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International Markets Newsletter

NEW SOLIDARITY International Press Service

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Mexico, Venezuela Break Out World Debt Fight

April 24 (IPS) — Key leaders of the Venezuela government have thrown their weight behind the global fight for Third World debt moratorium, sending ripples throughout political circles in the Third World and Western Europe.

Reinaldo Figuerado, president of Venezuela's Foreign Trade Institute, told reporters this week that Venezuela's delegation to the May 4 conference of the United Nations Conference for Trade and Development (UNCTAD) would press for "a decided and practical solution" to the problem of Third World debt "and even a moratorium." This marks a sharp break with Venezuela's past role as "Trojan Horse" for the U.S. State Department among Third World countries, and could tip the balance of Third World forces towards a tough stand on the debt question at UNCTAD next month.

Mexican President Luis Echeverria's strong mobilization for a new world economic order program both within Mexico and internationally, plus the devastating collapse of world trade and production since the March 31 debt rollover date has spurred Venezuela to bolt the State Department's control, Latin American political sources report.

In his speech to the World Parliamentary Union in Mexico City last week, Echeverria warned that the debt burden of the Third World was becoming "intolerable." The Mexican press is running a constant buildup of pressure on the debt question. In its April 23 editorial, the Mexico City daily *Excelsior* calls "the longstanding indebtedness of the Third World countries one of the most ominous problems facing those countries." The newspaper adds, "it is urgent to face this already disastrous reality before it turns into a major catastrophe. Moratoria could provide a respite for dealing with this problem." The other leading Mexico City Daily, *El Sol*, attacked the Third World's "perpetual indebtedness," adding, "the Nairobi meeting must find a formula for solving this problem and address what is imperative: a more just, new economic order in the world."

The repercussions of Mexico's fighting approach to the debt and related development questions have upset U.S. efforts, led by Undersecretary of State Charles Robinson, to "contain" the Third World delegations at the critical UNCTAD meeting in Nairobi. Panama's diplomats are saying that their government will push for a full moratorium on Third World debt at Nairobi.

Socialist Bloc May Move

There are also preliminary indications that the socialist countries are coming to understand that their support is crucial and may do more than give lip-service to the Third World position at the UNCTAD meeting. Cuban media gave broad coverage to Venezuelan spokesman Figuerado's statements on debt moratorium, and the Cuban government is reported

to be strongly sympathetic to the Mexican and Venezuelan initiatives. In an April 7 broadcast, Yugoslav radio issued a direct challenge to the Soviet Union: "The approach of the socialist countries is becoming increasingly less satisfactory for the developing countries," the Yugoslav news agency Tanjug said. "This was manifested at the recent conference of ministers of the Group of 77 (Third World) in Manila," where Soviet representatives stupidly cautioned Third World leaders against taking too "provocative" a stand on the debt issue. "The only solutions for the currently important problems of the developing countries," the broadcast concluded, "can be sought only within a plan for the general development of the world economy." The Soviets have given no indication yet of their current thinking.

Shock Waves in Europe

While the line-up at Nairobi is still being fought out, Western Europeans are still trying to maneuver between Echeverria and Kissinger, with no clear stand on precisely what kind of debt moratorium they will go along with. Swedish trade minister Lindholm announced Wednesday on Swedish Radio that four European countries — Sweden, Switzerland, Holland and Norway — will support a moratorium on at least government-to-government credits at the UNCTAD conference. An open fight broke out among the industrialized countries' governments at preparatory talks last week in Paris, when these four countries broke ranks with the United States.

The previous week, State Department officials muscled the 20 industrial countries of the Organization for Economic Cooperation and Development into agreeing to quash the debt question at the Nairobi negotiations. By April 19, the OECD club had splintered. A senior advisor to the West German Development Ministry said that for the moment West Germany would follow its orders from Washington, but added: "The Americans are completely crazy. All they can think of is short-term tactical advantage. Meanwhile the whole economic situation is collapsing around us." An editorial in the pro-NATO daily, *Die West*, pleaded for the U.S. to drop its "confrontationist attitude."

The French are also having public second thoughts on the U.S. position. This week, the influential magazine *Le Monde Diplomatique* reported that UNCTAD Secretary-General Gamani Corea wants the Nairobi conference to center on debt. Corea, a strong exponent of the U.S. State Department's "commodities indexation" swindle, is under much pressure to come out behind a moratorium position; *Le Monde Diplomatique's* extensive coverage on debt is a clear effort to push him to do so.

Meanwhile, the closest allies of the State Department in Europe are in full defensive position. The London Financial

Times warns of "a North-South confrontation and the perhaps even greater danger of a split between the western industrial powers on the whole question of the approach to the Third World." In Italy, Gianni Agnelli's daily Repubblica complains that Kissinger's con games will likely fall through at the Nairobi meeting, and rails against the threat of a solid Third World front for debt moratorium.

