

by Uwe Parpart and Steven Bardwell

All presently employed national and world economic models suffer from two major interrelated deficiencies already identified in Part I of this report and reflected both in the models and in the data bases:

1. No distinction is made between *productive* and *nonproductive* economic activity and realization of economic output, where by productive we mean effecting a useful material alteration of nature resulting in tangible wealth (for detailed categorization see below). Consequently no concept of economic *surplus* in the sense of economic product representing "free energy" for the expansion of the productive base of the economy through investment in added productively employed labor and capital goods exists, and the concept of economic growth itself becomes ambiguous, even maligned as a cause of inflation.

2. Inadequate or no account is given of qualitative changes in the technology base of the economy, even though in the long run, such changes and their action on the productivity of labor are the only source of noninflationary growth. Appreciation of this fact itself, of course, presupposes the productive/nonproductive distinction. Another reason frequently advanced for not including technology changes in the usual models is that continuous models cannot accommodate them. This is true. Therefore, the Riemannian model proposed here is specifically geared toward the occurrence of discontinuities in one or more of the model's parameters. In fact, it is in order to emphasize this feature that the model is called "Riemannian": The 19th century German mathematical physicist Bernhard Riemann was the first to propose that the analysis of global phase spatial relationships proceed from the standpoint of the determination of the "shape" (or geometry) of the phase space or manifold by means of the distribution of the singularities of the parameters spanning the space. In his discovery and description of the phenomenon of shock waves Riemann gave a specific example of the evolution of a physical manifold toward a point of discontinuity and the subsequent qualitative reordering of the manifold as a result of the propagation of the singularity retaining its integrity as a new type of physical entity. Technological change will be seen to have shock wave-character in this general sense for our economic model.

Conventional models

Three conventional-type economic models shall now briefly be examined to illustrate the two points of criticism just made and to show how the indicated defects lead to gross predictive and policy failures. In presenting this short critique we want it to be understood that we do not overlook the fact that precisely to the extent that some of the examined models have about the same predictive power as the charts of an astrologer, their main purpose may in fact be the same as that of such charlatans in the service of the King: to provide some semblance of objective justification for the credulous for policies pursued for entirely different reasons.

First, there is the so-called *naive* forecasting method which hardly deserves the name model. It proceeds by establishing certain historical trends for a given variable or set of variables and then more or less uncritically projects that same trend (positive or negative growth rate) into the near or distant future. Such simple inductive procedures are open to so many different and obvious objections that it is hardly worthwhile to bring our two points above to bear on them.

Significantly, however, economic models of the second category to be considered, the *econometric models* forecasting *national income account statistics* (such as the U.S. Department of Commerce Bureau of Economic Analysis [BEA] quarterly model), are subject to the same inductive fallacy—and in fact doubly so. They attempt to forecast the values of variables such as personal income, government spending, gross national product, etc. on the basis of some combination of

1. historical, or lagged values of the variable in question;
2. other variables related to it by a set of linear equations, and
3. exogenous variables determined by factors not covered by the model at hand.

The first of these forecasting methods, of course, is just our above naive extrapolation; but basically so is the second. The linear equations establishing the relationships between the different variables of the model normally reflect and are justified by the model builders through reference to historically observed *statistical correlations* between the variables rather than purporting to express actual *causal relations* in the economy comparable, say, to the laws of classical physics. Thus, the theory expressed by the model's equations has itself the epistemological status of a simple inductive generalization no different than naive extrapolation.

Most professional economists today will probably contend that economics admits of no other kind of "lawfulness" and theorizing, and that our criticism of the standard econometric models is therefore vacuous. We are not impressed by that point: Aside from their

epistemological inadequacy, the forecasting performance of existing models is notoriously unreliable, while the causal analysis of the economy we are proposing will recommend itself mainly by its predictive accuracy. There is no reason to drive a wedge between physical and economic theory. In physics, when someone claims he knows that under normal conditions water boils at 100°C, because he has made a long series of boiling experiments all with similar outcome, we do not accept that as a valid reason. Instead, we ask for a more reliable explanation which must contain some reference to a cause/effect relationship between the heating of water and the onset of cavitation (boiling).

Similarly, in economics, a statement that historically a change in such and such variables has generally produced such and such overall growth rate, should be regarded as at best incomplete, leading to an answer of the more basic question of *why* the variables examined showed the observed behavior.

There actually exists in today's economy a crucial phenomenon which just begs for the proper kind of causal analysis—the phenomenon of inflation. The very fact that inflation has so stubbornly resisted the econometricians' best predictive efforts demonstrates the incompleteness of their models caused by an inadequate choice of parameters and relations between these parameters. Einstein never tired of making the same point regarding the quantum mechanical uncertainty relations; they must be taken as a signal of incompleteness *with respect to the chosen parameters* and phase space relationships, but not as a sign of the ultimate causal incompleteness of physics. We shall show in the following how it is precisely the distinction between the productive and nonproductive realization of the total economic product that allows for a choice of parameters or variables which span the kind of phase space in which causal determination of economic behavior is possible. This identification of the causal parameters then becomes the basis for national policy intervention into the economic process as well as of reliable forecasting.

A third type of model to be considered briefly is the Leontief-type input-output model. In outward appearance at least these very differentiated models mapping the flow of goods and services between the different sectors of the economy are concerned with establishing substantive producer-consumer relationships and not just with statistical correlations between selected variables.

Typically these input-output or interindustry models display in matrix form the percentages of the total product of a given industry (or sector of the economy) consumed by the totality of other industries (or sectors) or going to "final demand" (see Figure 1). Such matrices can then be used to estimate required industry-by-industry inputs to obtain desired outputs both in the

overall and with respect to certain specific output categories.

There is no question that the data displayed in input-output matrices can play a valuable role in economic policymaking; however, when applied to the problem of determining or forecasting economic growth in any time-frame except the immediate short run, input-output analysis suffers from the same fundamental flaw as the econometric models. All different output categories of the total economic product are treated on a par with each other, and no distinction is made between their productive and non-productive consumption. However, it is only through the introduction of such a distinction that the future capacity for economic growth resulting from the consumption or realization

of a certain type of product (mainly through the enhancement of the productivity of labor based on the rate of introduction and propagation of new technologies) can be judged.

Simple production-consumption relations will not do, and input-output tables ultimately leave obscure the causes of economic expansion and contraction.

Perhaps the most serious indicator of insufficiency of conventional economic models is found, however, in their assumption of a simple continuity in the economic variables of interest. The related assumptions of a fixed set of economic relations and the imposition of a continuity condition on those variables are fundamental to all the present types of models—econometrics demands a continuous manifold for the solution of its

Exchange of goods and services in the U.S. for 1947

INDUSTRY PURCHASING

INDUSTRY PRODUCING			agriculture and fisheries	food and kindred products	textile mill products	apparel	lumber and wood products	furniture and fixtures	paper and allied products	printing and publishing
			1	2	3	4	5	6	7	8
agriculture and fisheries	1	10.06	15.70	2.16	0.02	0.19				0.01
food and kindred products	2	2.38	5.75	0.06	0.01	*	*			0.03
textile mill products	3	0.06	*	1.30	3.88	*			0.29	0.04
apparel	4	0.04	0.20		1.96				0.01	0.02
lumber and wood products	5	0.15	0.10	0.02	*	1.09		0.39		0.27
furniture and fixtures	6			0.01				0.01		0.01
paper and allied products	7	*	0.52	0.08	0.02	*		0.02		2.60
printing and publishing	8		0.04	*						0
chemicals	9	0.83	1.48	0.80	0.14	0.03	0.06	0.18	0	
products of petroleum and coal	10	0.46	0.06	0.03	*	0.07	*	0.06		
				0.01	0.02	0.01	0.01	0.01		

The above matrix shows, in part, the transactions of the U.S. economy during 1947 for which preliminary data were compiled by the Bureau of Labor Statistics. The matrix is taken from a larger one published in *Input-Output Economics* by Wassily Leontief (Oxford University Press, New York: 1966). Each number in the body of the table represents billions of 1947 dollars.

In the vertical column, the entire economy is broken down into sectors. The same breakdown is repeated in the horizontal row. When read horizontally, the numbers indicate shipments to other sectors. When read vertically, the numbers show what that sector consumes from other sectors. Asterisks stand for sums less than \$5 million.

equations, and input-output analysis relies on the economy's being describable by the same size matrix over time.

It has been well known in physics since the time of Riemann and Boltzmann that these assumptions have drastic consequences for the system they describe—the assumptions of linearity (in the sense of fixed laws) and continuity, while both “local” statements about the system, have profound, global consequences. In the case of physics, these two assumptions lead to the Second Law of Thermodynamics (see Morris Levitt's article on this subject in the *Fusion Energy Foundation Newsletter*, September, 1976). This is a very deep result, first rigorously shown by Boltzmann's famous H-Theorem: a linear, continuous system is subject to an inexorable increase in entropy, the eventual running down and disintegration of order. The critical point for discussion is that the *same proof* holds for an economic model: the assumptions of linearity and continuity lead, by the same reasoning, to the necessary entropic consequence for an economic system unfortunate enough to satisfy these assumptions.

Obviously, however, neither history nor real economic systems satisfy either of these assumptions—economic change, especially technological change, happens discontinuously and, through this discontinuous process, the laws describing that economic development change qualitatively. The only presently existing mathematics sufficiently powerful to describe evolution of this sort is that outlined by Riemann and his school.

It is critical to note that the surprising indifference of models like the Department of Commerce model to growth rate—they predict equally healthy futures for the economy almost independent of growth rate—and alternatively, the gloomy necessity of zero growth deduced from system models like the “Limits to Growth” study of Meadows and Forrester, both stem from Boltzmann's H-Theorem. These models, to take two examples, had zero growth and the impossibility of technological progress built in from the beginning in their most fundamental assumptions about the mathematics relevant to economics. They “prove” the possibility or necessity of zero growth as a purely circular consequence of their axioms.

The principal categories of reproduction analysis

Since the mid-1950s economist Lyndon LaRouche has proposed a causal method of economic analysis which has served as the basis for the economic forecasting and planning model developed over the past several months by the writers and several collaborators. The latest popular presentation of LaRouche's method is contained in his October 1978 piece “The Theory of the

The BEA on its econometric model

Ever wonder how the government comes up with its economic forecasts of what Americans can expect in the way of inflation and other key trends? The Bureau of Economic Analysis offers this description of the accuracy of the econometric model they use to call the shots on the economy.

The whole inquiry—both its prediction and forecasting aspects—is aimed at the question: How reliable is the model as a forecasting instrument? The article does not provide an unambiguous answer to this question. However, both the quantitative error statistics and the analysis of turning point predictions show a substantial tendency toward deterioration as the prediction of forecast horizon lengthens. Since a large part of the impact of many kinds of government economic policy actions occurs several quarters after such actions, further improvements in econometric modeling are desirable.

An econometric model is a set of equations comprised of behavioral relationships plus “identities,” or definitional relationships. The behavioral relationships are specified (as far as possible) on the basis of economic theory and are estimated by fitting regressions to actual data. A basic assumption is that the relationships are “stochastic.” That is, even if all of the important causal determinants are included as explanatory variables in an equation and the form of the equation is properly specified, there remains a random or unexplained error term (often called “disturbance”) which represents the net effect of the myriad other forces that are acting on the dependent variable.

European Monetary System.” (New York: Campaigner Publications.)

As opposed to the economic models just reviewed, LaRouche's analysis does not attempt to aggregate a whole economy from its component parts expressed as variables and their interrelations, but proceeds from the economy as a whole as the primary datum. In analogy to a living organism the economy is viewed as a reproductive system by which a given population produces and reproduces the material conditions of its existence, and in which the principal quality to be measured is the *negentropic* contents (enhanced reproductive capacity) inherent (or lacking from) societal transformations represented by successive epochs of the production-consumption cycle.

The reproductive categories employed by LaRouche (and displayed in their interrelations in Figure 2), as based on the division of households into productive (income derived from labor employed for the production of tangible wealth) and nonproductive, are as follows:

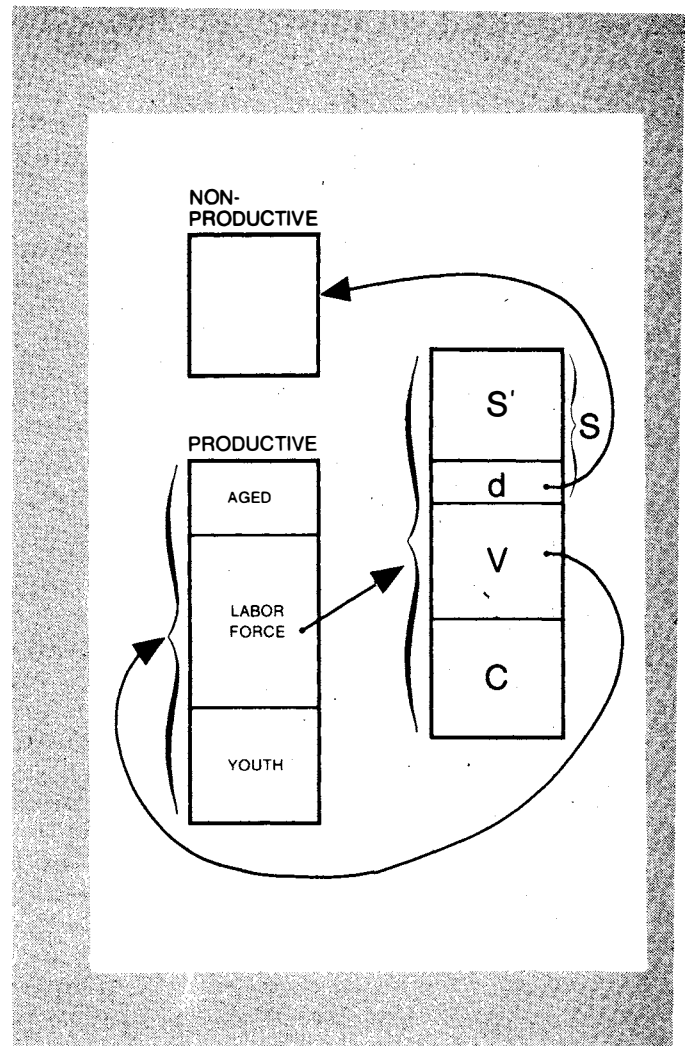
- (1) v = *variable capital* = portion of the total product (output) produced through a given production-consumption cycle representing the cost of reproducing the productive labor force at the same cultural-material level;
- (2) c = *constant capital* = portion of total product representing the cost of replacement of plant, equipment, and raw materials at current level and quality of production;
- (3) s = *surplus product* = portion of total product exceeding the quantity $c+v$
- (4) d = *nonproductive consumption* = portion of total product representing the cost of reproduction of non-productive labor in the private and public sectors at current level;
- (5) $s' = s - d$ = *absolute surplus* = portion of total product available for reinvestment for expansion of v , c , and d .

In the discussion of the data base of our model we will later explicitly relate these categories to categories familiar from Department of Commerce and similar government statistics.

For the time being we note that on the basis of the variables v , c , s , d , and s' , (aside from the time variable t , the only variables to be employed in our base model) certain ratios can be defined which represent important performance characteristics of the economy:

1. $s'/(c+v)$, the rate of surplus production, is a "free energy" ratio, and represents the economy's capacity for expansion;
2. s/v , the rate of surplus at current reproductive costs of labor, is closely related to productivity as defined in government statistics and will be referred to as productivity in the following;
3. v/c is a measure of the capital or labor intensity of the economy, etc.

For our present discussion, the behavior over time of the ratio $s'/(c+v)$ is the most significant quantitative indicator. Rising values of this ratio represent the desired negentropic quality of the economy as a whole caused by investment in advancing technological capacity and necessary concomitant investments in improved specific skill and overall cultural levels of the labor force.



The Model¹

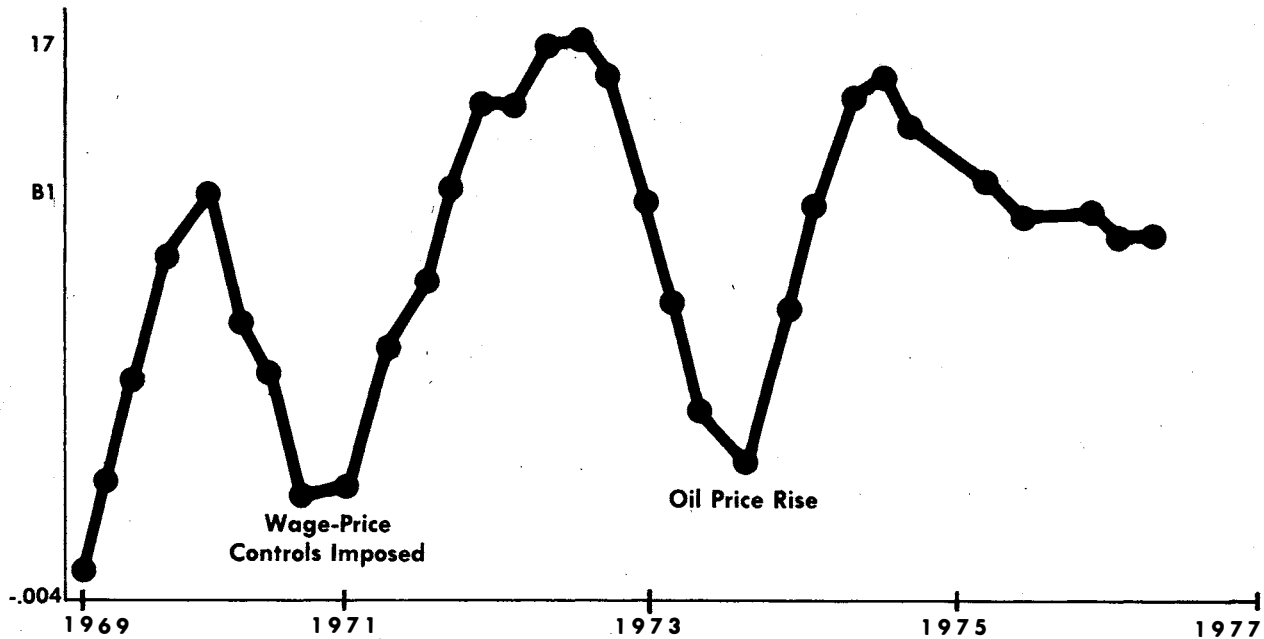
The *base model* of an arbitrary economy to be described at this point—a more sophisticated version will be introduced below—consists of a set of three ordinary differential equations governing the time rate of change of the just introduced variables v , c , s' , and d . The equations relate these variables to three ratios of values of the variables assumed constant for the length of the reproductive cycle under consideration.

In essence, these values are politically determined, and reflect the results of public and private sector policy choices operative in the economy. The required ratios are:

- α = the fraction of absolute surplus s' reinvested in v ;
- $\gamma = d/v$ = the ratio of non-productively invested surplus to v in the current cycle;
- $\delta = (s'+d)/v$ = the ratio of surplus production to v (productivity) in the current cycle.

With these variables we can write down the following equations for v , c , and $s = (s'+d)$:

What the 1973 oil price rise did to the U.S. economy



The overall effects caused by the rise in the price of oil after 1973 can be seen in the dramatic changes in the ratio $S'/(C+V)$. As S' or social surplus, which can be reinvested into plant and equipment (C) or the maintenance of the productive population (V) dropped, so did living standards, while the actual productive capacities of U.S. plant and equipment plummeted.

- (1) $dv/dt = \alpha s'$
- (2) $dc/dt = (1-\alpha)s'$
- (3) $d(s'+d)/dt = d(\delta v)/dt = v(d\delta/dt) + \alpha\delta s'$

The first two equations simply express the fact that v and c change only as a result of the reinvestment of some surplus or profit (either positive or negative) in these categories. The third equation defines changes in surplus production as the sum of changes in productivity (s/v) and in the absolute size of v . It is this third equation, in particular, which expresses the essential causal relation in the model: surplus is created by the productive employment of labor; its size is proportional to v , with *productivity the crucial constant of proportionality*.

It is clear that, in most situations, using only these three equations would be a gross oversimplification of any economy. It is straightforward to write down the more complex sets of equations which are required for a multisector economy, each of whose internal dynamics is governed by similar equations, but with different ratios. Below, we will show a simple example of such a system of coupled economic sectors.

An important capability that such a scheme of coupled sectors provides is the analysis of the interaction between the underdeveloped and developed sectors of the world economy. Without a doubt, the most striking feature of the world economy is its division into two sectors with grossly differing values for the ratios α and δ . The dynamics of the world economy depend on the interaction between these two subsystems.

Second, this multisector approach provides a natural scheme for examining the impact of the world economy on a subsumed (smaller) sector of that economy. Since the impact on a subsector of any pattern of world economic development will depend greatly on the level of industrialization, living standard, and productivity of that subsector, it is essential to have a way of measuring the effects of the world economy on any given subsector. The model provides a powerful way of studying the effect of different scenarios of world economic evolution on a single industry or state.

1. We employ the term "model" only with great reluctance. It indicates a very tenuous relationship between analysis and reality, the kind econometricians regard as necessary, but we find quite unacceptable. We claim for our "model" the same status normally claimed for physical theories.

