

National News

New fiscal crisis hits New York City

New York City has been hit with a fiscal crisis potentially more severe than that of 1975-76. According to a Nov. 6 report released from the State Comptroller's office, the city faces a budget gap of \$400 million this year and at least \$1.2 billion in 1984—and these figures are merely the most recent in a series of deficit projections that has spiraled upward due to an unexpectedly sharp decline in tax revenues.

Mayor Edward Koch has imposed an across-the-board budget cut of 6 percent for all departments, a hiring freeze, and more service reductions. But with New York City's workforce slashed nearly 40 percent since 1975, any significant reduction imperils every city service.

The main target for budget-cutting has therefore become the city labor unions, which negotiated a moderate 7-8 percent wage increase this summer. New York's financial community is demanding that the unions reopen the contracts, or take massive layoffs if they refuse.

Unlike the 1975 crisis, the city can expect no help from the state. What makes the crisis even worse than 1975 is that New York State's budget is on course for a nearly \$600 million deficit. Standard & Poor's has dropped the state's rating to the lowest of any state in the nation, calling into question its ability to finance capital projects and short-term cash flow needs, let alone provide any assistance to the city.

Donald Hodel: new man at Department of Energy

Donald Paul Hodel, the man President Reagan has decided to appoint to the position of Secretary of Energy, comes to his new post with a past record of strong advocacy of nuclear energy, and other forms of high technology energy development necessary

for national economic growth.

Hodel has also been an outspoken opponent of the Club of Rome and its various "environmentalist" subgroups, for which reason a cabal of such is currently preparing to testify against Hodel's appointment during his upcoming confirmation hearings.

Hodel was appointed in 1969 by President Nixon as deputy administrator of the Bonneville Power Administration, a huge hydro-electric development project in Oregon. Rising to the post of administrator in 1972, Hodel soon became an international spokesman for energy development, and pushed hard for Bonneville to initiate a series of nuclear plans to supplement its hydro capacity.

He also served on the Board of Directors of the National Electric Reliability Council and the Electric Power Research Institute, two leading research and development arms of the nation's electric power utilities, and was on the Advisory Committee on Energy Facility Siting of the National Science Foundation. In 1980, Hodel was elected to the Board of Directors of the U.S. National Committee of the World Energy Conference.

With such a background, Hodel was newly appointed Interior Secretary James Watt's first choice to serve as his number two man as Undersecretary of Interior in the new Reagan Department of Interior in 1981.

NDPC's Jones launches mayoral race in Chicago

Sheila Jones, who challenged Democratic Congressman Sidney Yates in Illinois's 9th Congressional District running on the Anti-Drug Party line, announced her campaign for Mayor of Chicago against incumbent Jane Byrne in a press conference Nov. 4. Jones will run in the Feb. 22 Democratic primary with the slogan "This time elect a woman."

Mrs. Jones, who polled between 11 and 15 percent of the vote in several precincts despite a nearly successful blackout of her campaign by the media, will run on a program of revitalizing industry in the Midwest

through "great enterprises" such as the Chicago deep tunnel project. Jones, already identified as the "LaRouche candidate" because her solutions to the depression parallel National Democratic Policy Committee leader Lyndon H. LaRouche's emergency anti-depression program, is backed by the National Democratic Policy Committee.

Richard M. Daley Jr., whose father forged a powerful Democratic political machine in Chicago, on Nov. 4 made it official that he will also challenge Mrs. Byrne in the primary. Two years ago, Daley was elected chief prosecutor of Cook County, which includes Chicago, despite opposition from Mayor Byrne.

A fourth candidate, black congressman Harold Washington, announced for Mayor on Nov. 10 with the support of Field family anti-black counterinsurgency expert Jesse Jackson, in an apparent effort to split the minority vote away from Jones, who is also black.

The Chicago mayoral race is bound to be a bitter fight, with the Byrne machine determined to squash all competition. The national press has printed the first of an expected series of attacks against Daley, with the *Washington Post* quoting Chicago *Sun-Times* columnist Mike Royko, who also slandered LaRouche, on Daley's "inarticulateness."

State Department fears Kissinger exposé

Despite highly damaging material and embarrassing questions on Henry Kissinger raised by *EIR* at State Department briefings, State Department spokesman John Hughes continues to embrace Kissinger on George Shultz's behalf. However, the heat is on, as a Nov. 11 exchange between *EIR*'s Ronald Kokinda and Hughes attests:

EIR: My journal, the *Executive Intelligence Review*, has been informed by prominent French citizens that the content of the meetings and the purpose of Henry Kissinger's trip to Europe is to undermine support

for the Reagan Administration. Just how closely is Secretary Shultz working with Kissinger on his trip?