The conditions for a general European break with Kissinger are now all in place. Switzerland's defection from the U.S. camp places the largest financial power independent of the U.S. — and the principal European ally of the French Gaullists — on the Third World's side. Great Britain is in the midst of the final stages of financial collapse, and leading political circles have put forward contingency plans for a sharp turn towards the Third World. West Germany, the principle enforcer for the State Department, has thus far resisted U.S. proposals that it jointly present the State Department's commodity con-game at the Nairobi meeting. If sufficient pressure builds up in France

and Switzerland, the internal fight in West Germany on the country's stance at Nairobi will swing against Kissinger.

New Institution?

At this point the Europeans are divided on one critical issue: whether the question of the Third World's debt will be taken out of the hands of the International Monetary Fund, the financial policeman for the New York banks and the Eurodollar market. While a spokesman for the Dutch foreign ministry said that his government endorses the creation of a new institution partly controlled by the Third World to handle this problem, the French and West German governments still back the IMF and the World Bank.

World Bank president Robert McNamara — the great proponent of slave-labor, labor-intensive "development" proffer, of the tenuousness of IMF-World Bank control, and is trying to come up with some new gimmick to placate the Third World. McNamara, sources close to him say, is terrified that the Third World countries are about to move out of U.S. domination.

Pound Sinks As Currency Crisis Enters New Phase

NEW YORK, April 24 (IPS) — Yesterday afternoon's abrupt slide of the British pound sterling to a record low of \$1.80 together with the announcement of the previous day of double digit money supply growth rates for the United States and West Germany have sent the dollar-based monetary system into a more advanced, irreversible crisis stage. The surfacing of monetary disintegration in both Great Britain and West Germany all but eliminates both the pound sterling and the deutschemark as buffer currencies for the dollar - at the precise moment that the U.S. currency itself is in the first phases of a hyperinflationary spiral and an uncontrollable liquidity crisis.

Left to its own defenses, the only short-term solution for the dollar is an abrupt contraction of credit within the United States. One is quickly reminded of the consequences these same actions produced in 1929 under less severe liquidity pressures: then, the credit contraction instantly fed into a stock market crash, chain reaction corporate bankruptcies, and an inflow of capital, whose accumulated 2 year effect was to bankrupt the Austrian Kreditanstalt bank, the pound sterling and produce by 1931 a complete breakdown of all currency-monetary-trade arrangements. With liquidity pressures roughly four times greater than in 1929, such monetary contraction will produce more devastating effects in a far shorter period of time — a full scale currency panic could occur within a week of the Federal Reserve Bank's decision to go for contraction. As in 1931 the sinking pound will be the first to go down the drain, followed shortly thereafter by the dollar itself and all currencies associated with the dollar monetary system.

The Pound Sinks

The significance of the renewed sterling collapse is that it occurred after the Bank of England raised the minimum lending rate (MLR) by an astonishing 1.5 percent. This rise in the MLR was itself prompted by sterling liquidation by Arab countries such as Kuwait, which hold the greatest proportion

of foreign-held sterling. On April 22 alone the pound dropped a whopping 4 cents against the dollar. The decision by the Bank of England to raise the MLR to 10.5 per cent thus had absolutely no effect on halting the run on the pound. Instead, many investors, expecting the MLR to rise by a full 2 per cent, were disappointed and liquidated their favorable positions in sterling.

The excess liquidity crisis within England itself prevented the Bank of England decision from taking effect among the vast proportion of British clearing house banks. In fact, three of the five clearing banks announced on the same day, that due to their excess liquidity positions they could not raise their own lending rates. This means that the MLR rise will have no effect on the run.

This situation is caused primarily by the absence of profitable lending outlets in sterling denominated assets — a symptomatic feature of the collapse of the dollar system itself and world trade and production it influences. It leaves the Bank of England with three short-term choices. The first is to do nothing and let the collapse of sterling take its "natural" course. With only \$5 billion in foreign reserves to cover a potential run on \$14 billion in sterling deposits, the Bank of England would in a matter of weeks, if not days be forced to shut down its foreign exchange markets and freeze sterling assets.

A second option would be to soak up internal liquidity that has let the clearing house banks to resist even a substantial rise in the lending rate. Such a move would quickly accelerate the pound collapse. The first effect of soaking up such excess liquidity would be a collapse of the so-called gilts market, the market for British treasury securities. The decision to raise the MLR threw the gilts market into panic in stock capitalization. The MLR rise instantly wiped out \$1 billion. Beyond this, credit tightening would put the already weakened secondary banking and clearing house banks to which they are indebted from previous bail out operations, in

complete jeopardy — if not in instant bankruptcy. The internal disintegration of the credit markets and banking system would itself be enough to bankrupt the pound sterling once and for all.