Figure 4

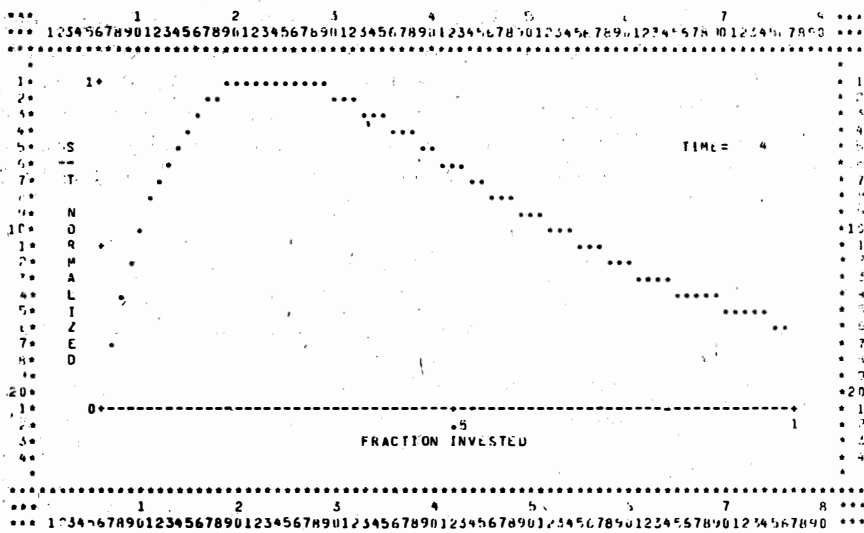


Figure 5

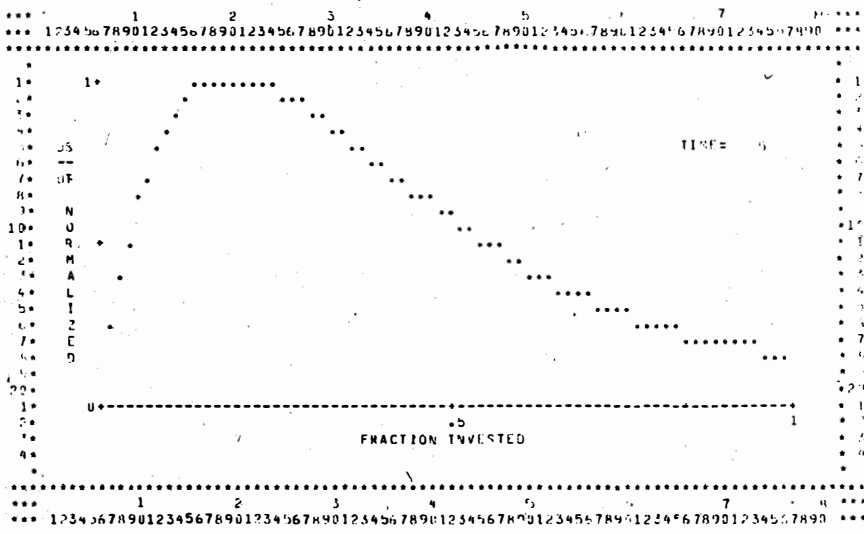
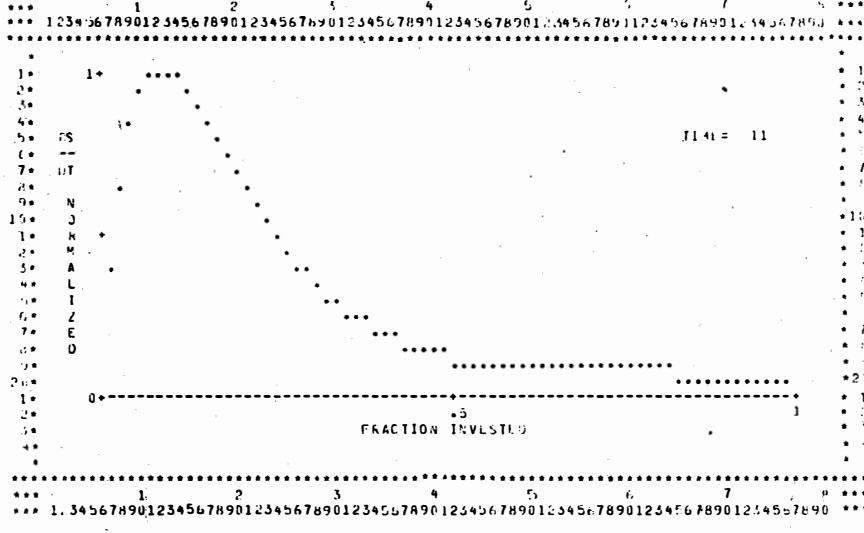


Figure 6



Semiquantitative results from the model

These three graphs were produced by test runs with a computer code for the Riemannian economic model. They examine the dependence of the growth rate of the underdeveloped sector as a function of the fraction of the advanced sector's surplus (profit) which is invested in the underdeveloped sector. This dependence is shown for three periods as the underdeveloped sector grows. Most striking is the fact that there is an optimum fraction for most rapid growth in the underdeveloped sector—it is possible to invest too little and too much in the underdeveloped sector. The second possibility arises because the growth rate in the underdeveloped sector depends heavily on the growth rate in the developed sector (since a fraction of the underdeveloped sector's reinvestment comes from the advanced sector); hence, a fall in the developed sector's growth rate ultimately affects the underdeveloped as well. Also note that this optimum falls over time—that is, a successful development policy is possible.

In Figures 4, 5, and 6, the values of the abscissa (fraction invested) represent the percentage of advanced sector surplus invested, from 0 to 100 percent, in the developing sector over time (4, 5, and 11 production cycles in our examples), and the values of the ordinate (from 0 to 100 percent) represent the growth rate produced in the developing sector.

Important analytical solutions

Although these equations are clearly intractable in their general form with any methods besides numerical ones, there are certain special cases in which they can be solved analytically. These analytical solutions reveal some important characteristics of the model equations and give significant insights into the underlying dynamic and structure of the numerically derived solutions.

Single sector solution

In many cases, two important simplifications can be made to equation (3), reducing it to the form:

$$(3') \quad ds'/dt = \alpha(\delta - \gamma)s'$$

This equation will be a suitable replacement for (3) whenever the rate of change of δ and γ are much less than the rate of change of v .

From this simplified form of the equations, several interesting conclusions can be derived. Most important is the dependence of s' on the various ratios. It is easy to integrate (3') for a general time dependence of α , γ , and δ , with the result:

$$s' = s'_0 \exp\left[\int_0^t \alpha(\delta - \gamma) dt'\right].$$

The growth of s' is found to be highly dependent on the composition of reinvested surplus, α —it is possible to some extent to trade off γ and δ , letting one decrease if the other does so, and still maintain the rate of growth. However, the influence of α is essentially different. Any small change in the composition of reinvested capital greatly affects the rate of change of surplus. This is an important qualitative result, since it demonstrates in both a positive and negative sense the importance of the cost of replacement of c . A small cheapening (for example, a new mining technology) will greatly increase the growth of profit. The introduction of any method of cheapening c is disproportionately advantageous for this reason. By the same token, a small increase in the cost of c can dramatically decrease the rate of growth. This was the case, for example, with the rapid increase in the price of oil over the last five years.

We have just completed a case study of this situation and found that our qualitative prediction based on the analysis of the just exhibited analytical solution to the model equations is fully borne out by the quantitative results (see Figure 3). A more general point is this: the now quite common scare stories about “running out of everything”—oil, precious metals, timber, etc.—even if they were true, are relevant to economic growth only indirectly. What matters is not the absolute availability of raw materials, but their availability *at a given price*. Thus it will not do to make provisions for the replacement of certain energy sources, for example, only when we are already at the borderline of marginal exploitation of the source. New sources must be

brought on line early enough so as to be phased in well before depletion costs of current sources rise to a point where the entire economy suffers and is reduced in its capability of developing new energy technologies at the required rate. From these considerations the fallacy of applauding higher energy prices (whatever the cause for such price increases) because they make the development of new sources profitable ought to be obvious.

Two-sector solution

Under the assumption of constant (historical) values for the ratios, an interesting solution to the case of a two sector world economic model can be obtained. A realistic first approximation to the relation between the advanced and underdeveloped sectors, (sector 1 and 2 respectively), is the investment of a fraction, ϵ , of surplus from the advanced sector into the underdeveloped sector. Under these assumptions, the coupling between the two sectors is only through the fraction ϵ and the equations take the form:

$$ds'_1/dt = \alpha_1(\delta_1 - \gamma_1)s'_1(1 - \epsilon),$$

$$dv_1/dt = \alpha_1 s'_1(1 - \epsilon),$$

$$dc_1/dt = (1 - \alpha_1)s'_1(1 - \epsilon)$$

$$ds'_2/dt = \alpha_2(\delta_2 - \gamma_2)(s'_2 + \epsilon s'_1),$$

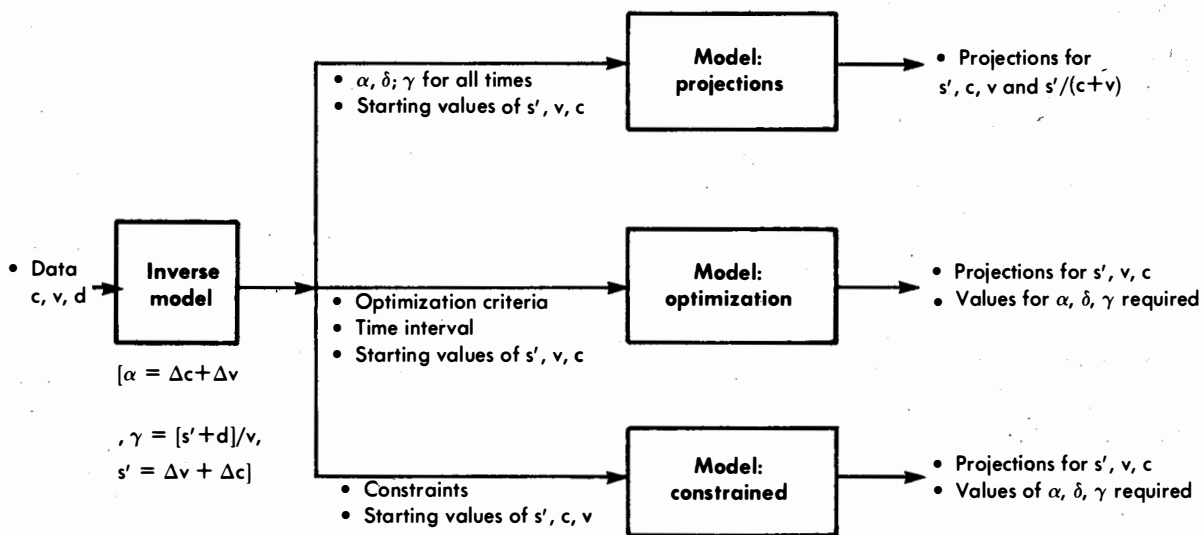
$$dv_2/dt = \alpha_2(s'_2 + \epsilon s'_1)$$

$$dc_2/dt = (1 - \alpha_2)(s'_2 + \epsilon s'_1)$$

It is straightforward to derive from this an algebraic expression for the growth rate of the underdeveloped sector as a function of ϵ . In Figure 4 this growth rate (normalized) is plotted as a function of the fraction of surplus invested from the advanced sector. There are two remarkable things shown by this very idealized model; first, the growth rate has a maximum. That is, there is an optimum fraction of surplus to be invested—it is possible to invest too much in the underdeveloped sector. The consequent decrease in the underdeveloped sector's growth rate comes from the fact that a depletion of the advanced sector's capability to grow will adversely affect the growth of the underdeveloped sector as well. However, it is striking that there is an optimum for this fraction.

Secondly, as Figures 5 and 6 show, this optimum decreases with time. That is, as the underdeveloped sector grows, the amount of advanced sector surplus reinvested for maximum growth decreases, as it should in any successful development effort.

Figure 7
The Riemannian economic model



General utility of the base model

We have so far examined the use of our base model in two specialized areas of application: in what might be called "impact" studies evaluating the effect of significant short-term fluctuations of one variable while others are held relatively constant, and in two-sector studies focusing on the optimal allocation of surplus product. The general range of the model, however, is much broader and is indicated in the first flow chart (Figure 7). (The second chart [Figure 8] merely provides further details on model use and construction.)

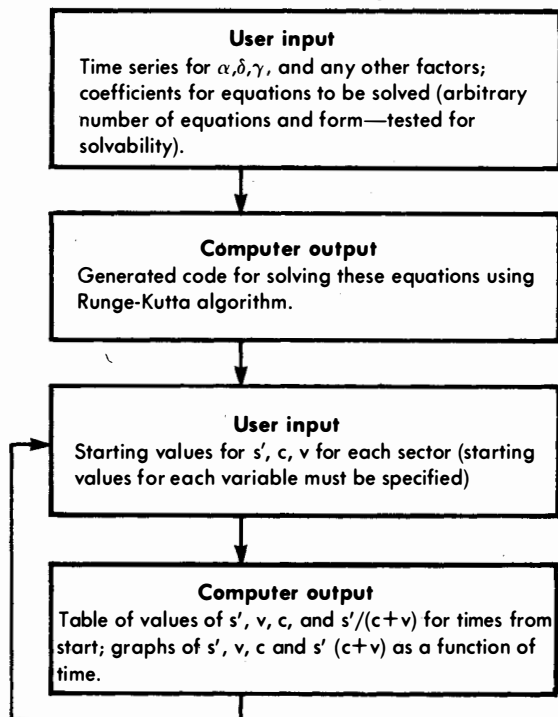
The principal intended forecasting use of the model (presently limited to the U.S. economy, but soon to be extended to other advanced sector economies pending preparation of data base) proceeds along the following path (cf. Figure 7): we start by inputting a time series of values for $v, c,$ and d and on that basis derive a set of historical values for the ratios of α, γ, δ and for s' . We can then reset these values at different levels reflecting arrays of possible private and public sector policy decisions affecting the ratios, and compute the outcomes for economic growth. As indicated above, α

reflects a variety of investment decisions with respect to $v, c,$ and d , but is being watched primarily for the impact of raw materials pricing; President Carter's recent oil price decontrol decision is a case in point; results of an impact study now in progress will be published in this magazine shortly.

Ratio γ principally reflects the impact of government spending in such areas as transfer payments and defense spending. Ratio δ is generally, but not usually immediately, affected by investments in new technologies, government investment credit decisions for such purposes, etc. In the short term the ratio reflects capacity utilization and other familiar factors impacting productivity. Input of different sequences of values for our ratios now yields different output sequences for $v, c, s',$ and $s'/(c+v)$.

We will normally publish not just the one sequence we judge the most likely, but several competing ones, in order to make transparent the impact of economic policy decisions, and in order, if you will, to tell people who to blame for outcomes deemed undesirable. Our principal published indicator will be a value for "real GNP" equal to the predicted value of the sum $v+c+s$.

Figure 8
Detail of Model: projections



The difference between Department of Commerce GNP and "real GNP," signifying the difference between total unevaluated economic growth and productively realizable growth, will for the first time allow the drawing of accurate conclusions about the expected rate of inflation for constant employment figures.

As shown in the flow chart in Figure 7, our model is intended, and will also be used, for economic planning purposes. Indeed, it is the principal merit of a causal model that switching from predictive to planning uses requires no changes in the model base. Optimization uses will allow for determining optimal growth rates on the basis of specified initial values, while "constrained" model use allows, for example, the presetting of a certain growth rate and the evaluation of input requirements for the principal model variables.

The data base

In first approximation the preparation of the data base for our model poses relatively few difficulties; it involves a straightforward, essentially "algebraic," transformation of the U.S. Department of Commerce *Survey of Current Business* statistical categories into v , c , and d as follows (page references are to the "current business statistics" section of the *Survey*):

Variable capital v : defined to be the portion of sales used for replacement of manufacturing and industry labor force (nondefense).

$$v = (\text{food, housing} + \text{energy}) \cdot \text{ratio of goods producing workers to total workers} \cdot \text{ratio of average manufacturing wages to average of all wages} = \text{TLFC} \cdot \text{ratio 1} \cdot \text{ratio 2} \quad (\text{TFLC} = \text{total labor force consumption})$$

$$= \text{TLFC} \cdot \text{ratio 1} \cdot \text{ratio 2}$$

where food, housing = HGA + CS + AE - NPAE + PRC + PHR, where HGA = home goods and apparel (S-6); CS = consumer staples (S-6); AE = automotive equipment (S-6); NPAE = nonpassenger car automotive equipment (= TB · AE / PC, where TB = trucks and buses factory sales [S-40], PC = passenger cars, factory sales [S-40]); PRC = private residential construction (S-6); PHR = public housing and redevelopment (S-6).

where energy = EPSR · REC / TEC + GSRC, where EPSR = electric power sales revenue (S-26); REC = residential electrical consumption (mnkwhrs); TEC = total electrical consumption (mnkwhrs); GSRC = gas sales to residential customers (S-26).

where ratio 1 = GPW / TENA, where GPW = goods producing workers (1000s) (S-14); TENA = total employees, nonagricultural (1000s) (S-14)

where ratio 2 = AWEM / AWEP, where AWEM = average weekly earnings, manufacturing employees (S-16); AWEP = average weekly earnings, all private employees (S-16).

This gives the final formula:

$$v = (\text{HGA} + \text{CS} + \text{AE} \cdot (1 - \text{TB} / \text{PC}) + \text{PRC} + \text{PHR} + \text{EPSR} \cdot \text{REC} / \text{TEC} + \text{GSRC}) \cdot \text{GPW} \cdot \text{AWEM} / (\text{TENA} \cdot \text{AWEP}).$$

Constant capital c : defined to be the portion of sales used for replacement of plant, equipment, and raw materials at current level and quality of production. (All quantities in millions of dollars unless otherwise noted).

$$c = \text{capital expenditures—transportation} + \text{energy}$$

where capital expenditures = MAS + CMAS + EDP - DCG - PAE + PNRCI + PCI, where MAS = materials and supplies (S-6); CMAS construction materials and supplies (S-6); EDP = equipment and defense production excluding auto (S-6); DCG = defense capital goods; PAE = pollution abatement expenditures (S-6); PNRCI = private non-residential construction (S-10); PCI = public construction, industrial (S-10).

where transportation = TTE - AE, where TTE = total transportation equipment (S-6); AE = automotive equipment (S-6).

where energy = GSI + EPSR · FEI, where GSI = gas sales to industrial customers (S-26); EPSR = electric power sales revenue (S-26); FEI = fraction of electrical power to industry = EI / TEC (EI = estimated industrial energy consumption = [GSIC/(GSCC+GSIC)] · ECI, where GSIC = gas sales to industrial customers [s-26]; GSCC = gas sales to commercial customers [S-26]; ECI = electrical consumption by commercial and industrial customers [S-26] [mnkwhrs]); TEC = total electrical consumption (mnkwhrs).

This results in the following formula:

$$c = MAS + CMAS + EDP - DCG - PAE + PNRCI + PCI - TTE + AE + GSI + (EPSR \cdot GSIC \cdot ECI) / (TEC \cdot (GSCC + GSIC))$$

Nonproductive expenditures d: defined to be the portion of sales not used for replacement of manufacturing and industry labor force (nondefense) or for replacement of plant, equipment, and raw materials at current level and quality of production.

d = consumer goods, energy, transportation, and construction not used productively

where consumer goods = TLFC - v (see variable capital for description).

where energy = EPSR + GSR - GSI - EPSR · FEI - EPSR · REC / TEC - GSRC, where EPSR = electric power sales revenue (S-26); GSR = gas sales revenue; GSI = gas sales to industry (S-26); FEI = fraction of electrical output to industry (from c); REC = residential electrical consumption (mnkwhrs); TEC = total electrical consumption (mnkwhrs); GSRC = gas sales to residential customers (S-26).

where transportation and capital goods = DCG + PAE + NPAE + NATE, where DCG = defense capital goods (S-6); PAE = pollution abatement equipment (S-6); NPAE = nonpassenger automotive equipment (from v); NATE = nonauto transport equipment (S-6).

where construction = TNC - PRC - PNRCI - PHR - PCI, where TNC = total new construction (S-10); PNRCI = private nonresidential industrial construction (S-10); PHR = public housing and redevelopment (S-10); PCI = public construction, industrial (S-10).

This gives the final formula:

$$d = TLFC - v + EPSR + GSR - GSI - EPSR \cdot (FEI + REC / TEC) - GSRC + DCG + PAE + NPAE + NATE + TNC - PRC - PNRCI - PHR - PCI.$$

This account also provides the reader familiar with Department of Commerce statistical categories with an explicit definition (at least in first-order approximation) of the categories v, c, and d and by implication of the productive/nonproductive distinction.

For forecasting purposes our data base so defined is more or less sufficient since we are not principally interested in the absolute values of our variables. In the case of planning uses of the model, this no longer holds true. If one wants to plan the economy of an underdeveloped sector country, for example, one must have reference to absolute values providing reliable information on the infrastructure, capital base, standard of living, productivity of labor, etc. in the economy. This necessitates much more far-reaching data transformations and *corrections* than indicated above. We are now in the process of developing such a data base for the economy of India; results will be published shortly in preparation for an international conference on the economic development of the Indian subcontinent.

Elaboration of the model

As successful and informative as the model in the above formulation remains, there is a fundamental feature of economic development which has remained an exogenous factor, namely, the interrelation between technological change, productivity, and growth of the economy. In the base model above, this relation must be supplied from the "outside" in the form of an empirically determined relation among the ratios α , δ , and γ .

To formulate a resolution of this insufficiency, some deeper introduction to the methodology of Riemannian mathematics is required. As noted above, the questions of the impact of technological change are geometric ones, not ones of a parameterization. That is, technological change introduces fundamental singularities into the actual economic process and precipitates, at these singularities, qualitative changes in the laws governing that economic development.

It is essential to realize that this jump-like behavior cannot be avoided—any model which assumes, explicitly or otherwise, that economic variables must be continuous, will not only fail to reproduce long-term economic behavior, but, more importantly, carries with it a set of axiomatic assumptions of the impossibility of technological change or realized scientific development. The historical fact is that such changes have taken place in a discontinuous manner, and, as we have seen, the assumption of continuity is equivalent to the assumption of a fixed mode of economic reproduction. Only by taking account of these discontinuous, qualitative changes can we deal with the central facts of human economic reproduction—namely, technological progress and increasing productivity through increasing cultural levels.

We have called the general approach of the model “Riemannian” because it uses the same mathematical tools that have been uniquely successful in Riemann’s treatment of similar singular and nonlinear problems in physics. The crux of Riemann’s method is his identification of the singularities in a process as the source of dynamics and internally determined geometry. Several points must be noted for further discussion²:

1. The set of variables required to specify the “state” of the economic system being modeled forms what Riemann called a “manifold.” This manifold is a multidimensional space whose properties are determined by the form of the differential equations which describe the economic system. That is, the space is not specifiable beforehand—its metric, “flows,” and the like are a product of the *imposition* of the time differential equations describing the evolution of the modeled economy.

2. The equations specify a set of trajectories through the manifold. The solution to the equations defines, in effect, the geodesics for the manifold and hence the actual trajectory used by the system.

3. However, as Riemann was at pains to point out, the interesting information for any manifold of this sort is given by the singularities which it contains. As is the case in complex physical systems,³ these geodesics end or begin at singularities. At some point along the trajectory describing (instantaneously) a successful economy, some derivative will become infinite, or some ratio will have a zero denominator. This singular point represents the onset of a new mode of “interaction”—the necessity for a qualitative change in the economy, (the development of a new technology, an energy crisis, or the like).

4. The system of equations at this singular point cannot (usually) be made smooth again with any small change in parameters or any “adiabatic” change in the equations. The trajectories locally all share this singular point. A discontinuous change in the parameters or a qualitative change in the equations is necessary for the

Figure 9
Aggregated economic data for the U.S. economy

Year	c	v	d	s'	α	δ	γ
1969	3.640	.810	3.470	.020	.499	4.259	4.2839
1970	3.630	.800	3.900	.639	.046	5.675	4.8750
1971	4.240	.830	4.270	.170	.705	5.349	5.1445
1972	4.290	.950	4.800	.800	.162	5.894	5.0526
1973	4.960	1.080	4.980	1.100	.036	5.629	4.6111
1974	6.020	1.120	5.370	.349	-.228	5.107	4.7946
1975	6.450	1.040	5.940	1.190	.277	6.855	5.7115
1976	7.310	1.370	6.960	1.010	.059	5.817	5.0802

continued description of the system.

The parallel to Riemann’s treatment of the formation of shockwaves (discontinuous fronts of pressure in a gas) out of normal acoustic waves is instructive.