Hughes: (As the press chuckles) The Secretary continues to consult closely with Mr. Kissinger and rely upon his advice. I don't know about this specific trip, but I'm sure that the Secretary will continue to rely on Mr. Kissinger's advice.

EIR: Let me follow up on that. Has the Secretary been informed of the testimony, in the trial of [former Italian Prime Minister] Aldo Moro's murderers', of a close friend of Mr. Moro, Mr. Corrado Guerzoni, who testified that the individual who was threatening Moro shortly before he was kidnapped and killed was Henry Kissinger?

Hughes: No, the Secretary has not been informed. We certainly have no intention of bringing every charge and wild allegation that may be made about Mr. Kissinger to the Secretary's attention.

A National Democratic Policy Committee leaflet on the Italian court testimony so disturbed the former Secretary of State's former colleagues in Washington that on Nov. 12 a State Department security guard threatened an NDPC organizer with illegal arrest for distributing the leaflets on public property.

A Committee representative had been passing out leaflets for half an hour to several hundred State Department personnel, when a security guard approached her, informed her that she was on "federal property," and told her that she would be arrested if she did not leave. The security guard falsely claimed that the sidewalk was federal property, and when the NDPC organizer inquired about the status of other sites nearby, extended that claim even to a gathering place for vagrants across the street.

A subsequent discussion with Robert Bannerman, chief of domestic operations for State Department security, confirmed that the guard had no authority to stop the leafletting and that the organizer was indeed standing on public property. "Even if you had been standing under the awning, which is State Department property, it is not our policy to stop anyone from leafletting," Bannerman said.

Kissinger aide Solomon to be named to State post?

Richard Solomon, formerly an aide to Henry Kissinger at the National Security Council and now an analyst at the RAND Corporation, may be named Director of Policy Planning at the State Department, according to Republican Party circles. Solomon is being considered to replace Paul Wolfowitz, who was named last week Assistant Secretary of East Asian and Pacific Affairs.

Both of these nominations seem rather curious. Wolfowitz in the words of one member of the U.S. intelligence community, "knows diddley about Asia."

Wolfowitz had been a member of the famous "Team B" group appointed in the mid-1970s by then-CIA Director George Bush, which warned of a Soviet military buildup and advocated a rapid U.S. military buildup. However, since Wolfowitz has written numerous articles opposing nuclear energy in the developing countries and advocating slowing down technological progress in those countries, he seems to believe that pure military efforts can substitute for economic development in America's security posture—a position hardly calculated to win friends in Southeast Asia.

According to his colleagues, Solomon's credentials are even less impressive. A fervent devotee of the China Card—including U.S. cooperation in developing China's nuclear delivery capacity—Solomon is not regarded by his colleagues as one of the brighter fellows at RAND. They tell of the time that a senior RAND Sovietologist was conducting a seminar on his recent trip to the Soviet Union. Solomon, always eager to show his knowledge, interrupted to point out, "You know, the last time I was in the Soviet Union, the thing that interested me was the fact that all the rivers ran from south to north."

"Yes, Dick," Solomon's senior colleague patiently replied, "just like on the map."

It is possible that Solomon will rise to the occasion—but which one?

Briefly

● **TYRONE FAHNER**, the Illinois Attorney General who for the past year has worked closely with pro-drug forces at the Chicago *Sun-Times* and the Anti-Defamation League to close down the Illinois Anti-Drug Coalition, was booted out of office Nov. 2, when he lost his re-election bid to Democrat Neil Hart. Fahner had earned the nickname "Tylenol Ty" through his attempts to use the recent Tylenol murder case to grandstand as the savior of the public.

● **WILLIAM FRENCH SMITH** has signed an agreement to facilitate extradition of major criminals between Italy and the United States. Aimed at organized crime, the treaty's first application may well prove to be the extradition of Henry Kissinger, following the former Secretary of State's exposure in a Rome court Nov. 10 for involvement in the kidnapping and murder of former Italian Prime Minister Aldo Moro.

● **WILLIAM BUNDY'S** International Institute of Applied Systems Analysis (IIASA) in Vienna was exposed by journalist Tad Szulc Nov. 7 as a center used by the Soviet Union for advanced electronic spying on the United States. Szulc detailed in *Parade* how IIASA, a branch of the Club of Rome, had tapped into the U.S.-built CRAY-1 computer at the University of Reading in England, securing top-secret U.S. defense information for the Soviet KGB.

● **PAUL LAXALT**, Republican Senator from Nevada, announced Nov. 6 that he would be assuming the General Chairmanship of the GOP, overseeing the Republican National Committee and all Republican campaign committees. Laxalt confirmed observations that the appointment signifies President Reagan's intention to run for re-election. "If I didn't think he was running for President, I wouldn't be taking this position," said Laxalt, who was Reagan's campaign chairman in 1980.