The third choice available to the Bank of England is to introduce appropriate inconvertibility measures with respect to sterling deposits themselves. Such suspension of convertibility would be accomplished by freezing the roughly \$14 billion in official foreign sterling deposits in London. The move which would have to be politically acceptable to the Commonwealth countries who hold these deposits, would immediately shift all monetary pressure onto the dollar and the Eurodollar market. There is good reason to believe that the Bank of England is considering such a course. A senior Bank of England advisor said April 21 that if the current incomes policy of the Callaghan Government falls through because of union resistance, the Old Lady would be left with no alternative but to declare the sterling inconvertible.

Given the pressure against the pound over the last two days, it is reasonable enough to state that even if the incomes policy is successfully implemented, there would still be no alternative choice. The Economist, the Rothschild controlled financial weekly, smelling an inconvertibility move being cooked up went into a fit. The Economist editors insisted this week that any type of controls would immediately lead to total exchange controls and the immediate destruction of all domestic credit issuing mechanisms.

This latter statement contains more panic than truth. The effects of exchange controls would be directed outwards: the volume of externally-traded sterling is too small by itself to have any serious impact on Britain's internal credit system. The question of convertibility is totally political - a question that bears directly on the immediate if temporary survival of the dollar itself. The removal of the pound as a buffer currency would wreak havoc on the dollar forcing all pressure onto the already weak U.S. currency. Regardless, the current collapse of the pound, which banking sources have indicated is potentially "bottomless" will, intensify such pressure on the dollar.

The Monetary Balloon

Yesterday morning the Bundesbank, West Germany's Central Bank, reported a 16 per cent money growth rate per annum during the first quarter of 1976 - a defacto announcement of the deutschemark's inability to function as a buffer for the excess liquidity of the dollar without destroying the West German range. Unlike in 1972-3 when the Bundesbank absorbed roughly \$20 billion through support operations for a crisis ridden dollar, it is in no position to do so now without touching off Weimar style inflation. With wholesale prices already rising at a double digit rate, the fear of runaway inflation is already too real for West German financial leaders.

Significantly, the dollar is in the first tumultuous phases of a full blown hyperinflationary liquidity crisis. The announcement by the Federal Reserve Bank in its weekly bank statement April 22 that the U.S. money supply (total currency in circulation plus demand and time deposits) had grown by an astounding \$4.4 billion in one week is by far the most damning evidence that the dollar-based monetary system is building toward a hyperinflationary explosion.

According to the New York Fed, this growth is not merely a one week "temporary" phenomenon. In the last quarter, the money supply has been growing at a per annum rate of 14.4 per cent. Wall Street "money watchers" explanations of this development as a passing "technical" phenomenon, should

be summarily dismissed as the ravings of fools. The spurt in the money supply is directly attributable to several years of accumulated Federal deficits which have produced an outstanding indebtedness of almost \$700 billion. Such deficits tend automatically to add to the deposits of the banking system. The Treasury raises money on the credit markets to cover its debt and then uses the proceeds to pay all bills. The money thus works its way back into the banking system. This

A New Universe

This latest spurt in the money supply, however, is occurring prior to the surfacing of two factors which normally balloon money supply growth rates: monetization of Treasury debt by the Federal Reserve Bank and the expansion of loan demand.

Since the first of the year, the Fed has actually contracted its purchases of Treasury debt - a move which under other circumstances would tend to reduce the money supply. By selling off its holdings of Treasuries, the Fed actually absorbs deposits and reserves from the banking sm. Over the same period the loans outstanding of the banking system have fallen by over \$4 billion. Under normal circumstances this would also tend to contract the deposits and reserves of the banking system by the reverse multiplier effect of a fractional reserve system presently existing in the U.S.

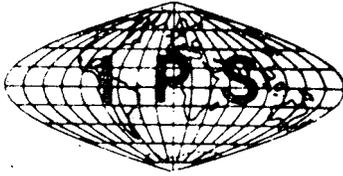
The significance of these developments is the following. If the loan demand begins to pick up, as the prophets of recovery are saying will happen, the current phenomenal growth rates will increase exponentially. Banks and corporations who have helped finance over \$160 billion in Federal deficits over the last two years, will begin to cash them in to finance such things as inventory build-up and the operating expense increases. As this occurs, either interest rates on Treasury debt will rise quickly to the double digit range and/or the Fed itself will have to absorb the costs by running up its printing presses.

The so-called Wall Street money watchers are nonetheless worried sufficiently about these developments to start considering tightening the credit reigns. There is reason to believe that the Fed has already decided upon such a course. According to the chief economist of Irving Trust, it is his belief that the Fed made such a decision at its monthly open market committee meeting on April 20, and that the slight rise in the fed funds (inter-bank market) rate on yesterday afternoon reflected it.