In his 1859 paper, Riemann described a physical process in which the propagation of a wave changed the medium in which the wave propagated, in such a way that the higher amplitude parts of the wave traveled faster than the low amplitude parts. By virtue of this process, the peaks of the waves catch up with the trough in a finite amount of time, and the wave “breaks” mathematically, leading to singular derivatives for the amplitude as a function of position. Riemann’s contribution was the recognition that this singular point was not a mathematical fiction—as most mathematicians had assumed based on the assumption that the physical variables had to be continuous!—but rather, represented a qualitatively new feature in the system, a shock wave.⁴

Economic systems exhibit shock wave-like singularities at precisely the points of most rapid technological change, or the points where such change is necessary. We can replicate this behavior mathematically by an argument very similar to Riemann’s. The simple form of the economic model described above permits propagation of an economy in one “direction” only, namely, the time direction. However, it is clear that economic evolution occurs in two almost independent directions—in time and in “technological development.” Both of these “coordinates” are axes through

which an economy can change, and, to a first approximation, economic evolution can occur in either "direction" almost independently. That is, an economy can exist by continuing in the same mode, at least for a length of time, without changing technology, and, in addition, a set of very rapid technological changes can occur in the space of only a few years, which could only be replicated within a given level of technology by many years of simple progress in the time "direction" alone.

Given this understanding of the geometric nature of technological development, we write, by analogy with a hydrodynamic treatment of the previously simple propagation time given by d/dt , the propagator:

$$\partial/\partial t + u \cdot \partial/\partial x.$$

That is, we allow differential (now partial differential) changes in two directions.

To give this, so-called "convective derivative" meaning, we must specify the significance of x and u . The quantity x is relatively straightforward—it is clearly the level of scientific development of the economic system or sector under consideration. This is the "other direction" in which economic evolution can occur. Now, u must be the velocity or rate at which these scientific developments are translated into actual economic reproduction. Again, it is essential that these two facets of the propagation of an economy be distinguished; x is the distance covered by the economy in "scientific development" but this can only occur as the result of realization of such development in productive technology.

We now propose to recast our model equations (shown for a single sector) in the form:

$$[\partial/\partial t + u_1(\partial/\partial x_1)]s' = \alpha(\delta - \gamma)s' + (\delta - \gamma)v$$

$$[\partial/\partial t + u_2(\partial/\partial x_2)]v = \alpha s'$$

$$[\partial/\partial t + u_3(\partial/\partial x_3)]c = (1 - \alpha)c$$

where the u_i may or may not be the same. These equations have the striking property of supporting shock wave solutions! It is easily seen by looking at the

first equation in the approximation that v is changing more rapidly than $(\delta - \gamma)$, in which case the first equation becomes:

$$[\partial/\partial t + u(\partial/\partial x')]s' = \alpha(\delta - \gamma)s'$$

Now, notice the obvious historical fact that as s' increases, so does u . That is to say, the larger the rate of surplus production, the larger the rate at which new scientific developments are assimilated. That means, mathematically, as Riemann showed for the very similar equations governing shock waves, that the troughs of the wave are overrun by the crests and a shock wave singularity develops in a finite time. In our equation, this singularity is reflecting the breakdown of the form of the equations themselves, just as it did in the case of shock waves. The formation of the shock wave represented the coalescence of the energy of the system in a new form, a coalescence which qualitatively changed the laws governing the future evolution of the medium of propagation.

In our Riemannian economic analysis, this velocity u is a close representation of the negentropic tendency of an economic system. Its realized tendency for technological change is quantified in u —not with the result that there is rapid expansion of the economy (this would be the result in a continuous system), but rather that it is a measure of the rapidity of onset of the shock wave-like singularity. Negentropy is not merely the tendency for internal elaboration and development, but much more essentially, the feature of the system which "forces" it to outgrow the present, fixed form of development.

2. See F. Klein, Riemann's *Theory of Algebraic Functions*; U. Parpart, "The Concept of the Transfinite," *Campaigner*, Vol. IX, No. 1-2, Jan.-Feb. 1976.

3. S. Bardwell, "Solving the Three-Body Problem," *Fusion*, Vol. I, No. 8, June 1978.

4. For a detailed discussion of Riemann's treatment of shock waves see U. Parpart, "Riemann Declassified—His Method and Program for The Natural Sciences," *Fusion*, Vol. 2, No. 6, March-April 1979.

Italians use new method against terror

In carrying out the recent—and ongoing—wave of terrorist arrests that have been reported from Italy since mid-April, the Italian magistracy has accomplished something the significance of which extends far beyond the incarceration of individual terrorists. The protests from select “intellectuals,” politicians, and European press outlets indicate that it is the *methodology* being utilized by the Italian magistracy in identifying the structure and operation of the terrorist phenomena that represents the unique significance of Italian antiterrorist operations of the last period.

This point was first made by the London *Daily Telegraph* shortly after the first wave of arrests occurred in Padua under the aegis of Judge Pietro Calogero. In reporting particularly on the arrest of Padua University's Political Science Professor Antonio Negri, the *Telegraph* correctly noted that the action pointed to a departure from regular police methods which had heretofore scrupulously ignored the links between the “theorists of revolution,” such as Negri, to concentrate exclusively on the individuals physically responsible for terrorist assaults. Leading Italian “intellectuals,” such as Socialist Party Central Committee member Norberto Bobbio, vehemently argued in public for Negri's right to function as the “theoretical vanguard” among those who furnish the belief structure utilized by terrorists such as the Red Brigades.

Not only did Bobbio praise the terrorist Negri as a “profound scholar” for his advocacy of an armed terrorist revolt against the Italian republic, but Bobbio stated flatly that “it is arduous, if not absurd, to establish a connection between thought and praxis.”

Until this recent period, the Italian police like their colleagues elsewhere maintained a religiously pluralist view of terrorism, as a series of unconnected gangs who were further unconnected to the “above ground” mass movement of “Autonomists” and other Maoist counter-gangs despite enormous evidence indicating the interchangeability of personnel between the underground terrorists such as the Red Brigades and the “legitimate” Maoist movements. Police investigative methods further disassociated the two wings of the terrorist movement from the theorists such as Negri who were otherwise acknowledged as the theoretical leadership of both sides of the movement.

In the flurry of antiterrorist activity following the murder of former Premier Aldo Moro, only the European Labor Party (ELP) proposed in a special and widely read “Moro brief” that police methods be inverted to consider political ideas and motivations as real phenomena and appropriate subjects of police investigation.

The key to the impact of the ELP dossier, titled “Who Killed Aldo Moro,” lay in its location of the subversive plot that culminated in the murder of Italy's most prominent statesman in a conspiracy centered outside Italy, outside the “left” per se, and indeed outside what is normally construed as “politics” in the Italian framework. In 110 closely documented pages, the “Moro brief” traces the British Crown's determination to prevent the emergence of a direct threat to the City of London's world financial hegemony in a Western European-initiated new world monetary system based on collaboration between sovereign republics in the capitalist, socialist and developing sector.

As the brief argued, the model of the Italian government—where conservative Catholic capitalists in the Christian Democratic Party worked directly with the trade union-based Italian Communist Party—not only provided a key example of such cooperation, but a powerful basis for guaranteeing Italian sovereignty against Britain. Moro was killed because he was the principal architect of that Catholic-Communist alliance.

Using a method and specific tactical initiatives prescribed by U.S. Labor Party chairman Lyndon H. LaRouche, Jr., the ELP's dossier demonstrated the links between the violence that has wracked Italy, such figures as Henry Kissinger, and U.S. Ambassador to Italy Richard Gardner, and the overwhelmingly British-influenced Italian press.

By eventually following this approach, the Italian police have already placed behind bars the second level controllers of Italian terrorism such as Negri, Vesce, and others cited below. More significantly, the application of a political methodology is leading the Italian magistracy and their collaborators in French and West German intelligence on the trail of the higher echelons of international terrorism which until now have been allowed to act with impunity.

—Vivian Zoakos

The British hand behind world terror

If the governments of France, Italy, and the Federal Republic of Germany continue to stalk the European terrorist command using the "political method" elaborated in the European Labor Party's dossier *Who Killed Aldo Moro*, the British Isles will soon be exposed and recognized as the nerve center of world terrorism. Evidence already in the hands of European authorities, significant portions of which have been released to the media, establishes an airtight case that all "terrorist roads" lead to the doorsteps of the late Bertrand Russell, his British heirs grouped around the Tavistock Institute, the International Institute of Strategic Studies, and the British Secret Intelligence Service.

Contrary to the vast majority of published accounts, Lord Russell (1872-1970) was emphatically not the leader of a worldwide peace movement. Throughout his career, Russell was the leading public spokesman for a faction of the British oligarchy that was committed to realizing a "geopolitical" one-world rule—through the suppression of all science and technology and the application of sophisticated mind-destroying techniques, including psychedelic and other drugs.

It is ironical that the only point in his life when Russell advocated the use of even existing advanced technologies was his collaboration with Sir Winston Churchill at the close of World War II in an attempt to manipulate the United States to launch a nuclear first strike against the Soviet Union. When that project failed, Russell immediately returned to his antitechnology "Dark Ages" effort, employing the linguistic ruse of equating "peace" with shutting down all nuclear energy and weapons programs.

During this 1950s period, Russell reactivated his Peace Pledge Union project of the World War II period (an organization based on resistance to fighting in the war against Hitler, an effort which once again placed him in the camp of Churchill and the pro-Nazi "Cliveden Set") as a counter to the "Atoms for Peace" initiatives of the Eisenhower Administration in the United States. This project evolved in 1962 into the Bertrand Russell Peace Foundation, which was the coordinating point and principal funding conduit for what became the "student movement," the "antiwar movement," the "draft resistance movement," and the more contemporary "antinuclear -environmentalist movement" worldwide.

Every branch of the New Left tree, including the Fourth International (Trotskyists), the Maoists, the anarchist-terrorists, the "Eurocommunists" and the left wing of the Second International (Socialist parties) grew out of the same Russellite soil.

Linguistics

In addition to the direct application of large amounts of drugs and the introduction of rock music (both direct throwbacks to the pagan cult rituals of the fifth millennium BC) the principal new mind-control "technology" introduced through the Russellite circle was linguistics/artificial intelligence and the computer application of that method.

Modern linguistics was developed during the 1920s through a project at Cambridge University and other locations, one that was directed by Lord Russell. Its stated objective was to disprove the existence of creative scientific mental activity and catalogue all human language (ie., all human thought) into fixed categories of formal-logical association. The holder of the key to the fixed, immediate linguistic structure of a given individual presumably has the capacity to "program" the individual to carry out any action desired by the controller—including terrorist actions.

With ongoing input from Russell and a circle of collaborators at Oxford-Cambridge, the Massachusetts Institute of Technology, the Frankfurt Institute for Social Research (the Frankfurt School) and elsewhere, this effort was centralized by the end of World War II in the London-based Tavistock Institute. Tavistock served, and still serves, as the central training ground and command point for a worldwide network of what Tavistock founder and Russell collaborator Dr. John Rawlings Rees referred to as "psychiatric shocktroops" deployed into mental "health" programs, university anthropology and sociology departments, and political institutions.

Negri's controllers

Three names have been recently cited by French and Italian security services investigating the summer 1978 kidnapping and assassination of Aldo Moro. They best serve to demonstrate the British hand behind University of Padua Professor Antonio Negri and the Red Brigades-Autonomi terrorists that he managed. These individuals, all confirmed to be the mentors and controllers of Negri and his circle, are Louis Althusser, Norberto Bobbio and Giangiacomo Feltrinelli.

Louis Althusser, a self-described Marxist philosopher and former mental patient, has been identified in *Corriere della Sera* as the individual who commissioned Antonio Negri to Paris and directed Negri's activities through the duration of the Moro kidnapping. An associate of Tavistock Institute fellows Michel Foucault and Michel Crozier (as well as OAS terrorist controller Jacques Soustelle) at the EPHE 6 (Practical School of

Higher Studies) in Paris, Althusser has made a long career out of applying linguistic-structuralist techniques to the recruitment of terrorists. It was Althusser, along with Jacques Lacan, who conducted a linguistics project at the Psychiatric Laboratory near the Sorbonne that served as the command center for the 1968 Paris events that destroyed the government of General Charles de Gaulle. Prior to that, Althusser had been the principal responsible individual in the creation of the French Maoist movement and the Italian Manifesto group, a support and feeder organization to the Red Brigades.

Norberto Bobbio, a central committee member of the Second International's Italian Socialist Party, has been identified by such diverse sources as former U.S. Attorney General Ramsey Clark, Amnesty International, and the U.S.-based Russellite *Telos* magazine as the "individual most on top of the Negri situation."

A self-identified linguistics expert, applying those techniques to "democratic socialist institutions," Bobbio was the on-the-scene overseer of every step in the development of an Italian terrorist sewer since the 1930s when he led the Turin cell of the British-created anarchist-terrorist "Justice and Liberty" group, later to merge with the Action Party. From this early period, Bobbio worked in the service of the Einaudi family, as well as the Agnelli family. Bobbio presently sits on the board of both the Agnelli and Einaudi Foundations and joins members of both of those families of the Italian Black Nobility on the London International Institute of International Affairs—a Tavistock-affiliated branch of British intelligence. A former "resident philosopher" at the Johns Hopkins University-linked Cattaneo Institute in Bologna and the University of Trento (a known recruiting ground and safehouse for the Red Brigades), Bobbio runs a Socialist Party journal called *Mondo Operaio* which houses the leading known "academic" controllers of the Italian terrorists—including Trento Sociology Professor Alberoni and Dark Age advocate Roberto Vacca.

Giangiancomo Feltrinelli died in 1972 when a bomb that he and a fellow Red Brigades terrorist were constructing detonated in his hands. Prior to that untimely exposé as a terrorist, Feltrinelli had enjoyed the sort of reputation shared by Althusser and Bobbio up until recent weeks—that of an "intellectual" unaccountable for the applications of his theories. A close personal associate of Bertrand Russell and the head of the Russell Peace Union in Italy, Feltrinelli had been expelled from the Communist Party of Italy in the 1950s for smuggling out and publishing the first Western translations of *Dr. Zhivago*. Through that effort, Feltrinelli maintained close associations with East bloc dissident circles up until his sudden death.

The independently wealthy offspring of an Italian family, Feltrinelli set up a radical publishing house which, to this day, serves as the principal distributor of radical linguistic works (including those of Althusser

Terrorism and the coming Dark Ages

The networks targeted in the antiterror effort are explicitly Italy's "Dark Age" faction, which has dominated state university instruction for a decade. Among the other protégées of Toni Negri's mentor Norberto Bobbio are "engaged science fiction writer" Roberto Vacca, linguist Umberto Eco, and sociologist Francesco Alberoni. All three have penned scenarios for the breakdown of today's massive communication and industrial systems to lead into a New Dark Age, provoking the reduction of the world's population by 1 to 2 billion. The focus is how to control the people who remain.

Vacca's 1971 book *Medioevo prossimo futuro* (translated in 1973 as *The Coming Dark Age*) favored a New York City power blackout to start the spiral of chaos, bubonic plague, and finally the inrush of "barbarian hordes." In 1973 Eco and Alberoni contributed to a followup book, *Documents on the New Dark Age*. Alberoni implemented his ideas by creating the original Red Brigades nucleus at Trento University in 1968. Eco became the guru of the Autonomi using his "semiotics" classes as brainwashing sessions for environmentalist terrorism.

Now, the tide is turning.

and Bobbio) and proterrorist tracts in Italy. Through his work with the Russell Peace Foundation, Feltrinelli became the Mediterranean contact point between West German terrorists Ulrike Meinhof and Andreas Baader and the British-Israeli intelligence-run radical Palestinian terrorist circles. It was through Feltrinelli and Russell Peace Foundation associate and French Socialist Régis Debray that the Baader-Meinhof Red Army was connected into the terrorist networks of the Mediterranean area.

Will the "London Bridge" fall?

Should any one of the three above-cited individuals be conclusively shown to be in control of the Italian terrorist networks, sufficient prima facie evidence would exist to investigate and indict the heirs of Russell and the directors of the Tavistock Institute before an international tribunal. The intersection of British agents Althusser, Bobbio, and Feltrinelli in the case against Tony Negri constitutes an overwhelming evidentiary mandate for immediate action.

—Jeffrey Steinberg

'A different terrorism'

In the Italian Communist Party daily L'Unita of April 10, Michele Sartori investigated the relation between the Autonomi and the Red Brigades in an article entitled "Padua: A Different Terrorism to Conceal the Heart of the Red Brigades?" which is excerpted below.

... The arrest of the Paduan professor (Toni Negri—ed.) seems to confirm at least that the magistrates, in particular the public prosecutor Pietro Calogero, must have accumulated sufficient evidence to prove what up to a few months ago was just an "impression" of theirs: that the Red Brigades and the Autonomi were two sides of the same coin, linked to a single political brain center. And that particularly in the Veneto (the province surrounding Venice—ed.) there was a common center of leadership.

... Is it possible that there is truly a single thread, beginning in Padua, that unites organizationally, or at least utilizes in a coordinated way, the clandestine armed struggle with the armed autonomous territorial movement? To outline an answer to this question, ... we must consider various elements.

In 1978, in Italy, there were 2,365 terrorist assaults and incidents, with 37 dead and 412 wounded in attacks, with an increasing tendency away from the bloodless, demonstrative act toward "execution"-like phenomena. In the Veneto ... in 1978, terrorist episodes amounted to over 500, a little less than one quarter of the national total ... but with only one victim dead ... and four wounded in the legs.

There is in the Veneto, therefore, a different type of subversion, tending to the construction of an "armed movement" rather than an "armed party," experimenting with diffused terrorism, sabotage and mass lawlessness, destabilizing the basis of the state. And Padua, in particular, is a privileged zone for experimentation in this tendency. Therefore, facts and figures seem to indicate a difference ... between the Red Brigades and the Autonomi. But other facts, other public admissions indicate instead that ... behind the apparent split, there is a precise complementarity; at least, the Autonomi is perfectly aware that "difference" is not inequality, that the subversive plan exists in common and must be brought forward by agreement in common.

Homogeneity

This tendency appeared in the Paduan Autonomi before it became widespread in the rest of the Autonomi. See the recent writing of one of the arrested national

leaders, Oreste Scalzone. ... After the kidnapping of (Aldo) Moro, he criticized the Red Brigades from a technical point of view, but he wrote (in April of 1978 in *Rosso*, a review edited by the arrested Emilio Vesce and inspired and proofread by Prof. Negri): "If the unpredictable insanity of the Red Brigades has raised the political level of struggle, good, we will demonstrate that we know how to take this new territory." Fine. Padua was the only Italian city in which during the entire period of the Moro kidnapping and immediately after his assassination, the terrorist attacks stayed on the same level as during the two preceding months, while in the whole rest of the country, in the same period, terrorist activity fell radically.

"Complementary" tendencies

Also recently, the Autonomi wrote in its own review of the same name, that the essential element is "in the choice of field of the armed struggle." Certainly, there is still being put forward the line of "mass illegality," but while before this tendency was presented as an "alternative" to the elitist theory of the Red Brigades, now the two are theoretically "complementary." *Autonomi* writes: "To us it is no longer acceptable for a correct equilibrium of positions between the two principal components of the revolutionary movement to be broken; that is, between the clandestine communists and the communists of the workers' Autonomi.

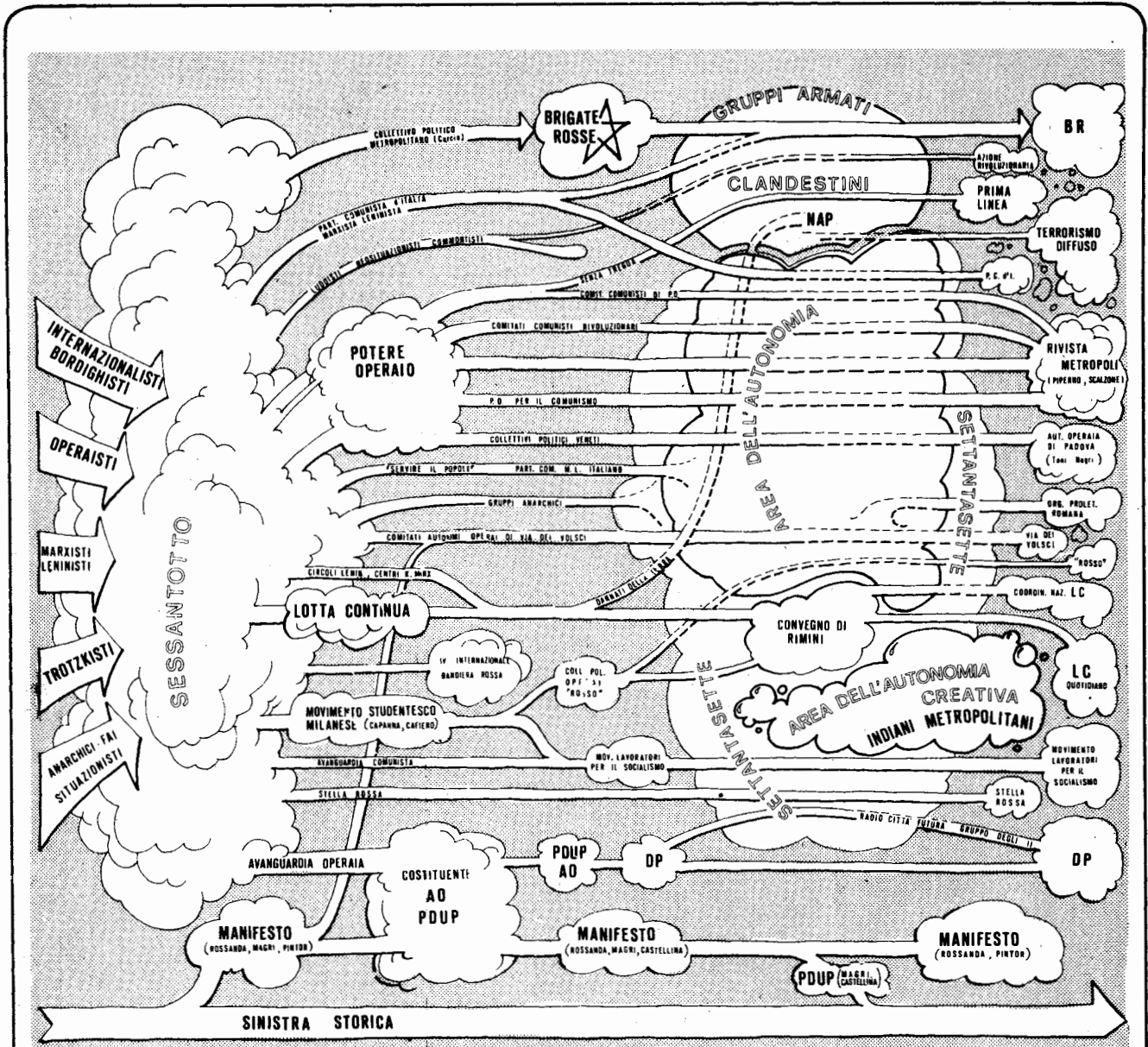
....
"We must discipline ourselves within a difficult and complex effort for unity, to construct the organization and the program. Homogeneity, comrades, is stubbornly fought for."

Autonomist hegemony?

These same Autonomist admissions indicate, therefore, the existence of relations with the clandestine movements, and it is not possible that similar connections could be maintained purely through spontaneity, by chance, by a political debate that rebounds from the columns of the Red Brigades flyers to those of the Autonomist papers, without at least more than sporadic relations and contacts—which indicates coordination if not actually a common leadership.

... (In 1974) Padua was chosen as a tranquil refuge in which to prepare a terrorist plan applied successively in other cities, while today it is chosen by the Autonomi to experiment directly, openly, with a strategy which would perhaps be utilizable in other areas.

Both considerations, however, leave room for a nagging doubt: is it possible that the disappearance of the Red Brigades—operative disappearance at least—is a precise choice, to concentrate in one area, apparently not hit by the Red Brigades phenomenon, the apparatus of real direction and important logistical services of the clandestine organization?



Two maps—and two methods—on Italian terrorism

Particularly alarming, from the standpoint of the international controllers of terrorism, is the fact that the Italian magistrates responsible for the current wave of arrests have shifted the parameters of investigation from the paranoid map of the bottom-level terrorist activists to a larger view that encompasses the "intellectual" command-and-control structure behind terrorism. In the process, Judge Calogero and Judge Fais of Padua are taking direct aim at the controlled Italian press, which over the years has cultivated the image of a spontaneously generated "sociological" terrorist phenomenon purely within the borders of Italy.

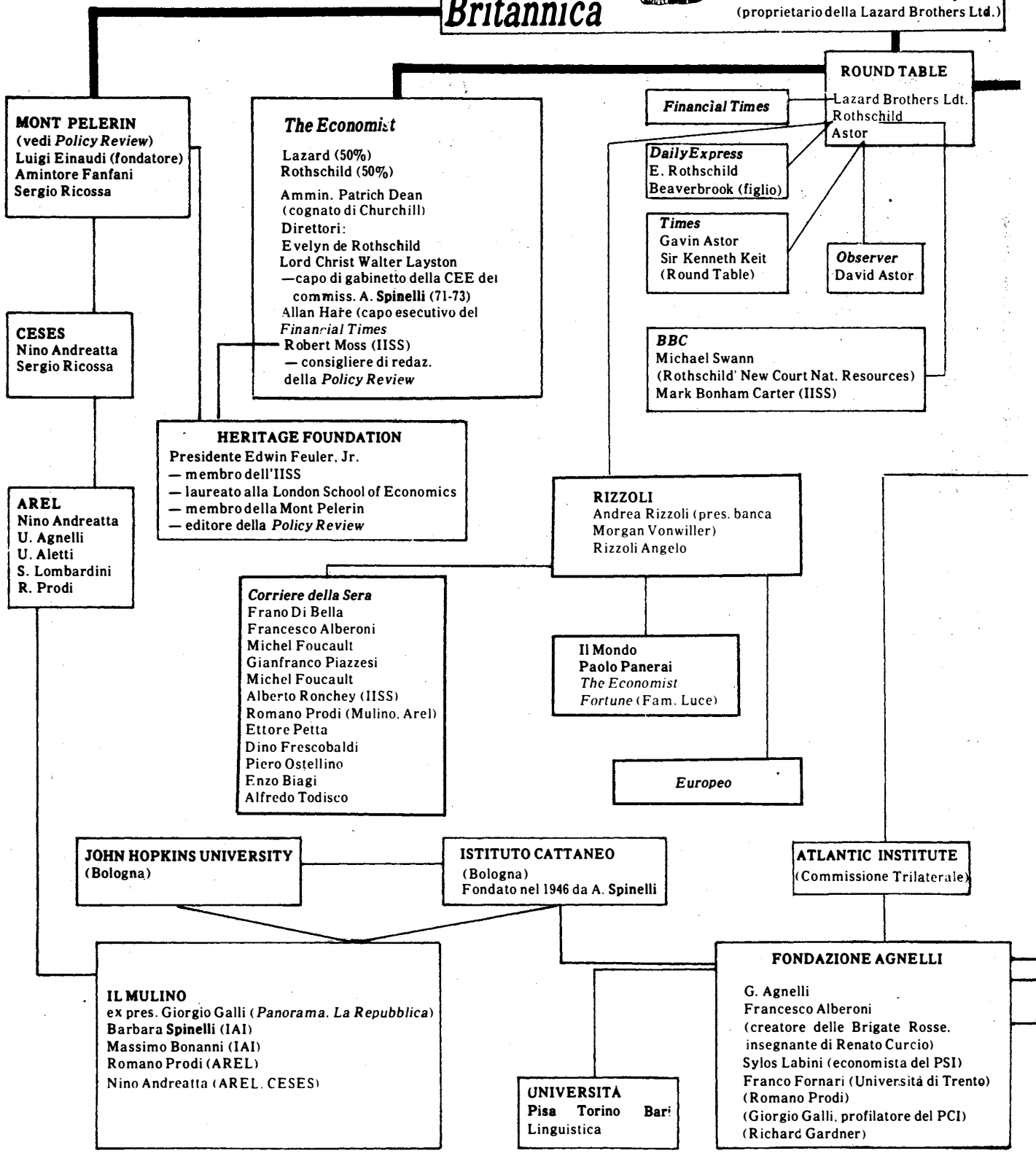
The above "map" of the Italian ultraleft, encompassing Autonomists, Red Brigades, and assorted Maoist groups, was recently published by the Rome daily newspaper *La Repubblica*. *La Repubblica*, together with the slick weekly magazine *L'Espresso*, is owned by Count Carlo Caracciolo. Its editors are closely associated with—in many cases overlap—the leadership of the Italian Socialist Party. *La Repubblica's* version shows a series of (exclusively Italian) "inputs" from the "Bordighists," "Marxist-Leninists," and other left grouplets leading into the spontaneous explosion of 1968. Entirely omitted is the fact that nearly all of the groups "inputting" on the far left were generated in the early 1960s out of the cultural section of the Socialist Party itself! Furthermore, the eruption of such anarchoid environmentalist groups as the "Metropolitan Indians" and the various "Autonomies" are shown as sudden meteorological explosions at various points in the 1970s.

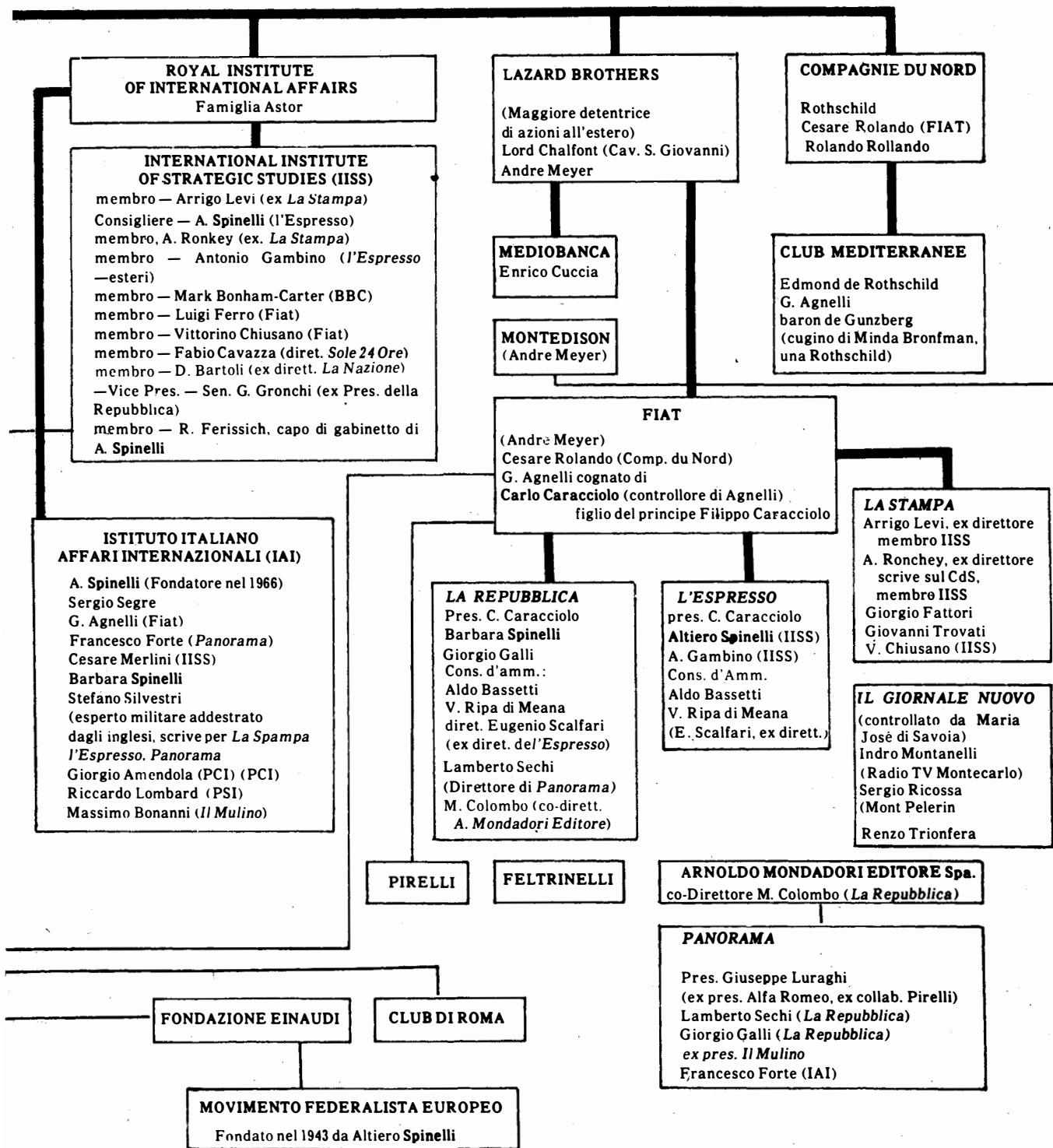
The chart published on the overleaf is taken from the European Labor Party's *Who Killed Aldo Moro*, which appeared in the fall of 1978, was disseminated among the Italian government and law enforcement community, and is now in its second printing.

Monarchia Britannica



Duca di Malborough (Famiglia Churchill)
 Duca di Devonshire (Famiglia Kennedy)
 Lord Rothschild
 John Churchill Pearson Cowdray
 (proprietario della Lazard Brothers Ltd.)





Radical professors jailed in Italy

On April 8, Italian political, journalist and professional circles were stunned by the surprise arrests of almost 22 persons who had previously been thought of as respectable citizens, for complicity in terrorist acts. For the most part those arrested were well-known professors and journalists connected with the Paduan "autonomous" left. Among them were Antonio Negri, a teacher of "State Theory" in the Political Science Department of Padua University, and, according to Italian press descriptions, the "theoretician of the most violent of the extremist fringe"; Emilio Vesce, a highschool teacher, widely known as Negri's "right hand" and the editor of the Autonomist *Radio Sherwood* and the daily *Autonomia*; Oreste Scalzone, a founder of the Autonomists and director of the aborted magazine *Metropolis*, whose first issue was scheduled for release the day following his arrest; and Giuseppe Nicotri, formerly of the editorial staff of *L'Espresso* magazine and the daily *La Repubblica*. So many professors from the Padua University Political Science faculty have been arrested, in fact, that the entire department has been shut down!

The arrests mark a radical departure from previous European counterterror operations in three respects: first, the "clandestine armed party"—the murderous Red Brigades—are now assumed to be in effect the same entity as the above-ground, "mass-oriented," "autonomous" left, the Autonomi. Second, the operative direction of the Red Brigades assassinations and other attacks is being imputed to professors, who heretofore hid under the cover of being "mere theorists." Finally, the scope of the investigations that prepared the present crackdown has broken through national boundaries and appears to involve close cooperation between major European governments. That factor could presage the end of the international terrorist command and control centers themselves.

Each of these points was presented as necessary to the absolute victory over international terror, in the dossier published in late 1978 by the European Labor Party, *Who Killed Aldo Moro*.

Twelve of the arrested ideologues, in fact, have now been accused as accomplices in the kidnapping and assassination of former Prime Minister Moro and the bloody massacre of his five-man escort on March 16, 1978. Despite an attempted terrorist counterattack which took the lives of a Secret Service agent and a 23-year old member of the Communist Party (PCI), the April 8 arrests are being followed up in other cities.

In Florence, an arms-purchasing ring was broken

up, netting 3 arrests, on April 18. In Rome, 13 were arrested on April 20, including a journalist for the weekly *Panorama*, on charges of conspiracy against the state. Professor Negri himself has been placed in isolation in a high-security prison in Rome, where he has been under interrogation over the past four days.

International operation

Dr. Pietro Calogero, the public prosecutor in charge of the Padua arrests, said in a press conference on April 17, that "Autonomy is not a purely Italian phenomenon." According to the daily *L'Unita*, organ of the PCI, "Toni Negri is considered by the investigators to be a fundamental link between the centers of the Italian 'armed party' and the subversive formations—some already consolidated, some still embryonic—in other countries. There is a list of such countries: France, Germany, Belgium, Portugal, Canada."

On April 24, the Milan daily *Corriere della Sera* reported that special units of the Italian and French secret services had been collaborating for months before the Paduan professors' arrests, on an operation involving the infiltration and monitoring of terrorist groups. The break in the Negri case, according to *Corriere*, came when these units learned of Negri's presence in Paris for a period during the Moro kidnapping, at the invitation of his long-time friend and patron, the structuralist Louis Althusser. French radio is now reporting that the center of European terrorism is now being identified by several intelligence services as Paris.

The evidence

The initial reaction of the "liberal," terrorist-sympathizing, and radical press in Italy was that Judge Calogero had no proof and that the arrests represented a wave of repression and an attempt to prosecute "crimes of opinion." The response of the Paduan magistracy to this outcry of concern for the rights of terrorism to express itself, was given by Aldo Fais, the Paduan District Attorney. Fais asked: "For God's sake, do you think that after two years of work, Calogero would have arrested Negri just on the basis of reading his books? ... We have proof, and plenty of it."

The evidence against Negri has been leaked to the press more than in the other cases. It is of three types: first, a computer-generated grid which correlates ideas and actual marching orders found in Negri's writings with realized terrorist incidents: Second, documentary

evidence recovered from a "little tin box" that Negri consigned to safekeeping with a friend when he was notified that he was about to be arrested. The documents are reported to include case studies written by Negri of various Red Brigades cells, criticisms of various attacks carried out by the group, and recommendations for correcting strategic and tactical errors by the terrorists. Third, there is evidence gathered from the months of wiretaps and other surveillance of Negri and his friends, including rumors that computer-analyzed voice prints can identify him as the anonymous Red Brigades spokesman who telephoned the wife of Aldo Moro and announced that "the sentence would be executed" unless she managed to convince the government to grant the terrorists demands.

Theory and practice

The Italian Socialist Party (PSI) has led a chorus of defenders of the professors' right to preach assassination and destabilization. The Socialist daily, *Avanti*, has maintained that there is a difference between the Red Brigades terrorism and the supposedly legitimate Autonomist violence. And the Socialist-linked *La Repubblica* on April 11 published an interview with Franco Piperno, a fugitive wanted in the Padua case, in which Piperno threatened Calogero, the PCI and the government as well as informing its readers that "in 10 pages of documentation" there was "no proof."

The protest is international. the *New York Times* stressed on April 17 that "left-wing newspapers (were) raising questions about the legality of the terrorist inquiry" and devoted much of its article to the radical lawyers' countercharges against the Padua magistrates. In Paris, a "Collective for Information on the Italian Situation" has prepared an information packet in Negri's defense and Jean-Paul Sartre, a well-known crony of the Baader-Meinhof terrorists, has actually gone to Rome to defend his old friends and collaborators.

The most fervent argument, however, came from PSI member and long-time terrorist sympathizer Norberto Bobbio, who was reported by *Corriere della Sera* of April 11 to have said that "among the theoreticians of the new left, he (Negri) is one of the most culturally advanced. He is a serious and profound scholar. It is very difficult, if not absurd, to establish a connection between thought and praxis."

—Mary Sonnenblick

Who is Antonio Negri?

Antonio "Toni" Negri, professor of Comparative Science at the University of Padua, is one of the single most important controllers of terrorism in Italy. Facing charges for armed conspiracy to overthrow the state, Negri and his colleagues are only meeting their long-delayed day of reckoning.

Toni Negri began his political career as a member of the Italian Socialist Party (PSI). In the mid-1950s, he allegedly left the PSI and became the editor and founder of two left-wing magazines: *Quaderni Rossi* (Red Notebooks) and *Contropiano* (Counterplan). In a short time, both magazines became the theoretical spokesmen for a new wave of anarcho-syndicalism identified by the generic name of operaismo (workerism).

By the mid-1960s, the ideas generated in *Quaderni Rossi* were appropriated by each and every one of the Maoist and anarchist countergangs which sprang out of the student movement. The ideas promoted by Negri in his magazines and books were straightforward: the state must be destroyed. In order to achieve that aim, the "revolutionary movement" had to pass from words and theories to deeds and the formation of the armed infrastructure required to "achieve our task." Negri continued to elaborate these ideas from his professorial chair at the University of Padua, a post he obtained in 1966 under the protection of PSI Central Committee member and "political linguist" Norberto Bobbio.

From Potere Operaio

Having laid the groundwork for indoctrination and recruitment, Negri founded the countergang Potere Operaio (workers' power) in 1967. He was assisted by Paul Piccone, editor of the Frankfurt School-linked magazine *Telos*, and the terrorist publisher Giangiacomo Feltrinelli. For several years up to his arrest two weeks ago, Negri was one of the directors of the "Marxist collection" for the Feltrinelli publishing House.

With the founding of Potere Operaio, the notion was conceived and extensively discussed of launching two countergangs at the same time, according to the testimony of police infiltrators. While one of the gangs would provide a "legal," above-ground cover, the second would be an underground terrorist organization.

In 1969, a group "split" from Potere Operaio ostensibly over the question of supporting terrorism. The group constituted itself as the "respectable" extraparliamentary grouplet Lotta Continua.

By 1973, the nucleus that remained of Potere Operaio began to collaborate and engage in "theoretical

discussions" with the Colletivo Politico Metropolitano (Urban Political Collective) led by Renato Curcio, a former sociology student at the University of Trento. The discussions led to the creation of the Red Brigades—under Curcio's direction—in 1974.

In the meantime, Marco Boato, a member of Curcio's Colletivo and also a former student at Trento, became a national leader for Lotta Continua. Lotta Continua was given international prominence and recognition by *Radical America*, which devoted its entire March-April 1973 issue to expounding on the revolutionary virtues of the Italian countergang. Lotta Continua could count on the active support of Marcus Raskin and Richard Barnett from the Washington-based Institute for Policy Studies.

With both sides of the operation in place, Negri withdrew from visible participation in the activities of the two groups and turned to propagating his "revolutionary theories" from Padua, protected by the influence provided by his wife's noble Venetian family and his sacred "freedom of speech."

To jail

Negri's luck has finally turned sour. Today, he is kept in isolation at a Roman jail. In May 1977, he and the entire faculty of the Political Science Department of Padua University were indicted under charges of "subversive association," but were released for "lack of evidence." Since then, and, particularly, during and after the kidnapping of former premier Aldo Moro by the Red Brigades, Negri and company were placed under strict and continuous surveillance. The monitoring of his activities has given the Italian judiciary the concrete evidence of his subversive activities. It has also given French, Italian, and German intelligence the names, addresses, and phone numbers of every major terrorist controller in Europe and the United States. Those European intelligence services are ready to move on the control centers of terrorism.

As one Italian magistrate put it to the press corps two weeks ago: "This is only the first phase; stay tuned and you will see, you will see. . ."

—R.D. Cedeno

Evidence against Negri

Excerpted here is an article from the April 21 edition of the Rome daily La Repubblica.

The "clues" can be summed up in five points: the first, on which the investigators have placed all their cards, would justify their triumphant self-confidence.... The documents seized from Negri, and other papers found in a Milanese Red Brigades hideout, the evidence of mysterious trips and movements by the accused, the taps on his phone, and Red Brigades tape recordings.

The second point deals with "ideological enunciations put out by Negri since 1971, inciting insurrection...enunciations whose content reappears in the pamphlets of the Red Brigades and of similar armed gangs, as well as in leaflets claiming responsibility for criminal acts." It is appropriate to report here some of the quotes, taken from the speeches, conferences and writings of the professor, which (Prosecuting Judge) Callucci considers evidence:

"Insurrection is the rationality of a materialist and dialectical point of view confronted with the desperate irrationality of repression.... In this jungle of the social fabric, the vanguard can today construct focal points of revolutionary struggle around which the masses of the exploited converge.... To put into action all the mechanisms of an organization to realize these goals is our immediate task.... Organization means the direct reappropriation of the existing wealth, to destroy it or to liberate intervention forces. To rebel, insurgency, is the dialectic link of every sequence of revolutionary action...."

The third point treats of the "obvious reappearance of such enunciations in the pamphlets, the leaflets, and the communiqués signed by the Red Brigades and other such subversive organizations."

Japan to remilitarize?

Kissinger's Washington-Tokyo-Peking Axis becoming reality

A series of dangerous developments relating to U.S. defense posture in Asia occurred last week, all of which show that Henry Kissinger's dream of forming a "Washington-Tokyo-Peking Axis" against the Soviet Union has virtually become a reality.

Topping the list was the announcement by Japanese Prime Minister Masayoshi Ohira that Japan is committed to a fundamental upgrading of its military forces and a joint effort with the United States to confront the much-talked-about Soviet military build-up in Northeast Asia. "I believe we must improve the quality of our defense," the Premier told several American newspapers, adding that Japan "must give thought to what posture the U.S., our ally, may take and how Japan can cooperate with the United States."

Ohira's statements raised many eyebrows, as Japan has been so far reluctant to become entangled in controversial debates between the United States and the Soviet Union. With memories of World War II still fresh, most Japanese business and political leaders have preferred to present Japan as a peace-loving nation friendly to all countries. Moreover, Japan's constitution forbids it from maintaining any offensive military capability, and many sectors of the Japanese public still regard this as a mandate against any major military build-up and involvement.

Months of pressure from Washington for Tokyo to align with China against Moscow have begun to pay off however, as these same leaders have apparently decided that their fears of a future war must be put aside in deference to Henry Kissinger's desires.

Significantly, Ohira dropped all pretences in his interview on "equidistant" Japanese policy between China and the Soviet Union. "When China says they are against hegemony, it is their clear expression of opposition against Soviet offensive posture," he said.

Ohira's statements are remarkably similar to those of his personal friend Kissinger, currently in Tokyo as part of a tour of the Far East to promote his "Axis" plan. In an exclusive interview with the Japanese daily *Yomiuri*, released several days before Ohira's remarks, Kissinger told the Japanese that they must step up their defense role in Asia, especially naval patrols with the United States in the Sea of Japan and the China Sea.

"I favor the strengthening of the American defense posture in the western Pacific together with strengthening the Japanese defense posture," he said, adding, "the Sea of Japan must not become a Soviet Sea."

The similarity between the statements of Kissinger and Ohira, while perhaps surprising to some, certainly came as no surprise to the New York Council on Foreign Relations and other elite Anglo-American policy centers. At the CFR, Ohira is spoken of as the "best" Japanese politician, owing to his labile personal character and his close relationship with Kissinger of many years.

Dr. Kissinger was aided in his pressure on Japan by fellow CFR member, Senator Frank Church, who is in Japan as chief of a Senate Foreign Relations Committee delegation. Church told his Japanese hosts that he favors the beefing up of the U.S.'s Seventh Fleet (which is deployed in the Pacific), and said he expected Japan to do its part to curb the "Soviet build-up" in the region.

Earlier last week, Church helped the Kissinger "Axis" plan by leading discussions with China's leader Deng Xiaoping about various forms of military cooperation between the United States and the PRC. Deng told his guests in Peking that China is ready to accept American equipment to monitor Soviet compliance with a new arms limitation treaty, and would "share the information" with Washington—provided Chinese technicians run the monitoring stations. China "has the courage to buy arms" from the United States, Deng said, if "the U.S. has the courage to sell them."

Following a meeting of the Trilateral Commission in Tokyo, Kissinger will continue his tour of the region, under the auspices of the Aspen Institute and the New York investment bank Goldman, Sachs, for which he works. Kissinger has scheduled a full 10 days in China, and no doubt the subjects raised by Vice Premier Deng will be discussed. He will also stop in South Korea, where the government of President Park Chung-hee is under heavy pressure to join the "Axis" against the Soviet Union.

Carter reverses U.S. policy

To the casual observer it might appear as if Kissinger's

headline-grabbing tour through Asia, while significant, is basically the work of a prominent "opposition" spokesman to the policies of the Carter Administration. Such an understanding would miss the important point that in recent months a major revision has taken place in the Carter Administration's Asian defense policy, such that there is now apparently complete agreement between Kissinger and the Administration. A clue to this agreement is Kissinger's emphasis on the need to bolster the U.S. Pacific fleet and to create a new American fleet to "patrol" the Indian Ocean.

Signs of revisions in the Carter policy for Asia have been evident for some time, with the announced slowdown in the controversial plan to withdraw American troops from South Korea being the most prominent example. However, recent congressional testimony by Assistant Secretary of State Richard Holbrooke, as well as selected official "leaks" to the press indicate that a comprehensive policy revision has been made.

New York Times correspondent Richard Burt, a popular channel for leaks from the National Security Council, has taken the lead in reporting the changed American policy in Asia. In a March 15 article, citing "senior officials," Burt described the new U.S. policy to be a "quarantine strategy" toward the increasing Sino-Soviet tension in the Pacific. While defacto allying with the Chinese side, the Administration intends to expand American military and economic presence in Southeast Asia, among the non-Communist states of the Association of Southeast Asian Nations (ASEAN: Thailand, Malaysia, Singapore, Indonesia and the Philippines), and in Northeast Asia with Japan and South Korea.

Such an active profile by the United States in Asia is a direct reversal of Carter's previous policy of strictly limiting American presence in the Pacific. The stated purpose of this shift is that, according to Burt, "an American retreat from Asia would quickly result in a political division of the region in which pro-Western nations would come under intense pressure to align themselves with Peking or Moscow." In short, the "all-important" (but ambiguous) "equilibrium" in the region must be maintained.

According to Holbrooke and Burt, the most important features of this new policy are as follows: increased military aid to Thailand and the other ASEAN states, as well as the promotion of a build-up in the Japanese air and naval forces; maintenance of the U.S. ground forces in Asia, particularly halting the withdrawal of troops from South Korea and the cancellation of plans to reduce the strength of the Seventh Fleet; and joint efforts with Japan to strengthen ASEAN economically.

—Peter Ennis

Korea: a wild card in

A new round of "ping-pong diplomacy" has begun as part of the stepped up effort by Henry Kissinger and the Carter Administration to bring about the formation of a "second front" in Asia against the Soviet Union. While the game was used in 1971 as the first step toward a new relationship between the United States and the People's Republic of China, the focus of attention has now become the Korean peninsula.

The diplomacy surrounds the international table tennis championships now being held in Pyongyang, North Korea. Last year the North Koreans were successful in convincing the International Table Tennis Federation to hold the championship matches in their country, an event they saw as providing an opportunity to improve the international stature of North Korea. At that time, Pyongyang agreed to allow all members of the ITTF to participate in the games, including arch-enemies, the United States and South Korea.

As has often been the case with the North Koreans however, the country's erratic leader Kim Il-sung suddenly changed his mind on this agreement, and decided to exclude the South Korean table tennis team from the matches. Instead Pyongyang proposed the formation of a "single Korean team" to jointly represent the divided nation, a proposal which was unacceptable to the South Korean government.

With the South Koreans thus barred from the competition, the question turned to whether the United States would legitimize the North Korean decision by participating in the games, or stand by its South Korean ally and boycott the games. After days of contradictory reports and apparent uncertainty, the final decision emerged this week: participate in the games.

State Department spokesmen have gone to great pains to emphasize that the Carter Administration had no role in this "nonpolitical" decision. However, the Administration will be hard pressed to convince anyone of this claim, especially those with fresh memories of the extensive negotiating carried on between Henry Kissinger and the late Chinese premier Zhou Enlai over a ping-pong table just eight years ago.

Spokesmen for North Korea have made clear in recent days that Pyongyang sees the American decision as highly political. Just days before the formal announcement of American participation in the championship games, North Korean sources in Japan issued an unusual invitation to the Senate Foreign Relations Committee delegation touring the region, to visit Pyongyang. As part of the invitation, issued via the

the China deck

Baltimore Sun, the North Korean sources endorsed the "friendship" treaty signed last year by Japan and China, which amounts to backing by Pyongyang of Peking's anti-Soviet policies.

Why North Korea?

The decision by the Carter Administration to play "ping-pong diplomacy" with North Korea is only the latest of many efforts to "resolve" the conflict between the two Koreas in such a way as to foster improved relations between Washington and Peking. Despite the years of effort, the Korean peninsula continues to cause many headaches in Washington and New York policymaking circles, as it remains a wild card in the "China deck" which could easily pose a roadblock to the formation of their coveted Washington-Tokyo-Peking Axis.

The problem stems from the fact that Peking and Washington, though allied in the grandiose scheme of stemming the tide of Soviet "expansionism," are closely tied to the opposite parties in the Korean conflict.

The PRC, for military and ideological reasons, has been firmly allied with the North since especially the Korean War, and is cautious to maintain and expand that alliance. The United States, on the other hand, is firmly rooted in South Korea, unable to easily extricate itself (though many in Washington would like to) from a relationship hardened on the Korean War battlefield and through some 20 years of economic cooperation.

Resolving this dispute in such a way as to enable Washington and Peking to be on the "same side of the fence" would be a difficult enough task, were the deep hatred and distrust between the two Koreas the only problems to contend with. There are further complications involved, however.

Since the early 1970s, when this problem was actively discussed by Henry Kissinger and Zhou Enlai, Washington policy has sought to prod North Korea into a full-scale alliance with China—and away from the Soviet Union. In line with his penchant for "big-power politics," Kissinger shunned direct contact with North Korea during his tenure as Secretary of State, and chose to urge China to "take responsibility" and dominate North Korea. His proposal for a four-party conference on Korea, involving the two Koreas, China and the United States (conveniently excluding the Soviet Union) is the best example of this strategy.

North Korea was slow to respond to the Kissinger policy, seeing little benefit for itself. The North Koreans, though ideologically very close to Peking,

were reluctant to lose the privileged middle position between Moscow and China and fall under the domination of Peking. Moreover, Pyongyang is fundamentally committed to dominating the entire Korean peninsula and saw little benefit in the Sino-American alliance so long as American troops remained in South Korea.

Thus, while China and the United States made great strides in coordinating their policies on Korea during the "Kissinger era," the North Koreans were in no hurry to side with the new alliance against Moscow.

A major change took place when the Carter Administration came to power. The North Koreans saw great benefits for them in the Carter plan to withdraw troops from the South. Under the influence of what might be termed the "Brookings" faction, the Administration embarked on an Asian policy characterized by reductions in American force deployments in the Pacific, and redeployments of the withdrawn forces to Europe and other "theaters." Under this plan, as stated by the Brookings Institution and the Congressional Budget Office, a Chinese "sphere of influence" in Asia was to replace the withdrawn American forces, and provide the bulk, along with Japan, of the "NATO-Second Front" against the Soviet Union in the region.

With the prospect of American "withdrawal" from Asia—coordinated with China—in sight, Pyongyang has seen new opportunities in the Sino-American alliance. The Brookings policy, which included direct Washington-Pyongyang contact in the early months of 1977, is believed to have encouraged Kim Il-sung to adopt a more strident anti-Soviet position alongside China.

It remains to be seen whether the recent revisions in United States policy toward Asia will have an effect on North Korea. The revisions, fostered by the "Georgetown University faction," do not alter the fundamental strategic goal of aligning China, Tokyo, and Washington against the Soviet Union, but seek to step up the pressure on Moscow by increasing the direct American role in the alliance.

Properly understood, the Brookings and Georgetown policies are not opposing views, but rather quite neatly complement each other, as the short-lived American withdrawal from the region set the stage for an expanded defense role for Japan and China.

It is apparent that North Korea was upset about the revisions in U.S. policy, especially the decision to halt the troop withdrawal from South Korea, and for President Carter to visit Seoul in June. Fearing a return to the pre-Carter policies, when the Sino-American alliance offered little to the North, Pyongyang has been more actively criticizing Washington in recent months, and has also grown visibly suspicious of China as well.

Washington and New York policymakers are quite aware of the possibility of "losing" North Korea however, and have shaped their policy to prevent this.

The revised Carter policy toward Korea, rather than being a "victory" for the antiwithdrawal "Georgetown faction," is more accurately seen to be a combination of the Brookings and Georgetown views. The maintenance of American troops in Korea is not designed as a deterrent to a very possible North Korean attack on South Korea, but rather is designed to bolster South Korea as a "geopolitical" cornerstone in a stepped-up campaign of pressure against Moscow. Simultaneously, the White House plans to maintain a Brookings-oriented stance against the government of Park Chung-hee, a stance which, it is hoped, will keep North Korea interested in the Washington-Tokyo-Peking Axis.

The recent flurry of talks between North and South Korea, which had been suspended for several years largely due to North Korean stalling, were entered into by the South under heavy pressure from Washington that Seoul respond to Pyongyang's "genuine" peace-talk offers. This is perhaps the best example of the way the joint Brookings-Georgetown policy will work.

With the North Koreans leaning in the direction of the Axis powers, the South Korean government sticks out like the proverbial "sore thumb" as the only nation in the region not cooperating. For this reason, heavy pressure is expected to soon come down on Seoul—including during the Carter visit—to actively work against Moscow as well.

The South Koreans, who are genuinely concerned about threats to their security from their unstable North Korean neighbor, are known to oppose the idea of a "second front" in Asia against Moscow as, in the words of one Korean official, "vulgar Machiavellianism." Rather, in the view of Seoul, efforts must be made to reduce tensions in the region through broad-based economic cooperation among the nations of the region, including the Soviet Union.

The South Koreans will be particularly vulnerable to Washington's pressure, due to the continuing possibility of resumed withdrawal of American troops.

Moreover, the vulnerability of the Koreans to American pressure is heightened by the refusal of Moscow thus far to respond to Seoul's many offers for economic and other forms of cooperation. While limited contacts are known to exist between the two countries, the Soviets have thus far proven to be unwilling to risk total rupture in relations with its nominal ally North Korea, which open relations with Seoul could bring.

Short of open discussions with the Soviet Union, there appear to be several other options available to the South Koreans to reduce the pressure from Washington. Most important would be discussions with the governments of West Germany and France, both of which have made clear in recent months their firm commitment to policies, especially East-West economic cooperation, favorable to detente.

Kissinger: militarized Japan can counter USSR

The following are excerpts from an April 19 article appearing in the Japanese daily Yomiuri, reporting on an exclusive interview granted by former U.S. Secretary of State Henry Kissinger to the Nippon Television Network Corporation.

On the growing Soviet military presence in the Pacific, Kissinger said Japan "must play a greater role in the defense of the western Pacific." And the U.S. must stay strong in this part of the world, he added.

He said Moscow cannot be allowed to continue encouraging every conflict by Soviet arms, Soviet friendship treaties and protecting a nation involved by means of Soviet veto in the UN.

"The Soviet Union will have to choose between expansion and relaxation of tension," he said.

Asked about the so-called "China card," and a possible tripartite alliance involving Japan, China and the U.S. against the Soviet Union, Kissinger said, "Soviet expansion must be stopped, because if the Soviet expansion continues there will be a confrontation."

Indicating the possibility of a trilateral alliance, he said, "China will cooperate with countries like the U.S. and Japan for its own reasons."

Kissinger said China attacked Vietnam because of its growing concern over what was going on next to its borders. China did not want to see a Soviet-backed empire being created next to it, he added.

On the Egypt-Israel peace agreement, Kissinger said he didn't think the agreement will bring a "true peace" to the area by itself. He called it an important step toward peace.

Kissinger said that since Iran was no longer a balancing factor in the Middle East, the U.S. would have to conduct a more active diplomacy in the area and introduce some other force to supply the balance.

He said there was a need of "more visible American military power in the Indian Ocean" to assure the protection of Saudi Arabia and Jordan which "have become less sure" of U.S. support following the Islamic revolution in Iran and the growing Soviet presence in Ethiopia.

Kissinger said that the Islamic revival, in the long run, has also serious consequences for the Soviet Union, because by the year 2000 more than 100 million Soviet citizens out of a total population of about 250 million will be Moslems. "And this revival cannot be confined by national borders," he said.

Why is India's Foreign Minister visiting the U.S. . . . again?

Why India's Foreign Minister Atal Behari Vajpayee has suddenly decided to pack his bags and rush off to Washington, D.C. later this month (April 24), so soon after the visit by U.S. Assistant Secretary of State Warren Christopher to Delhi, is a total mystery in this capital. U.S. strategic policy, from Iran to Indochina, lies in total shambles and, in the Indian subcontinent, it is generally recognized that the U.S. is asking British

***A report from our special correspondent
in New Delhi, India***

advice on every one of its moves.

Experienced political observers compare Vajpayee's latest U.S. trip to his ill-fated China visit. Then, despite reliable intelligence that the Chinese were planning to humiliate the Minister by attacking Vietnam and then comparing the attack to the 1962 India-China war while he was in Peking, Vajpayee insisted on going. Similarly, it is suggested that Vajpayee could find himself sitting in Washington when the nation of Pakistan begins to unravel in the post-Bhutto era: either by the centrifugal stresses of the Pakistan-Iran "Islamic" provocations against Indo-Soviet ally Afghanistan, or in some other unpredictable way.

There are two levels to the current foreign policy crisis in India—governmental and national—and it is the combination of these two that is driving Vajpayee to Washington to seek the Anglo-American point of view. Governmentally, the Janata cabinet is committed to the Carter Administration's China-centered Asia policy. It is now part of a deliberate conspiracy to straitjacket India as a junior partner to the London-Peking-Washington confrontation policy. Henry Kissinger's visit to China this month and intense diplomatic silence in New Delhi—reflected in both India's continued withholding of recognition to the Kampuchean government and its restraint from attacking the Sadat-Begin treaty—are part of the same package. The added feature is that, since the government collapse in Britain has prevented Foreign Secretary David Owen from

coming to India, Vajpayee has agreed to visit Washington to brief the Anglo-Americans on what Soviet Prime Minister Alexei Kosygin's full message to India was during his four-day April visit.

Vajpayee's great disadvantage in foreign trips is that national public opinion in India is not behind his or his government's policies. While even domestically the argument that the Janata government is better than the "authoritarian Gandhi regime" is toning down, on foreign policy, the public generally does not believe in deviating from the basic nonaligned tenets established by the late Jawaharlal Nehru and followed by Indira Gandhi.

When China attacked Vietnam in January, the Indian public crossed party lines to express outrage over the Chinese assault and solidarity with the Vietnamese people.

When Pakistan's Prime Minister Bhutto was hanged, every newspaper, every Indian mourned the loss; irrespective of caste, or religion, a mass condemnation of the brutal act occurred. Some observers compared the emotional outpouring with the day after Mahatma Gandhi's assassination by communalists.

The Janata government's plight is that it cannot "keep up" with the population. The re-emergence of Indira Gandhi as the national alternative to articulate the nation's opinion has thrown the Janata party into a desperate race to hold on to power as long as possible. The character assassination of Mrs. Gandhi, aided by such U.S. Zionist lobby figures as New York Senator Moynihan, is part of this race. The Bombay gold, financial, and industrial markets are now engaged in futures trading for the Prime Ministership of India. It is believed by many business sources that Vajpayee's high profile foreign-policy making is part of the effort to "sell the product"—the ambitious Foreign Minister—as heir apparent to the aging and truculent Prime Minister Desai.

Issues on agenda in U.S.

Several recent "promises" will be reevaluated during the Vajpayee visit to Washington. In late March, at the height of the Chinese aggression against Vietnam,

Assistant Secretary of State Christopher visited New Delhi. At the time, he told the Indian government that "absolutely anything including the much stalled nuclear fuel" deliveries will be made available by the U.S. as long as India maintained an "evenhanded" foreign policy. By this, Christopher meant a delay in Indian recognition of the new Kampuchean government, a not too strong or serious denunciation of China's actions, and a wait-and-see attitude on the Pakistan-Iran situation. Christopher concluded his short India visit by calling a few select reporters to a hurried press conference and announcing that there was "congruence" in Indian and U.S. views. At the time, India's Foreign Office denied the story, reiterated its stand that Chinese withdrawal from Vietnam was not linked to Kampuchea in any way, and then kept quiet.

Christopher then went off to Pakistan. In retrospect, there is little doubt that Christopher had a preview notice of Bhutto's fate, the mind of the Pakistani military, and the much touted story that Pakistan is secretly utilizing British and European technology to enrich uranium for exploding a nuclear device. The story was withheld at the time.

Once Bhutto was hanged and Pakistan put under brutal martial decrees to prevent popular revolt, Western newspapers, aided by Janata news outlets, have gone big with the nuclear story, particularly picking up General Zia's phrase-mongering that "Zionist circles" in the U.S. are responsible for keeping Pakistan backward. At the same time, Zia proposed that India and Pakistan engage in a "joint mutual inspection treaty," binding India to open its nuclear facilities to Pakistani inspection in exchange for a Pakistani pledge to not produce the bomb. Zia is also suggesting that Pakistan's nuclear capability is "the Islamic nuclear capability"—a self-serving argument since Zia did not care much about the Arab world's pleas to keep Bhutto alive.

Vajpayee will have to face this controversy in the U.S. Any involvement in Zia's inspection scheme would be tantamount to handing India over to Chinese inspection! The Soviet daily, Pravda, has just denounced the Pakistani nuclear venture as primarily a Chinese geopolitical design. China has been supplying arms through the Karakoram Highway to Muslim fanatic guerrillas engaged in destabilizing the Afghan government. To the north, thousands of Chinese advisors have amassed in Nepal ostensibly to build roads. Bangladesh has recently finalized arms deals with Peking. Vajpayee's bilateral approach to China has come under fire by Defense Ministry officials from the Defense Minister down to the analysts viewing this encirclement process.

Soviet-Indian relations

American officials may be seeking a briefing from Vajpayee on Kosygin's visit to India, but they may be very disappointed. Vajpayee was not present at many

of the sessions where there was an exchange of views on China; only Desai and Kosygin carried out that exchange. Well-informed sources indicate that Kosygin said privately what he said daily publicly. He attacked the Chinese leaders as "aggressive," "expansionists," "hegemonist," "adventurist," and "criminals" in their actions and urged India to take a vanguard role among the nonaligned nations and uphold the interests of China's neighboring states.

At one public appearance, Kosygin asked a question that has haunted many Indians: "Tomorrow they (the Chinese) may not like India, and probably they may like to teach India a lesson and the day after tomorrow, Japan. Who has given them the right to sit in judgment upon other peoples and nations and to treat in that manner a nation which has been fighting imperialism for decades and wants a normal life for its people?"

Kosygin's visit will be followed by a high powered Soviet delegation led by Defense Minister Ustinov and scheduled to arrive April 22. Ustinov will elaborate Kosygin's earlier offers of Soviet aid in modernizing and expanding India's armed forces, including the offer to assist in building nuclear-powered submarines.

By far the most important of the Soviet offers is not in the military field, but winning peace through economic development. The 15-year science and technology pact offered by Kosygin is the kernel to this strategy. The main proposal is to tie Indian planning in with Soviet five-year plans and thus bring capacity utilization to underutilized industrial plants in India, particularly through sales to socialist countries. The 15-year deal envisions Indo-Soviet collaboration in third country development, a project never before explored on such a scale, and Soviet participation in India's nuclear energy development and plant expansion. In a nutshell, the Soviets are engaging in a massive city-building campaign.

Besides the offer for Soviet collaboration in building nuclear reactors six times the size of the U.S.-aided and problem-plagued Tarapur plant, a discussion is believed to have taken place for contingencies in the event the U.S. continues to hold back on supplies of critical enriched uranium for the Tarapur reactor.

The Indo-Soviet treaty runs concurrent with the 25-year accord signed by West German Chancellor Helmut Schmidt and Soviet President Leonid Brezhnev last year. With the scheduled visits of France's President Giscard d'Estaing, German Chancellor Helmut Schmidt, and possibly Soviet President Brezhnev to India this year, the Soviet offer becomes a proposal for East-West-North-South collaboration with tremendous implications for Third World development as the European Monetary System is fully implemented.

—Paul Zykofsky
Special Correspondent,
New Delhi, India

Documents implicate Kissinger

State Department papers defame LaRouche, NSIPS

The following report, based on Freedom of Information Act releases obtained by the U.S. Labor Party, was prepared by USLP Organization Secretary Warren Hamerman, and appeared previously in *New Solidarity* newspaper, the organ of the USLP.

Twenty-two formerly classified, confidential and secret documents have just been released to the U.S. Labor Party and New Solidarity International Press Service (NSIPS) under provisions of the Freedom of Information Act (FOIA) from the International Communication Agency (formerly the U.S. Information Agency, USIA). The released documents, including memoranda personally signed by then Secretary of State Henry Kissinger, cover the period from December 1974 through August 1977.

The documents, taken together with other already declassified State Department records now in the hands of the U.S. Labor Party, demonstrate that Henry Kissinger was coordinating a worldwide criminal containment operation through the State Department and offices of the U.S. Embassies in tens of sovereign nations, most particularly against the 1976 presidential campaign of Lyndon H. LaRouche, Jr. and LaRouche's growing influence internationally to create a New World Economic Order based on the concepts and programs contained in his 1975 proposal for an International Development Bank (IDB).

On March 18, 1976 at 2:10 p.m. Henry Kissinger sent a signed airgram classified "Confidential" from the Department of State "To ALL AMERICAN DIPLOMATIC AND CONSULAR POSTS" around the world. Kissinger's airgram is a policy statement on Lyndon LaRouche's organization, the National Caucus of Labor Committees.

The NCLC is described as a small, fanatical, increasingly militant, and violence oriented, marxist group which is attempting to become a dominant revolutionary organization.... Lyn Marcus (true name: Lyndon H. LaRouche) is the National Chairman of the NCLC which is believed to have a membership between 800 and 1,000. The membership has been found to include

the sons and daughters of a number of prominent (sic) Americans. The NCLC newspaper "New Solidarity" lists NCLC chapters in Canada, Mexico, Europe and Asia. The NCLC refers to affiliated chapters in Europe as the European Labor Committees (ELC), in Asia as the International Caucus of Labor Committees (ICLC) and in Mexico as the Latin American Labor Committees (LALC). Foreign chapters are in frequent contact with the national headquarters in New York City.

During the past two years, increasingly militant activities on the part of the NCLC membership have included beatings, fights, drug use, kidnappings, "brainwashings" and at least one shooting.

After the above quoted lies and slanders about LaRouche and his organization, Kissinger libelously characterizes LaRouche and his associates as "armed and dangerous" and mysteriously financed. Then Kissinger's operational marching orders follow:

Any harassment on the part of the NCLC should be reported to the Office of Security who will transmit the information to the FBI.

What follows immediately above Kissinger's signature is a full listing of NCLC chapters with addresses and phone numbers around the world.

Two weeks after Kissinger's scurrilous airgram, another document reveals that the Regional Security Officer of the American Consulate General in Frankfurt sent a "Confidential Memorandum" to the Chief of SAS in which he stated that the following events occurred a mere five days after the Kissinger airgram:

On March 23, 1976, the Consul General, Mr. Lehmann, sent an Official/Informal Memorandum concerning these groups (IPS and the European Labor Committees) to Richard D. Vine, Deputy Assistant Secretary for European Affairs (sic), together with photostatic copies of two reports which deal with the organizations. The first, dated November 1975, was produced by

the Federal Office for the Protection of the Constitution (BFV—an equivalent of the CIA); the second is a photocopy of the "International Bulletin" which was seized during a police raid during February 1976.

Two months later, on June 9, 1976, the American Embassy in Lima, Peru sent an urgent "Confidential Airgram" to the Department of State in Washington in which the U.S. Embassy reports with alarm on the growing political policy influence of LaRouche's affiliate, the Latin American Labor Committee chapter, in Peru. Then on June 24, 1976, the American Embassy in Georgetown, Guyana desperately reported back to Washington that the Latin American Labor Committees were publishing the full dossier of CIA covert operative William H. Maguire, who was being appointed U.S. ambassador to Guyana.

Merely four months later, in October 1976, on the verge of the U.S. presidential elections, the American Embassy in Lima, Peru sent a "Confidential/Priority" cable directly back to Secretary of State Kissinger reporting that the leaders of the Latin American Labor Committees and New Solidarity International Press Service in Peru had been arrested by the Peruvian Secret Police, that all materials had been confiscated, that the leaders were being interrogated and that the foreign-born would be deported, thereby shutting down LaRouche's organization in Peru. The memorandum reveals that U.S. Embassy personnel in Peru were in hour to hour coordination with whom they describe as "the trusted aide of Alfonso Rivera Santander, Director General of the Peruvian Investigations Police (PIP)." The document states:

Embassy political Officers have met with aide of

The declassified documents

The following is a chronological listing of the documents recently released by the U.S. International Communications Agency (ICA) pursuant to a Freedom of Information Act lawsuit filed in Federal Court in New York by New Solidarity International Press Service (NSIPS) and the National Caucus of Labor Committees (NCLC). The documents are from the files of the U.S. Information Agency (USIA—the predecessor to the ICA) and of U.S. Information Service (USIS) offices in West Germany. Under the suit, Mazel v. ICA, additional documents will be sought. The ICA is required to file a formal answer to the suit by April 27.

1. Unidentified Bonn memo warning of calls from IPS. Dec. 12, 1974.
2. Memo on NSIPS by Press Attaché, Bonn. Dec. 12, 1974.
3. Excerpts from Deutsche Bundestag, BRD Interior Ministry memorandum on European Labor Committee (ELC). Jan. 23, 1975.
4. Note from the USIS Bonn office concerning a discussion with Associated Press's Don Jordan of the Foreign Press Association about NSIPS. April 7, 1975.
5. USIS note regarding a press conference held in Bonn by Lyndon H. LaRouche, Jr. on April 24, 1975 announcing LaRouche's 1976 U.S. presidential campaign. April 24, 1975.
6. Telegram from U.S. Secretary of State Kissinger to the American Consulate in Frankfurt, regarding the April 28 police raid on the Weisbaden offices of the European Labor Committees and NSIPS. April 28, 1975.
7. Telegram from the American Consulate in Frankfurt to Secretary of State Kissinger regarding the same police raid. April 29, 1975.
8. USIS memo on LaRouche's press conference in Bonn, describing LaRouche as a "madman." May 8, 1975.
9. Memorandum from the U.S. Embassy in Bonn, warning that NSIPS "is not bonafide." Nov. 7, 1975.
10. USIS memo describing how NSIPS was kicked out of the Foreign Press Association by AP's Don Jordan, with slanders purportedly based on illegally obtained FBI documents. Nov. 7, 1975.
11. Operations memorandum from USIS in Bonn to USIA in Washington, suggesting legal action against NSIPS. Nov. 10, 1975.

PIP Director General and the Foreign Ministry Press Spokesman about the closing of Nueva Solidaridad International Press Service (NSIPS) office in Lima and the arrest of Gretchin (sic) Small.

... According to Rivera Santander's aide, Ms. Small is being well treated and said she is "content" as well as resigned to her "arrest on the orders of Dr. Kissinger." She continues to refer to police in contact with her as unwitting "gusanos" serving U.S. imperialism. The aide said that when interrogation is completed Ms. Small would probably be transferred to PIP's foreigner division and promptly deported. PIP Director General's aide provided Embassy with copies of NSIPS publications and handbills seized in the raid on NSIPS office.

Kissinger's Far-flung Vendetta vs. LaRouche

The documentary evidence of Kissinger's activities against LaRouche in Western Europe indicate even more intensive criminal activities. A series of "Confidential," "Classified," and "Secret" cables and memoranda demonstrate that the U.S. Embassy in Bonn, West Germany in October 1975 coordinated the expulsion of two NSIPS press correspondents from the Foreign Press Association (Verein der Auslaendischen Presse in der Bundesrepublik Deutschland) with one Don Jordan, the association's president.

Six months earlier in April 1975 "Limited Official Use" memoranda and cables between the Bonn Embassy and Henry Kissinger personally demonstrate that they were in constant coordination with the German police, who, under orders from Willy Brandt raided the European Labor Party headquarters in

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12. Telegram from U.S. Embassy in Bonn to USIA in Washington, asking for further "guidance" regarding NSIPS. Dec. 10, 1975.
 13. Memorandum from "The Minister," U.S. Embassy, Bonn, to all section heads and officers, warning that no one should give any information to the "false IPS." Dec. 11, 1975.
 14. Telegram from the U.S. Embassy in Zurich to the U.S. Embassy in Bonn, reporting conversations with Swiss bankers and journalists regarding LaRouche and NSIPS, and asking for "information" to answer such inquiries. Jan. 29, 1976.
 15. Telegram from the U.S. Embassy in Bonn to USIA in Washington, asking again for USIA's position on NSIPS. Feb. 3, 1976.
 16. Telegram from the U.S. Embassy in Bonn to Zurich and USIA in Washington, passing on slanders of the U.S. Labor Party and NSIPS. Feb. 3, 1976.
 17. Telegram from the American Consulate in Frankfurt to the Secretary of State, Washington, describing conversations with "officers of prominent Frankfurt firms and banks" who have been contacted by NSIPS about the LaRouche campaign and bragging that these firms "have declined to see LaRouche." Feb. 5, 1976.
 18. Telegram from the U.S. Embassy in Bonn to all U.S. embassies in Europe, containing slanders and warning of "violence" from the ELC and NSIPS. Feb. 11, 1976.
 19. Memorandum from the Public Affairs Officer in Bonn to Berlin and other offices, entitled "A False 'IPS'." Feb. 11, 1976.
 20. Airgram from Secretary of State Kissinger to "All American Diplomatic and Consular Posts," containing slanders against the NCLC, USLP, and Lyndon LaRouche. March 18, 1976.
 21. Telegram from the USIA in Washington to "All USIS Principal Posts Except Beirut," warning all posts against contact with the USLP and NSIPS. Jan. 7, 1977.
 22. USIA memorandum from Bonn to Washington, stating that USIS had intervened to keep NSIPS from gaining television coverage in Cologne on the extent of vote fraud in 1976 U.S. presidential elections. Feb. 10, 1977.
 23. Memorandum from USIS in Hamburg to USIS in Bonn, stating that USIS has been spreading the word that the USLP "is a fringe organization with no political influence in the United States." July 15, 1977.
 24. Press clipping in USIA files concerning assassination threats against LaRouche. Aug. 7, 1977.
 - 25-30. Press clippings from the ELC newspaper.

Wiesbaden, West Germany. One document signed by Kissinger personally to the American Consul in Frankfurt requests on "priority":

Police said action taken because publications of organizations had "slandered" former Chancellor Brandt. Department would appreciate promptly any information available to Congen (Counsel General) concerning reported incident. It should be noted that NSIPS had no relation to International Press Service (IPS), which maintains accredited press bureau in Washington.—KISSINGER

Furthermore, numerous documents during the period of LaRouche's presidential campaign in 1976 reveal outrageous "dirty tricks" interventions by Kissinger's personnel in Europe against LaRouche's political campaign. These include:

1. A February 1976 cable from the American Consulate in Frankfurt, West Germany reporting that "officers of prominent Frankfurt Firms and Banks" were advised by American Embassy personnel to cancel meetings with Lyndon LaRouche.

2. A January 1976 document revealing that officials of the American Embassy in Zurich, Switzerland were in contact with "several local journalists as well as the top economic advisor to two major Swiss banks" dissuading them with slanders from being influenced by the economic programs and presidential policies of LaRouche.

3. A "Confidential" memorandum from the U.S. Embassy in Bonn, West Germany on Feb. 11, 1976 to the American embassies in Athens, Bern, Brussels, Copenhagen, the Hague, London, Madrid, Oslo, Paris, Rome, Stockholm, and Vienna, as well as to Secretary of State Kissinger warning about the growing influence and "expanding membership" of the European Labor Parties in their "promoting the U.S. presidential candidacy of one Lyndon LaRouche."

Illegal activities ongoing

Did the criminal global operation against LaRouche end when Kissinger left office? Absolutely not. These criminal shenanigans are ongoing.

On Feb. 10, 1977 one USIA confidential memo from Germany to Washington reports:

IPS according to several reports recently cranked up its activities to a higher pitch, which assumes a new transfer of funds to it. It has been trying to drum up a write-in campaign to support the (lost)

cause of the U.S. Labor Party's Presidential candidate, charging fraud, and to get television to back it up (Cologne nibbled, but I guess dropped it after an informal exchange with us). So far as I know, the write-in campaign fizzled; we received only a few form messages. Alexander A. Klieforth, Counselor for Public Affairs.

Even more recently, on March 22, 1979, Mr. Tom Reston, the Deputy Spokesman and Deputy Assistant Sec. of State for Public Affairs of the U.S. State Department formally reported to a LaRouche representative the results of a check on allegations by the U.S. Labor Party of ongoing slanders and dirty tricks by State Department personnel against LaRouche. He stated:

We have been on the phone to Milan and verified that probably someone in Milan did say such things as you were charging. It also happened here with the Soviet desk and Deputy Secretary (Warren Christopher's) office. Both are well aware of what official policy is now.

Despite these admissions, the State Department has failed to redress the past and current illegal activities of their personnel against LaRouche. Richard Gardner, U.S. Ambassador to Italy, is known to be conducting illegal operations in Italy which have the intent of (a) protecting the networks of terrorism and (b) impeding the effectiveness of LaRouche's widely recognized leading role against terrorism, U.S. Embassy personnel in Mexico were involved in illegal activities against LaRouche during his recent visit to Mexico.

Will dozens of sovereign foreign nations continue to tolerate gross interventions into their internal affairs by U.S. government personnel? Will American and international journalists tolerate the tampering with freedom of the press including the brutal shutting down of offices of NSIPS? Will these documented violations of the Helsinki Accords and Vienna Treaty not be prosecuted?

Will the international community of nations allow the man who gave the orders to butcher Pakistani leader Zulfikar Ali Bhutto, Kissinger, to go on conducting his dirty operations internationally? Will the American population tolerate the continued global containment operation against Lyndon H. LaRouche?

They must not if they wish the only presidential candidate capable of providing the intellectual leadership and policy programs which can avert World War III to enter the White House.

Declassification of Bonn scandal

The following statement was released by the editors of Executive Intelligence Review.

The United States International Communications Agency has just declassified formerly secret State Department documents that prove the covert operations run against New Solidarity International Press Service through coordination of the U. S. Embassy in Bonn. NSIPS is the publisher of *Executive Intelligence Review*. The declassification of these documents has already embarrassed the U. S. State Department and will redden the faces of embarrassed public figures in the Federal Republic of Germany.

The declassified documents cover the period from April 7, 1975 through August 1977, beginning with the Bonn Embassy's role in a "black operation" run against NSIPS, with the cooperation of one Don Jordan of the Foreign Journalists' Association in Bonn. The same documents also explain the source of the lies often appearing in the mouths of public figures in the Federal Republic. Many of the commonly repeated lies against the European Labor Party and its U. S. cothinker organization, the U. S. Labor Party, are explained by the declassified documents as put into circulation by personal action of former Secretary of State Henry A. Kissinger.

Not only did the Bonn U. S. Embassy seek to corrupt public figures in the Federal Republic, but, according to the formerly secret documents, Bonn acted as the center for similar activities throughout Europe.

Although the documents include conclusive evidence of "black operations" against the European Labor Party and U. S. presidential candidate Lyndon H. LaRouche, Jr., the bulk of the operations revealed were directed against NSIPS, with special emphasis on the lie that NSIPS was not a "legitimate press service." It is notable that not only did the Bonn Embassy originate this lie, but that various officials and private agencies governed their actions and explanations of their actions according to these same lies.

Hence, reading these documents, NSIPS is filled with contempt for the hypocrisy of those public figures who profess themselves so much concerned with the "freedom of the press" aspects of the Helsinki Accords.

Those disclosures are no isolated instance of such corruption. During much of the same period, from April 1975 through early 1976, the U. S. Embassy in Bonn was the European agency for a top-secret operation known by the code name "Kwarterbak." Although the U. S. Federal Bureau of Investigation (FBI) later described the allegations against the Labor Parties to be falsified charges, the wildest of charges were circulated in top security circles in the Federal Republic and other nations, while the same falsified charges were also used as a pretext for NATO-linked covert operations against both NSIPS and the European Labor Party in Europe.

The beginning of these operations, April 1975, has a double significance. The general reason for Kissinger's personal, direct role in these corruption operations was London's opposition to the dissemination of the "International Development Bank" proposal of U. S. presidential candidate Lyndon H. LaRouche, Jr. The second triggering consideration was NSIPS's intersection of an attempted destabilization operation against Mexican President Luis Echeverria—one of the numerous heads of state and government targeted for wicked deeds by Kissinger. Echeverria has made himself the object of hatred of both Kissinger and the "left wing" Socialist International. This was because of Echeverria's attack on the Club of Rome and his association with the campaign for high-technology development of developing nations. This defense of Echeverria's policies against that of Willy Brandt and Henry Kissinger has been a continuing theme of harassments against NSIPS and the Labor Parties to the present time.

The same corruption operations documented in the declassified transactions are continuing at the present time, with the U. S. Embassy in Bonn a continuing center of such activities. Assistant Secretary of State Warren Christopher—associated with Arthur J. Goldberg, Ramsey Clark, and California's Zen Buddhist Governor Edmund "Jerry" Brown, Jr.—has been caught red-handed coordinating such operations, including certain Soviet channels—especially those associated with the Arbatov-led USA-Canada Institute.

Advanced science and technology —Soviets' bottom line on SALT

As the Soviet-American Strategic Arms Limitation agreement comes under debate, we find that the ostensibly most diverse positions in the U.S. on SALT boil down to a common core: the USSR should be restrained, in this and in future agreements, from inordinate technological advances. Individuals from Paul Nitze of the hawkish Committee on the Present Danger to Marshall Shulman's Soviet Affairs desk at the State Department, staffed by reputed soft-liners, agree on this.

Their motive is defined by the New York Council on Foreign Relations, the wellspring of current U.S. SALT policies, in the nuclear strategy installment of the Council's "Project 1980's" series. The CFR looks forward to a "controlled disintegration" of the world into a prolonged decline, during which nations are to be stripped of their nuclear technology through a series of disarmament and non-proliferation agreements.

The CFR design will be difficult to accomplish while the USSR remains committed, as it is today, to its own progress in science and industry.

The highest ranking Soviet science and Communist Party officials have confirmed in recent statements that precisely this commitment is the bottom line of Soviet policy for the next decade. The Soviets may compromise, for the sake of SALT, sometimes with dangerous effect, on issues ranging from Jewish emigration to the extent of their intervention to stop British intelligence provocations in Central Asia, but not on this.

In the *Pravda* article we excerpt here, Academy of Sciences President Anatolii P. Aleksandrov promises that Soviet science and economic development will go on with or without input from the Western countries. We add: before a nuclear war, or afterwards.

The clash of these mutually exclusive policy impulses—that of the CFR and the one Aleksandrov represents—is a fundamental source of the danger of world war—above and beyond the agglomeration of "hot spots" in every corner of the globe, which is why SALT is a war issue today.

More than "SALT" at issue

The Soviets are not responding to the on-again/off-again signals from Washington DC on SALT, or to ebbs and flows around the outstanding technical points in the agreement. What concerns Moscow is the global sweep of United States policy.

Central Committee Secretary Boris Ponomarev met with a large delegation of U.S. congressmen in Moscow April 19. Although he noted that SALT was "considerably closer" than before, Ponomarev quickly launched into a survey of American policies which are hurting detente: the Middle East separate agreements, the China card NATO's arms buildup (which "forces us to strengthen our defense potential"), and the linkage of SALT to developing sector politics. In parting, Ponomarev told the congressmen that the conclusion of SALT would not guarantee the prevention of war as long as so many other matters remain problematic.

Commentators Vishnevskii of *Pravda* and Anichkin of TASS bluntly charged the U.S. with adopting military doctrines—and testing them, as in the coming "Global Shield" test of the Strategic Air Command—that lead straight to nuclear war.

Retrenchment for war

An honest assessment of Soviet thinking must conclude that there is a strong sentiment in the Kremlin for writing off the West as hopelessly committed to war. That judgment gains when the chief Western European powers appear to submit to the American and British confrontation drive. (President Giscard d'Estaing's April 26 trip to Moscow, on the other hand, will provide a chance for renewing war-avoidance efforts.)

Moscow's moves with respect to the USSR's economy are a barometer of Soviet strategic expectations. At the April Central Committee plenum this year, Yakov Ryabov, a key party official for the defense industry, was shifted to a government responsibility in the State Planning Commission, the institution where

national growth rates and resource allocation are plotted.

Simultaneous with the plenum, a number of articles in the Soviet and East European press advocated a higher level of energy and economic independence. Academician Aleksandrov's *Pravda* piece was one; another, in the East German weekly *Horizont*, a review of socialist sector nuclear energy programs, called for a goal of 90 percent energy independence.

The Soviets have not made a final decision for retrenchment for war. Their calls for international cooperation in science and technology, such as Academician Velikhov's that we excerpt here and an April 23 scientists' appeal in *Pravda* for scientists to rally for detente and pooled international efforts in energy technology, reflect a search for paths to avoid war and an opportunity for U.S. policymakers who want to do the same.

—Rachel Berthoff

"Provocative action"

TASS commentator Oleg Anichkin wrote a sharp criticism April 14 of the United States' planned "Global Shield" test of the Strategic Air Command. After describing how U.S. strategic bombers will wing toward the Soviet Union with no advance notice, he observed:

The American military will be ready to play a sinister farce of nuclear apocalypse practically any time, depending on its strategic designs....

It looks as if a further deepening of international detente, and in particular the prospect that the Soviet-American SALT treaty will be concluded, scares the American hawks so much that they are ready, like the notorious Doctor Strangelove of Stanley Kubrick's famous film, to blow up the whole world or at least carry out an imitation of such an explosion, that would be as close to reality as possible.

In this light, the Pentagon's strategic exercises may prove to be highly risky. ... Does it not seem to Washington that the military strategic games planned by the Pentagon generals are a rather provocative action? Everybody knows how dangerous it is to let children play with matches. But one can clearly understand the dangers stemming from the games of the generals with nuclear missiles.

"Do not raise the sword of war"

The article excerpted here, written by S. Vishnevskii, one of Pravda's top international analysts, appeared April 18.

... The idea of a "first strike" was taken up in the West

immediately after the end of World War II....

The achievement of strategic parity between the USSR and the U.S. cooled the ardor of some American strategists. They realized that any first strike against our country would not go unpunished and would lead to catastrophic consequences for America....

But the aggressive conception of a first strike was not consigned to the archives. In the summer of 1975, Defense Secretary James Schlesinger (now Secretary of Energy, and handling the development and production of nuclear weapons), openly stated the possibility of the United States being the first to use the means of mass attack....

The present Washington administration does not make such monstrous statements publicly, and talks rather about defense. But in the bowels of the Pentagon, of Schlesinger's agency, and of the militarist "think tanks," methods of inflicting a first strike are quietly being developed.

"Soviet physicist on world scientific cooperation"

E.P. Velikhov, Vice President of the Soviet Academy of Sciences and a nuclear physicist, contributed an overview of Soviet scientific work in frontier areas in Izvestia April 15. He included several paragraphs on international cooperation, particularly for the crucial area of thermonuclear fusion power:

The fusion of light elements has turned out to be the hardest nut for science to crack. There has been rapid progress in this area in recent years. ... The next step is to demonstrate the technological feasibility of thermonuclear fusion, and the USSR proposes to accomplish this through the joint efforts of countries from different continents. Planning for the international Tokamak "Intor" has begun under the aegis of the International Atomic Energy Agency.

In science today, we must know the correct proportions of what we should do ourselves and what should be achieved through international cooperation and division of labor. There is no need for every single country to set up its own scientific "natural economy." International cooperation of scientists is valuable for all participating countries. ... The language of science is one of the most universal languages on the planet.

"A review of scientific forces"

A.P. Aleksandrov, President of the USSR Academy of Sciences, wrote "A Review of Scientific Forces" concerning the Soviet Union's determination to achieve independent development in science and technology in the face of the West's threat of nuclear war:

... Lenin stressed that the Soviet republic must achieve the "possibility independently to supply itself with all the main raw materials and industrial goods," and pointed to the necessity for wide electrification of the country.

... When a nuclear threat hung over the country, at the call of and with the constant aid of the party, scientists and engineers of our country independently solved all the most difficult scientific and technical questions of the creation of atomic energy and nuclear weapons in the same amount of time that it took the USA, drawing on the major scientific forces of many countries.

The military bases with which the imperialists encircled our country posed new complex tasks before Soviet scientists and engineers. They accomplished a real victory, creating intercontinental missiles and thermonuclear missile weapons and thereby excluding the possibility of launching a war "safe for the aggressor" against our homeland. The enormous contribution of Soviet science to raising the economic and defense might of our homeland greatly helped our party in its subsequent conduct of the Leninist peace policy.

Recall how during the "cold war" period, aggressive circles of the West strove to unleash "preventive" war against the Soviet Union, calculating on using their temporary advantage of possessing atomic weapons, which we did not have. Western papers and magazines of those years can still be found in libraries, pointing out with arrows what routes and from what bases atomic bombers would fly to bomb the cities and industrial centers of our country! And today the same circles who strove to turn the "cold war" into a hot one, have the nerve to talk about a threat from the Soviet Union they dreamed up themselves!

Soviet scientists love their homeland and consider it their primary duty to guarantee the defense might of our country on the level necessary and sufficient for the preservation of peace.

However we are opponents of the arms race; it lowers the living standards of all peoples and increases the danger of war. With the might of modern means of destruction, a thermonuclear war would be suicidal for all humanity; therefore the policy of preserving peace ... has no reasonable alternative.

Our homeland, having carried out the order of V.I. Lenin to ensure the possibility for the independent development of science and technology, created its own reliable fuel-energy complex, a diverse raw materials base, all types of industry. There is no scientific-technological task beyond our powers.

Of course, exporting our surplus production, we buy some types of goods abroad (for example gas pipelines), and industrial equipment. This helps us to speed our forward motion in necessary areas, but is not a vital necessity for us.

The same goes for scientific-technical exchanges. They are useful to the cooperating sides, but there is no vital necessity there for our side. The threats of certain Westerners to cut off scientific ties with us, though unpleasant, do not frighten us. It seems simply irrational to break off contacts which help, to one degree or another, to normalize relations, to lessen the probability of confrontation.

The mighty scientific-technical potential of the USSR allows it to solve problems standing in the way of its development, and its rich natural resources ensure its needs. Our country, as experience has repeatedly shown, is able to withstand all kinds of blockades.

A completely different situation exists in various Western countries. Before our eyes the United States, which has to buy half its oil and gas abroad, is using all means of pressure against sovereign states, right up to the threat to use force to secure the uninterrupted supply of oil. A two to three year interruption would cause—in the USA—but not there alone—the most serious economic crisis.

The same goes, albeit less intensively, for many other types of raw materials imported by the USA. It is interesting that it is not a lack of fuel resources that has led to this situation—coal supplies in the USA are sufficient to supply electricity requirements for 90 years—and, furthermore, the necessary atomic power could be completely developed. It is mainly the desire of the oil monopolies for maximum profits that has created this complex situation.

Throughout its history, Soviet science has tried to solve tasks that are necessary not only for our country, but for mankind as a whole.

Thus, having built the first atomic power station in the world, Soviet scientists reported on it to the scientists of the whole world at the Geneva Conference, which undoubtedly facilitated successes in atomic power. Soviet scientists undertook work on controlled thermonuclear fusion, and I.V. Kurchatov made this known openly at Harwell (England). ... Many successes of Soviet science and the technical achievements of the USSR gave an impulse to similar work in the West.

Our country's policy of mutually beneficial international cooperation in science and technology is dictated by noble motives and corresponds to the improvement of relations between peoples. ...

Haig hails Chinese at AP lunch

A dapperly dressed Alexander Haig, Supreme Commander of NATO, made a major appearance in his still unofficial campaign for the U.S. presidency at a luncheon sponsored by the Associated Press during the Annual American Newspaper Association convention in New York April 23.

ANPA conventions have historically provided an important forum for Anglo-Americans nurturing political ambitions. Haig's appearance, a late addition to the agenda, strongly suggests that the timetable for building the NATO leader's credibility as a presidential candidate may have been stepped up.

According to inside planners of the "Haig option," the gameplan for making the paperclip general President depends on a "series of international and domestic crises which will make the man in the street recognize that Carter is a patsy, and that what's needed to deal with the Russians is 'a man on a white horse.' At that point," Haig intimate Scott Thompson, a professor at Tufts University's Fletcher School of Diplomacy asserted in a recent interview, "Carter will probably be forced to act like a patriot—like Neville Chamberlain did—and bring Haig into the government to run the show."

Haig's appearance at the AP affair seemed designed to make the scenario described by Thompson a reality. Introduced by AP Chairman Jack Taver as comparable "to Gary Cooper striding toward that trail in 'High Noon,'" Haig proceeded to lambast everyone from the Joint Chiefs and President Carter to the Soviet Union, the Third World and Western Europe. Haig had kind words only for "my old boss, Henry Kissinger," and NATO Secretary General Joseph M.A. Luns, and incredibly, the current ruling regime in China.

Flanked by Katherine Graham, chairman of the *Washington Post* and a New York Council on Foreign Relations member, *New York Times* publisher Arthur Ochs Sulzberger and other representatives of what Haig, in his opening remarks, referred to as "the most influential group of informers of the public," the NATO Commander-in-Chief painted a gloomy picture of Soviet gains in strength and position against NATO. After listening to the NATO Commander warn of the United States' supposed loss of status, Katherine Graham gushed, "I was so impressed, General, I wanted to commit suicide."

The diminutive general called on America to provide a "new kind of leadership" to challenge Soviet intervention in the Third World. Just what leadership

was unclear, however. Haig made a near devastating slip of the lip in his presentation following a generously supplied morning cocktail hour, during which this reporter personally saw the Supreme Commander weaving through the crowd, highball in hand, reminiscing about his familial ties to Lord Astor's Cliveden set, the fashionable and gay London elite which launched Hitler. "We must have a post-American ... er, post-Vietnam American leadership for the free world," Haig said. He then detailed what this would entail: the U.S., Europe, Japan and the developing sector supervised by NATO and the International Monetary Fund.

Threatens Soviets

Accusing the Soviet Union of engaging in a "relentless" arms buildup and "a blatant and illegal intervention" in Africa and the "arc of crisis," Haig threatened the USSR's leadership with "a wave of nationalism global in scope." This, the general said, would produce "centrifugal tendencies in Eastern Europe, and even in the Soviet Republics themselves."

Praises Chinese

Haig did reserve some of his bitterest jabs for the "free world" itself. Voicing "cautious optimism" about developments within NATO over the past year, Haig insisted that NATO and non-NATO countries must necessarily "pool our still vastly superior collective economic, political and security assets to manage the global Soviet challenge." It would be a terrible disappointment, the General intoned, if NATO members failed to rally to the challenge.

But Haig's sharpest criticism of the West was couched in his startling praise of Peking. "I remember the long talk I had with Zhou Enlai in the Great Hall of the People back in 1971." Zhou made it known that the Chinese leadership wanted the West to win the Vietnamese War, and to not withdraw from Southeast Asia. "When I relayed this message back to Washington, people accused me of having taken leave of my senses, but time has proven me right." Haig warned against "continuing to disappoint Peking." "If I were in Peking or Cambodia, I would question whether the West" is sincerely interested in fighting Moscow, Haig mused, adding that "If the West fails to adopt the Chinese regime's view of the world, they might become frustrated."

—Kathleen Murphy

Congressional Calendar

AAdministration tradebill first step to trade war

The Carter Administration has introduced House Resolution 3652 as its contribution to reauthorizing and amending the 1969 Export Administration Act. The bill would further tighten the clamps on U.S. exports. In contrast, S-737 introduced by Sen. Adlai Stevenson (D-Ill.) would make a sorely needed, but limited, contribution to untying red tape.

The Carter legislation emphasizes the institutionalized restriction of "goods and technology where necessary" to pursue "human rights," opening the way for trade war. It amends the original act to stress export control when deemed necessary for whatever the Administration defines as "national security." The Administration's bill calls for export controls on "technology" (and goods that contribute significantly to the transfer of such technology) which could make a significant contribution to the military potential of any country or combination of countries which would be detrimental to the national security of the United States."

Carter's bill also intensifies penalties for infringement and conditions for approval of export licenses falling under the "human rights" or "security" rubrics. One example: any firm whose contract is being scrutinized for security-related reasons would be denied access to "sensitive information" for the duration of the scrutiny.

The sheer length of these absurd review processes is one of sev-

eral key elements of present export-export license for a stated end-use by the importer (so the exporter doesn't have to apply for a new license for subsequent shipments or repurchase orders);

(5) require government definition of which kinds of export applications will require multi-agency review;

(6) require a 30-day deadline for agencies to return their comments to the Commerce Department;

(7) establish an Office of Foreign Product and Technological Assessment within the Department of Commerce to assist in the above.

Rep. Jonathan Bingham (D-NY) has introduced a bill parallel to Stevenson's in the House (H.R. 2639); since Bingham has rarely shown himself a partisan of economic or trade expansion, this looks like an effort to plunk himself at the center of horsetrading and water down the Stevenson bill. Stevenson's bill, in turn, falls far short of being a blueprint for trade expansion, and operates within the context of the trade-war policies being pursued by the Carter Administration, rather than detailing a plan for how to massively expand high-technology exports.

The bill fails to address the fundamental problem: the International Monetary Fund (IMF)—and also fails to address the General Agreement on Trade and Tariffs, which has phased out government stifling arrangements addressed by the Stevenson bill. This legislation would:

(1) require that an export permit application go through auto-

matically after 180 days if there has been no ruling. The Export Control Administration would have to grant approval within 30 days or send the application to the Export Administration Review Council (the Secretaries of Commerce, Defense, and State), whose thumbs-down would send it to the White House. After a total of 180 days, the White House would either have to make a ruling, or the permit would go through;

(2) reduce the number of export items under government control, focusing on critical military items only;

(3) establish criteria that the President must obey before imposing foreign policy controls on exports, such as, for "human rights";

(4) allow multiple shipments from a single government-granted subsidies to exporters—an IMF-related atrocity.

GATT, as EIR showed last week, is not designed to liberalize trade. Under IMF control, GATT is designed to disrupt trade. This employment of GATT is already well advanced respecting the industrial exporting countries, and merely complements the IMF "conditionality" policy which has significantly destroyed Third World potential as import markets.

Udall plans hearings on future of nuclear industry

Rep. Morris Udall is taking the lead in the House in pursuing a major attack against the nuclear energy industry. On April 26 his Energy subcommittee of the House

Interior and Insular Affairs Committee will meet to map out their battle plan. But sources close to the Congressman report that he is planning a three-tier approach to closing down the industry.

Udall wants to start with hearings on Three Mile Island nuclear plant, the cause of the accident and the response to it. He then wants to review the national policy towards operating nuclear reactors and construction of new plants. After an antinuclear climate has been properly generated, Udall will hold hearings on the broad questions of nuclear energy such as "what the economic implications of nuclear energy are for the country, its costs and benefits," according to one source.

Kennedy in trouble in Senate fight on "Illinois Brick Bill"

Senator Edward Kennedy (D-Mass), met his first significant setback in his efforts to gut U.S. industry. The Senator was forced to postpone mark-up on his Illinois Brick Bill on April 23, due to extensive opposition to the bill. After only a few minutes of discussion, Kennedy adjourned the mark-up for two weeks, while he attempts some backroom maneuvers to get support for his measure.

The Illinois Brick Bill (S-300) would permit consumers to sue and collect treble damages from a corporation that had been convicted of acting in violation of antitrust laws, even if they did not buy directly from that company. An example of the impact the bill could

have is illustrated by the antitrust suit against IBM. If that company loses the 10-year old case the Justice Department is prosecuting against it, then it will be liable to pay treble damages to potentially every individual who received services from a bank relying on IBM equipment.

What triggered Kennedy's action was an amendment to the bill, introduced by Senator Deconcini (R-Ariz) and dubbed the Pfizer amendment. It would restrict damages allowed to foreign corporations or governments to actual, not treble damages, and would require a reciprocal agreement from foreign countries for such suing practices. Although Kennedy was agreeable to the amendment, the Republicans in the committee wanted to substitute the amendment for the bill itself. "They didn't want to deal with the Illinois Brick Bill" complained an angry Kennedy aide.

There are three other amendments to the bill as well, which tend to weaken, though not actually kill the bill itself. According to one staffer, Kennedy is willing to go along with a weakening of the bill if that is what it takes to get it passed.

Carter urges Congress to pass institute for "appropriate technology"

In his speech before the National Academy of Sciences Monday night, President Carter urged Congress to take swift action on the Institute for Technological Coop-

eration, an institute, in the words of people close to the matter, which would concentrate on bringing "appropriate technology," that is, labor intensive technology, to the Third World. The Institute was authorized by the House in early April and is now before the Senate Foreign Relations Committee. They will be marking up the authorization for the bill May 1-3 and it is expected on the Senate floor in early June. The Administration is requesting \$25 million for the Institute for 1980 and \$40 million for 1981.

Health care under the knife

Senator Edward Kennedy (D-Mass) introduced into the Senate on April 20 the Federal Drug Revision Reform Code bill, aimed at encouraging the replacement of high quality surgical medical care with drugs. The bill establishes a national center of clinical pharmacology which will stress exotic drug use and the possibility of doing away with "unnecessary" surgery through medicines. The bill also revises marketing practices to give consumers rather than scientists the final say over whether a drug is useful. At the same time the bill takes away the monetary incentives that the pharmaceutical industry now has to develop new and better drugs, by depriving a company of a patent on a drug after 60 months.

—Barbara Dreyfuss
with Richard Schulman

'Nuclear power is here to stay'

Energy Taxpayers Assoc. fights environmentalist suit

On Saturday, April 28, a major pronuclear demonstration will be held in Grants, New Mexico which is expected to draw between 10,000 and 15,000 people. The rally is organized by the Energy Taxpayers Association of New Mexico, a group founded by Nacho Salizar, a local drilling company owner, to fight a lawsuit brought by the Friends of the Earth to block uranium mining in New Mexico. The suit, **Peshlakai v. Schlesinger**, seeks to stop all uranium mining until there is a full environmental

Navajo tribe did not want to extend their leases, and would not put any more new land up for sale.... These companies told the people, "Right now we have plenty of work, but you guys watch out, two or three years down the road, things are going to get tough." Nobody really believed it. It was just like any other problem—everybody just sticks their head in the sand and hopes that it goes away. I wasn't contacted. I was just a small businessman and I was having enough trouble just getting started....

EXCLUSIVE INTERVIEW

impact statement, in accordance with the National Environmental Policy Act of 1974. New Mexico and Wyoming are the two principal operational uranium mining areas in the United States, which provide uranium yellowcake to be made into nuclear fuel.

U.S. Senator Harrison Schmitt of New Mexico, New Mexico Governor Bruce King, Dr. D. Graham Foster of Los Alamos Laboratories, Larry McGrew from the Rocky Flats Nuclear Plant in Colorado, and other pronuclear spokesmen will speak at the demonstration.

The following interview with Nacho Salizar, head of the Energy Taxpayers Association, describes how he sees this fight.

EIR: How did the Energy Taxpayers Association begin and why was the organization formed?

Salizar: Okay. I'll tell you a little bit about myself, and when you see where I'm coming from, you will understand how a lot of people in Grants got to where they're at. I was born and raised in Mexico, and I came to the United States in 1967 and started working for a uranium company when I was 18 years old.... In 1975, we decided to take a step and form our own business, which is a drilling company.... There was a lot of work to be done, and we got our fair share of it. After the third year of business the operating companies—when I say operating companies, I mean Phillips, Mobil, Kerr McGee, United Nuclear, all the people that produce uranium—started getting worried about new leases, or extensions on the current leases they had. The

But, in the middle of 1978, I heard for the first time about this problem, which concerned Indian allotted lands, U.S. Forest Service lands, Bureau of Land Management land, and all the regulations that were being imposed on them, as far as... developing them and getting mine permits, and a whole stack of obstacles that were being thrown at the industry. And on Dec. 22, 1978, the Friends of the Earth filed a lawsuit against the Secretary of the Interior, the Secretary of the Department of Energy, the Nuclear Regulatory Commission, the Tennessee Valley Authority, and all the different federal agencies involved in uranium production or leasing.... The attorneys included about 98 Navajo Indians on the Navajo reservation and got them to join in the lawsuit, which is called **Peshlakai v. Schlesinger**. Their big aim—their big beef really, is what it amounts to—is that the federal government did not require a national environmental impact study of what uranium yellowcake production would do to the United States.

We in this area believe that uranium production is already in, it's already underway, and that it shouldn't be stopped. But the Friends of the Earth want to stop further production. Where we come into that, as service people—like myself, and the banker, and the retail grocer and everybody in this area—we have all geared up for what's coming up in the next two, three, four, or five years. We have invested our money in uranium and in Grants, so if further production stops, if mine permits aren't issued, we are going broke. Those environmental impact statements that they're asking for are going to take 20 or 30 years to do, or a minimum of 10. You understand what that will mean. You know what happened to coal in 1972....

The way the lawsuit is worded, it just scared the pants off everybody. When I read it, it was so far reaching and so unreasonable that I didn't believe it. I thought, "those guys are crazy." What I call it is environmental hypocrisy. They do it with a complete disregard for people like myself. Things have been building up to this particular lawsuit; a demonstration here, a little one there, a complaint against a certain mining company, trying to stop mining, or milling, or drilling, or whatever. Every time I go to one of those meetings or one of those hearings, I'd waste one or two days. What I found consistently coming from the environmental people is misinformation, scare tactics, intimidation toward public officials, and a complete lack of knowledge from the environmental people on whatever they were talking about. They were trying to tell me that what I was doing was criminal, that it was wrong, that I was hurting people and hurting myself. The way I look at it, I know what I'm doing, the people in Grants know what they're doing, they know what the consequences are in the uranium mines, in the mills, in the rigs, or whatever. You make up your own mind on what you want to do. ...

Well, I had worked too hard for what I had done, and my family, and all my friends, and the people who have worked for me have worked real hard to make me what I am and help our business come along the way it has. We went from 0 to 95 employees in three years, and I think it's a real accomplishment, and that it has helped a lot of underprivileged individuals. We employ almost 90 to 95 percent Mexican-Americans. The uranium industry in New Mexico has given the Mexican-American one of the breaks that we need to really get ahead, without having to be militant or Chicano-type people, or whatever. We work for it; if you do a good job, you get what you deserve.

So I decided to get involved, and I called a meeting of the local businessmen here in Grants and explained this lawsuit to them, and, being businessmen, they knew what was at stake, and I didn't have any trouble convincing them...It concerned them all, and we decided that we were going to do something about it. We called our congressional delegation; we got Congressman Harold Ronalds down here to address our organizational meeting on Jan. 26, and we had a turnout of about 500 people on a week's notice, and we presented the Congressman with over 2,000 petition signatures from one week. That gives you an idea of how the people reacted to it.

EIR: *Do you have support from all the people in Grants—the businessmen, the workers, the suppliers, the Mexican-Americans—more or less everybody except the Friends of the Earth?*

Salizar: The people here in Grants, who work around the fields, if I don't already have their support, all I have to do is talk to them for one minute and they're

with me. But I have not run into one person here who does not support the Energy Taxpayers Association. We called our first meeting on Jan. 21, and held our first organizational meeting on Jan. 26, and within a month, we were getting calls from throughout the state and throughout the country on what we were doing. One of our main objectives is to get this lawsuit exposed to the average citizen, and number one, to tell the businessmen what it is going to do to them....

Of course, there are some environmentalist types here in Grants who believe that nuclear power is dangerous and is bad; they're the hardcore radicals and I am never going to convince them, and I'm not trying to. What I'm trying to do is to get the message to the silent majority, and to tell them it's time to get off their duff and go out there and fight like hell.

EIR: *How many people are you expecting at the Energy Day in Grants on April 28?*

Salizar: We're expecting between 10,000 and 15,000. The town is about 18,000 to 20,000. The entire industry is going to shut down for this day and we're going to get a lot of outside people from Gallup, Farmington, Santa Fe, Albuquerque, all the surrounding towns....

EIR: *What kind of press coverage have you gotten in the national press?*

Salizar: Let me start at the local end. Here in Grants, we get excellent coverage. The Gallup paper has helped us. The Farmington paper has helped us. We are having a lot of trouble getting press coverage from the Albuquerque papers; we are having trouble getting coverage from the Albuquerque TV stations, which service the entire state and southern Colorado. We have gotten national coverage in the trade magazines, but no coverage from any national networks or wire services.

EIR: *Have you gotten coverage from any papers in the Southwest, in Texas, Denver?*

Salizar: No.

EIR: *Why do you think that a few environmentalists can do something and it's national news and you may pull together a demonstration of 15,000 and it isn't?*

Salizar: I can't answer that question. I went to one particular hearing that the environmentalists put on. The industry was there and the environmentalists were there. They had about 40 or 50 people there and we had about 50 or 100 people there, depending on what time it was. The entire network system was there to cover it for the state. And any time the environmentalists talked, the cameras came up, and any time we got on—I guess we're too straight or something, dressed up to make a presentation the way protocol calls for it—we don't get any coverage....Unless we call a press conference or physically almost drag them over to where we are, they won't cover us.

EIR: *Does this make you think that there is a kind of conspiracy to exaggerate the influence of the environmentalists?*

Salizar: I don't know if it's a conspiracy or not, but during this Three Mile Island mishap, one of the officials said, as far as the press is concerned, on TV, on the 6 o'clock news, it is more exciting to film a fire truck going around the plant doing nothing but raising a lot of hell than it would be to show an engineer with blueprints trying to figure out what is going on.

EIR: *There are basically two views on energy. There's the traditional American view that any shortage can be solved, and that we solve problems through R and D and we continue to grow, and there's the view that there is an energy shortage which can't be solved and therefore we have to conserve and stop growing. It seems that this is the view adopted in Schlesinger's program. What do you think?*

Salizar: Well, that's a heavy question and I think a lot about that when I am by myself. I think that even though there might not be an energy shortage right now, and it might be a false one, that there will be, and I think that it is going to take conservation plus new technology, new methods, and that we're just going to have to keep going the way we are. I don't think that the American people are the type of people to just say: "Hey, this is it, we might as well face it, we are going to run out of energy, we are going to stop growing." All of our lives, we're trained to follow the American dream, that you work hard and that you get the fruits of your work, so that as long as you have people who are like that, if we don't do it, our kids will do it, and they'll find something new, and I am very confident of that. As far as there being an energy shortage now, I don't know. I can't answer that question.

EIR: *Some nuclear experts, like Jon Gilbertson of Fusion magazine, say that they think the Three Mile Island incident was sabotage, and Professor Rasmussen of MIT, the nuclear safety expert...asserted that there was a .99994 percent chance of sabotage given the string of occurrences. Do you think that the possibility of sabotage should be investigated?*

Salizar: In my own mind, and I am not speaking for the Energy Taxpayers Association,...I'm positive that there was sabotage. I don't know how to prove it; but just the way things are happening, and all of a sudden this big attack on nuclear power—"The China Syn-

drome" and everything—in my mind, there is no doubt about it...I think that the environmentalists would stop at nothing to do away with nuclear power....

One other thing that we are going to work on, and that we are pointing out as much as we can, is the fact that antidevelopment people, antinuclear people, environmentalists—I categorize them all the same way—have infiltrated the federal government, the state government and local government, to positions where they can dictate policy. Now we have a situation where lawyers and people who work for the Sierra Club, Friends of the Earth, the Natural Resources Defense Council or whoever, that file lawsuits against the government to stall or postpone or cancel big projects like dams, nuclear reactors, mining or whatever, the same lawyers who filed these lawsuits and drew them up and worked with the environmentalists are now defending them, as they now work for the Department of the Interior, or the Department of Energy or President Carter. I think that this is conflict of interest of the worst kind.

EIR: *What do you think of the potential for cooperation between the United States and Mexico, with its very ambitious plan for industrial development?*

Salizar: I'm from Mexico, so I can tell you a little bit about how the Mexican people think. Mexico is developing well. The people are getting educated, the younger people are going to be in power within 10 or 20 years and you have less corruption, less graft, and more intelligent people running the show....

What the Mexican government is trying to do from what I can tell, as I look at it from the outside, is that they are willing to cooperate with us. They are willing to sell us whatever we need, but they are going to do it on their terms. They are going to do it to benefit Mexico, not to benefit the United States.... They have seen the problems that have developed in the Middle East, and what they are going to ask us to do is: "OK, you want to sell us drilling rigs, you manufacture them in Mexico and put the Mexican people to work, and we'll let you work over here and we'll sell you the oil. We'll sell you the oil as fast as we want to produce it; not as fast as you demand it. It will make the American people realize that just because Mexico has the oil it doesn't mean we can have it. They can sell it somewhere else. We are going to see a big influx of foreign technology in Mexico and everywhere in the world....

Building Trades cheer Kennedy

The following is the first of a two-part article covering the Building Trades national legislative conference held in Washington, D.C. this week.

We include in this part ample quotes from speeches made to the over 2000 Building Trades delegates by Senators Patrick Moynihan and Ted Kennedy as well as the speech made by Building Trades President Robert Georgine. The second part will include hefty coverage of the panel discussion entitled "Nuclear Energy—Its Future and the Environment," as well as coverage of the speeches made by Labor Secretary Ray Marshall and Vice President Walter Mondale.

The national-three day legislative conference of the Building Trades Department of the AFL-CIO opened April 23 with a suicidal retreat from the fight for a nuclear energy-based economy. Instead, the Building Trades gave a warm embrace to the fascist policies of Senator Edward Kennedy and Energy Czar James Schlesinger.

From the opening remarks of Building Trades leader Robert Georgine, which failed to even mention nuclear energy, it was clear that the leadership had decided to ignore the overwhelming sentiment of their members to wage a post-Harrisburg offensive for nuclear power. Georgine and AFL-CIO Secretary Treasurer Lane Kirkland offered an impotent attack on the Carter Administration's social programs and a prescription for a New Deal-styled recovery from an inevitable depression.

Georgine specifically joined the call for militarization of the economy, privately supported by inflation czar Alfred "Genghis" Khan and Federal Reserve Chairman William Miller, and publicly endorsed by the AFL-CIO President George Meany and, most recently, by United Autoworkers President Doug Fraser. The Building Trades leader is clearly looking backward to the fascist public works programs of the New Deal to bail the trade union movement out of the present recession. Georgine called for a renewed offensive for Humphrey-Hawkins type slave labor programs—policies which are not supported by the majority of skilled workers and which if implemented will lead to the depression he seeks to avoid and to the destruction of the trade union movement.

Bad Times Ahead

The delegates hardly rose to applaud either Georgine or Kirkland. Many had gone into the meeting knowing that the future of nuclear energy and the jobs of their members were on the line. Their national leaders, who have chosen to hide behind the delphic oracle of nuclear power, James Schlesinger, gave them no marching orders.

This laid the assembled delegates open to demagogic appeals by Senators Daniel Moynihan and Edward Kennedy.

Moynihan, an architect of genocidal austerity policies for the Third World and American ghettos, incredibly presented himself as the champion of the labor movement. To the cheers of the delegates, he delivered a delphic attack on the Carter Administration and "no growthers"—never once mentioning nuclear energy.

Terming the Democratic Party a "disgrace," he lashed into an undifferentiated attack on American employers. He followed up with an attack on his "fellow liberals," tailored to his audience: Painting an erroneous picture of the isolation of the labor movement, even more dismal than that of Georgine, the flap-jowled Moynihan pontificated: "The AFL-CIO may now have to fight alone for strength and prosperity of the country." The delegates cheered. But Moynihan's blustering was merely a preliminary to the appearance of Ted Kennedy.

Sounding every bit like a President, Kennedy offered a demagogic program for fascism. Each component would destroy the American system that the building trades had taken part in creating. And after each pronouncement, the brainwashed delegates applauded.

The delegates gave Kennedy a standing ovation—despite the fact that he is a leader of the congressional antinuclear lobby.

In the corridors

While Moynihan and Kennedy made their anti-capitalist, delphic pro-growth pitch, several representatives of industry—the potential allies in a labor-industry alliance—cringed in disbelief.

As delegates walked out of the hall, many appeared

to have second thoughts about fawning on the environmentalist Kennedy. The leadership had forced much of the discussion of nuclear power to take place in the corridors. The support, and the will to fight for it, were evident; only the nationally coordinated orders were missing.

And many delegates blamed leaders like Georgine for this rotten state of affairs.

Building Trades leader demands wage price controls

The following are excerpts from a speech given on April 23 by Robert Georgine, President of the Building Trades Department of the AFL-CIO, at the Building Trades national legislative conference:

Reviewing the last year we can see that our original hopes of the Carter Administration and a liberal Congress making significant strides have not been realized....

Despite our defeat on labor law reform, we can point to some victories—the minimum wage bill, Humphrey Hawkins, and local public works jobs....

We did not advance, we did not fall back....

The national economy is headed toward a recession, hitting first in housing. Only swift action to control inflation can prevent a depression.... Carter will fail unless an enforceable system of controlling prices, profits, credit and interest rates is established. We don't like controls, but we will not stand for wage controls without price controls. If we must have controls, we must have controls on everything....

We must expand our energy supplies, we must develop all our resources with the proper safeguards for health and safety...we must free ourselves from OPEC....

Moynihn rallies labor against Congress

These statements were made by Senator Patrick Moynihn to the delegates attending the National Building Trades conference this week:

I am glad to be here today, in fact I am glad that I am here with you rather than back on Capitol Hill with a U.S. Congress which has disgraced the tradition of the Democratic Party....

American employers have lived with the most stable patriotic labor force in the western world, and now they are turning against you. They have not been there when you need them. ... It is time you stop being taken for granted....

I want to talk about three things....

First, the efforts to repeal the Davis Bacon Act must be stopped. All those Senators who are trying to repeal Davis Bacon are the same Senators who want twice their share of public works.... I say, if you vote against Davis Bacon, you get no public works....

Second, you must become concerned about the multilateral trade negotiations. One of the codes concerns removing technical barriers to trade; if the trade agreement goes through it could wipe out building codes in the U.S....

Third, there is the problem of the budget cutters ... the people who have bumper sticker solutions to the collapse of the economy. The budget going into the 1980s has a zero increase in the expense of the government.... You are the people who build things ... this zero increase (for public works spending) is not a future good enough for the greatest republic in the world. ...

Kennedy courts Building Trades

Here are excerpts from the address by Sen. Edward Kennedy (D-Mass) to the AFL-CIO Building Trades national legislative conference:

You know people complain that they can't find decent housing any more. Well a friend of mine just bought a 12 room house for \$20,000 within walking distance of schools, shopping ... and Three Mile Island....

The Administration is part of the energy crisis. It has decontrolled oil prices, allowing companies to make tremendous windfall profits. And then it comes to the Congress and asks us to bail them (the Administration—ed) out. The national government should control the price of oil ... not OPEC!...

But the House and the Senate are awash in special interest groups. We have the best Congress money can buy. ... It's a disgrace to every principle of government that we know. We must have public financing of campaigns ... We need better leadership from the Congress and the Administration ... the nation has a crying need for houses, roads, schools, plants ...

The wage price guidelines are not being applied equally. Workers' wages under collective bargaining contracts over the past several years have been held to a cap of 7 percent.... But the cost of living has shot up by 10 percent, interest rates have risen to 11 percent and corporate profits have risen by 24 percent....

We must have a comprehensive national health insurance plan.... In Canada, when they implemented (such a health plan—ed.), the doctors went out on strike. They said the plan wouldn't work ... but the plan does work... We don't need doctors, if they are going to rip people off....

Steelhaulers continue strike

Approximately 5,000 of more than 10,000 Teamster-organized steelhaulers remain on strike this week primarily in Ohio and Western Pennsylvania.

Earlier in the week, negotiators for the Teamsters and three national trucking management associations finally reached agreement on the "steel rider" to the recently negotiated master freight contract. The Teamsters order locals, covered by the rider, to return to work, while authorizing a strike against a fourth employer association, the National Steel Carriers, which refuses to sign.

Sources close to the negotiations report that U.S. Steel may be putting pressure on some of the carriers not to settle. The strike begins to affect some of U.S. Steel's competitors, forcing layoffs and leading to speculation that it may help U.S. Steel's and Bethlehem's plans for cartelization.

Violence flares in Ohio and Pennsylvania. Some truckers are shot, while pickets beat others. One county in Ohio declares a "state of emergency."

Teamster leaders say terrorist networks connected to the countergang Teamsters for a Democratic Union are responsible for the violence. The TDU, which receives media coverage as the "leaders of the strike," is reported in alliance with a second countergang, the Fraternal Association of Steelhaulers (FASH) made up of a handful of non-Teamster steelhaulers. FASH, which ran a violent strike only a few months

ago, is said to have a "small assassination squad," which is being deployed against the strike.

Teamster Local 800 and some locals in Ohio reject the proposed pact. The locals are known pockets of TDU agitation. They demand the right to ratify the steel supplement separately from the master freight agreement.

Steel industry officials—other than U.S. Steel and Bethlehem—worry about the strike. Although it is unlikely to spread much further, if it continues in its present dimension it will soon cause widespread layoffs. "It is an economic tragedy," said one worried steel executive.

USWA ends Newport News strike

United Steelworkers of America local 8888 ended a more than two month strike here yesterday after failing to force the Newport News Shipbuilding and Dry Dock Company to recognize their union. Union leaders made their decision to return to work based on knowledge that the majority of the more than 15,000 workers at the facility were ignoring the strike and had already returned to work. Prior to the strike, the union had won a representation election that was upheld by the National Labor Relations Board and heralded as a major organizing victory in the South. Tenneco, the conglomerate that owns the shipyard, refused to recognize the union and initiated a policy of replacing workers who participated in a union sanctioned job action. This

latter action especially was cited by a union official as the trigger for a violent confrontation which took place last week between strikers and local police.

In announcing their decision to return to work the union said they would wait for a court of appeals to decide on Tenneco's challenge of the NLRB's certification of the election. This, however, is not expected for several months. In the meantime the union will seek to rebuild support among the workers who had crossed the picketline to work.

Sadlowski in steel union attack atomic power

Five officials of the United Steelworkers union in the powerful Chicago steel district issued a statement recently demanding that a nuclear energy plant under construction in the Baily Dunes site of northern Indiana be abandoned. The officials called upon the owner company, the Northern Indiana Public Service Company, to cease construction on the plant.

The five USWA officials were:

- Jim Balanoff, USWA District 31 director;
- Mike Oleszanski, research director for Balanoff and a former member of the terrorist-linked Friends of the Earth environmental group;
- Bill Andrews, president USWA local 1010 (Inland Steel), and author of a resolution condemning the Baily Dunes plant that was passed by his local last summer;
- Norman Purdue, president USW local 1011 (Jones and Laughlin); and
- Paul Kaczocha, president USWA local 6787 (Bethlehem).

All of these USW officials helped staff and promote the campaign—backed by the Institute for Policy Studies—of former District 31 director, Ed Sadlowski, for USWA national president in 1976.

Commission to investigate Three Mile Island sabotage

An independent Commission of Inquiry, announced April 7 at a well-attended press conference at Washington, D.C.'s Madison Hotel, will begin immediately to investigate the evidence that last month's "nuclear accident" at the Three Mile Island plant near Harrisburg, Pa. was the result of sabotage.

The work of the new commission was presented to the press by spokesman Jon Gilbertson, Director of Nuclear Engineering for the New York City-based Fusion Energy Foundation.

Gilbertson outlined for the press five primary areas of investigation to be undertaken by the commission.

"Given that the probability of the sequence of failures at Three Mile Island being purely mechanical is about one part in one billion," Gilbertson said, "and given that the most basic operating and safety procedures were systematically violated contrary to all training and regulations, the most important question to be answered is: Was the shutdown the result of sabotage?"

"Given that the media and local officials were under top-down control of the National Security Council under the just-instituted Federal Emergency Management Agency (FEMA)," said Gilbertson, "a second key question for probing is whether NSC Director Zbigniew Brzezinski and Energy Secretary Schlesinger expected such an incident beforehand?"

The Commission will also investigate the following:

- Given Carter's April 5 announcement of support for Schlesinger's "energy" austerity program, which includes a ban on nuclear breeders, drastic oil consumption cuts, and brute-force energy price inflation, the plant failure, and the implementation of the FEMA "crisis management," foreseen as a means of instituting unpopular energy austerity? Should Schlesinger and other top officials therefore be removed from office for gross malfeasance?

- Given the distortion by the national press and government officials of the alleged dangers of "meltdown," were these stories consciously meant to provoke the population into panic in order to permanently discredit nuclear energy development and prepare the U.S. for nuclear war confrontation through civil defense-type conditioning?

- Finally, given the role of key antinuclear organizations, especially the cult and Rand Corporation-linked Union of Concerned Scientists in promotion of policies of shutting down nuclear plants, and creation of the "China Syndrome" film and its public release only two weeks before the Three Mile Island incident, what is the relation of the foundations and financial backers of these antinuclear groups to the economic policies of austerity advocated by Schlesinger et al?

Case for Foul Play

Prior to the press conference, the FEF's Executive Director Dr. Levitt was interviewed on ABC radio. The interview, aired several times nationally, is drawing strong interest in the formation of the group.

"We are finding a distinct shift in the national response to our allegation of deliberate sabotage and the role of the National Security Council's FEMA and Schlesinger in this whole situation," Levitt told NSIPS in a subsequent interview. "We are getting increasing affirmation of the overwhelming case for foul play at Three Mile Island," he stated. "Even sources within the Nuclear Regulatory Commission are willing to admit to us the strong possibility that such occurred, especially around the shutdown of the two backup valves 48 hours prior to the incident, something which is a Class A NRC safety violation."

Levitt added that the commission will now draw on the advisory expertise of a broad layer of scientific, engineering, and counterintelligence and security expertise both inside and outside government to assist in the commission's investigation.

Further corroborating the analysis of the "crisis management" role of Brzezinski's FEMA, one well-informed NRC source stated that FEMA has launched "interdepartmental warfare" to take control over such nuclear accidents away from the NRC. The Three Mile Island case is being used as the foot-in-the-door to press their move to centralize under direct Brzezinski-NSC control all such "disasters."

—William Engdahl

FACTS BEHIND TERRORISM

Europe tightens noose on terrorists; will U.S. do the same?

Late breaking developments indicate that the French, Italian, and West German counterterror efforts are converging on a full-scale indictment of the Israeli Mossad as the operational command running all terrorism in Europe—both “left-wing” and “right-wing.” According to one confidential source, holding together the financing, safehousing, recruiting, and logistical supporting of the Red Brigades, the Baader-Meinhof Red Army Faction, and the separatist and environmentalist networks is made in Israel.

Last winter, it will be recalled, the Italian antiterror chief General Alberto Dalla Chiesa had issued evidence that Baader-Meinhof gang founder Joaquim Klein, who masterminded the 1975 raid against a Vienna OPEC meeting, was a known agent of the Mossad. He is also an associate of Jean-Paul Sartre. The West German Bundeskriminalamt (BKA), soon thereafter published corroborating evidence including the name of the Israeli kibbutz where Klein was being debriefed and received new identification papers. Similar evidence was surfaced by French authorities concerning Daniel Cohn-Bendit.

But it was the bombing earlier this month of a French nuclear plant construction site near Marseille, that prompted European officials to act on the existing knowledge of the Mossad terror ring. West German Interior Ministry officials—who previously relied on Mossad intelligence on

Palestinian “terrorist activities”—established direct contact with the Palestine Liberation Organization’s security personnel to compare notes regarding the murder of a top security aide to Yasser Arafat.

The meeting, according to reports in the April 24 issue of the *New York Times*, not only allayed German fears of a wave of “PLO” terrorism against Federal Republic targets. The cross-gridding established that a British-born woman had been placed into West German security circles under the direction of a “foreign intelligence service” which the *Times* acknowledged was believed to be Israeli.

New signs have emerged that major breakthroughs are about to be announced in the still-unsolved 1977 assassinations of West German banker and leading organizer for the new world economic order Juergen Ponto and industrialist Hans-Martin Schleyer. *Die Welt* of April 26 reported that the BKA is moving in on Baader-Meinhof fugitives Christian Klarr and Susanne Albrecht.

Meanwhile, back in the U.S.

Two developments in the United States this week indicate that the American counterparts to the French, Italian, and West German security services are not acting in coordination with their European colleagues.

First, Mayor Jane Byrne of Chicago announced the appointment of Patrick Murphy to the position of Police Commissioner.

Murphy, an advocate of police counterinsurgency, was a recent special guest of the London Ditchley Foundation at a conference called to plot out further terrorist operations for Europe. To insure the Police Commission endorsement of Murphy, Byrne named former Attorney General Edward Levi as the commission’s head. Levi earned the wrath of many U.S. law enforcement and security personnel with his authorship of the guidelines that have hamstrung all effective counterterror operations—including some of the very methods successfully employed in recent months in Europe.

Second, on April 25, John Sherman—leader of the George Jackson Brigade terrorist gang—escaped from a northern California prison. Sherman’s arrest and the virtual shut down of the George Jackson Brigade in 1977 came, in part, as the result of a dossier circulated widely among law enforcement officials identifying the “above ground” support networks behind the group and proposing that FBI, state and local police cooperate to establish a surveillance screen.

Important for the U.S. picture is the fact that a \$25 million law suit has been filed in New York State Court against the Anti-Defamation League of B’nai Brith—a domestic channel for Israeli intelligence operations, including terrorism. Within the next three weeks, that case—filed by the U.S. Labor Party—may go into deposition phase and significant revelations could be forthcoming of the “Zionist glue” behind critical features of the terrorist problem here.

—Jeffrey Steinberg

WORLD TRADE REVIEW

New trade deals

PRINCIPALS	PROJECT / NATURE OF DEAL	COST	FINANCING	STATUS
East Germany, Italy, Mozambique	East Germany is seeking Italian machinery and equipment for building truck plant (supplied by Fiat), steel plant (supplied by Italmimpianti), synthetic rubber and textile plants (supplied by ENI), tires (Pirelli), and polyvinyl chloride (Montedison). A triangular deal for developing coal production and a coal pipeline in Mozambique is an included feature, with East Germany supplying the mining technology, Italy the financing.	\$600 mn.	Trade credits: Mozambique and East Germany would repay Italian trade credits through shipments of coal and coke.	IV
Mexico from France	Pemex commission meets with French Atomic Energy Commission on increased oil exports	FF. 1bn.	U	IV
Mexico from United Kingdom	Coal mining machinery for Mexico's first coal mine	\$123 mn.	U	V
Uruguay from World Bank/IDA	Second highway project for reconstructing important road link to Brazil	\$26.5 mn.	\$26.5 mn. IDA credit at 7.9 percent	III
Mexico from U.S.	Purchase of 5,000 U.S. tractors from Ford, International Harvester and John Deere.	U	U	II
Haiti from World Bank/IDA	A second power project	\$16.5 mn	\$16.5 mn. IDA credit at 7.9 percent	III
Spain from Japan	Toyota considering setting up plant to produce its Starlet model	NAv	NAv	V
Iran from W. Germany	Six submarines ordered 18 months ago from Salzgitter.	NAv	NAv	NAP

Abbreviations:

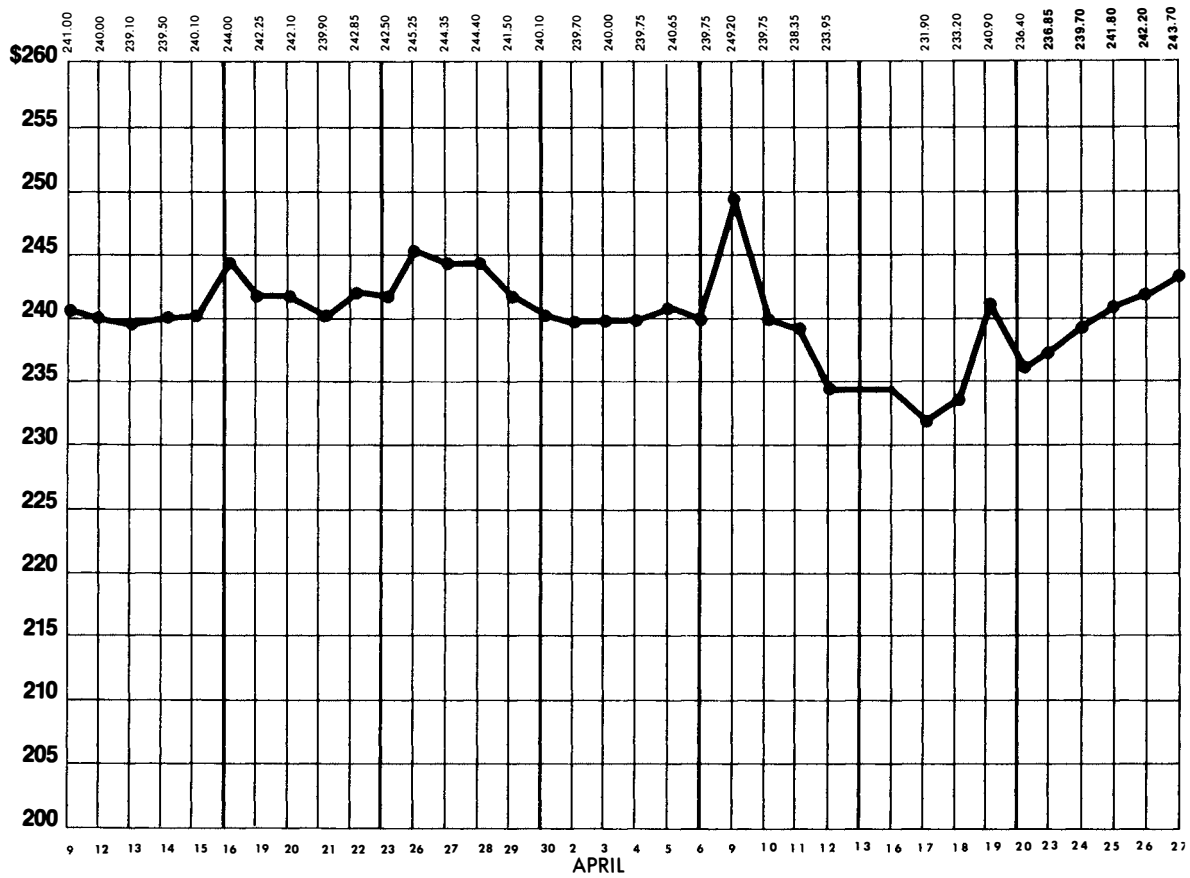
U = Undetermined
 NAp = Not applicable
 NAv = Not available

***Status:**

I = signed, work in progress
 II = signed, contracts issued
 III = deal signed
 IV = in negotiation
 V = preliminary talks

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Gold London afternoon fixing



The Dollar In deutschemarks. New York closing