If the Fed goes ahead with this in any significant way it will have immediate negative repercussions on the pound, on other soft European currencies and on the Japanese yen. The reason given by some financial analysts why the Fed has not tightened up already and print dollars is because it was worried about the effects this would have on the battered pound and lira.

But it now seems clear that Federal Reserve Chairman Arthur Burns has gritted his teeth and will opt for hyperinflation. Domestic U.S. effects of this decision will be equally catastrophic. The current stock market bubble, which pushed the market up over the 1000 mark, will burst as the higher interest rates induced by such credit tightening will drive money into debt instruments. However, if the Fed decides not to tighten the credit, the effects will be equally disastrous: monetization of debt will produce an inflationary spiral that will feed into higher interest rates.

In this case, there will be a simultaneous collapse of the dollar and the pound sterling and all other dollar-linked currencies. Burns' dilemma thus signals the fag end of the bankrupt monetary system.



U.S. Political Newsletter

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Rockefeller In All Out Mobilization For Nuclear Showdown

WASHINGTON, D.C., April 24 (IPS) — The vacillation of the factional opposition to the insane Rockefeller-Kissinger build-up to general confrontation in the Middle East last week has put the world on a 48 hour thermonuclear fuse. Nothing short of the removal of Secretary of State Henry Kissinger, followed by a rapid move towards an overall Geneva settlement will stop their mad drive towards war. At the time of writing, Kissinger is moving to realize a "limited nuclear war" posture which he articulated a week ago yesterday in a speech delivered in Phoenix, Ariz. With all of the Rockefeller-Kissinger covert war provoking apparatus in the Mideast still intact, the Secretary of State himself issued a statement in London yesterday which indicated that the war fuse could be lit at any moment. After meeting with his personal provocateur-on-scene, Special Envoy in Lebanon L. Dean Brown, Kissinger proclaimed that the "situation in Lebanon is desperate... discussions have broken down... there is no immediate chance for discussions."

There are indications that the vacillation demonstrated by President Ford earlier in the week on the Mideast question and on Kissinger's continuing tenure as Secretary of State may well be changing. In a speech before the Daughters of the American Revolution yesterday, Ford reiterated his pledge made in Texas two weeks ago that he will at all costs avoid a thermonuclear confrontation with the Soviet Union.

The George Ball-Averell Harriman wing of the U.S. Atlanticists meanwhile has dangerously reserved their counter-attacks against the Rockefeller seizure of foreign policy and fired press and related attacks aimed at recapturing the uncaged Kissinger beast. Under pressure from an all out Labor Party mobilization and direct organizing by Harriman spokesmen and their associates in the U.S. Congress by week's end, Harriman forces escalated their assault on Kissinger. Going beyond railing against Kissinger's "limited nuclear war" policies and timid exposés of Rockefeller's war-making capabilities, four Harriman-Democratic Party Presidential hopefuls called for Kissinger's removal or the abandonment of Kissinger's war scenario over this weekend.

On April 20, the Chicago Tribune, which is tied to Secretary of Defense Donald Rumsfeld's associate Brooks McCormack, President of International Harvester, brought Rumsfeld into the front pages to explicitly debunk the "limited war" doctrine put forward by Kissinger in Phoenix. Following the Harriman-linked Washington Post-Chicago Sun Times use of Counter-Spy editor Winslow Peck to blow CIA arming and funding of the Falange, the New York Times

took aim at another Kissinger trigger, the Dayan-Peres directed Israeli extremists.

These "normal procedures" applied to cage Rockefeller-Kissinger policy have had absolutely no effect. Instead, Vice President Nelson Rockefeller, demonstrating the level of insanity now gripping his immediate circle, leaked statements he made to a gathering of Georgia Republicans last weekend in which he charged that the campaign staff of Democratic Presidential hopeful Sen. Henry Jackson had been infiltrated by "communists." Rockefeller's hysterical use of acknowledged "McCarthyite" tactics against a former ally is a signal to all opposition that this time he intends to pull out all stops — employing every dirty trick he can to carry out his confrontationist policy. In an interview yesterday with the Sun-Times, Kissinger revealed that planned "democratic moves" on the foreign policy front were being stalled by the presidential electoral process — an indication that Rockefeller will destroy that process if it gets in his way.

Kissinger Bent On War

Acting overtly as Rockefeller's personal emissary with no pretention of fulfilling his duties as Secretary of State, Kissinger's stop in London yesterday was specifically aimed at putting the final touches on the programmed "regional war scenario" in the Mideast. Following his meeting with Brown in which Kissinger proclaimed the situation in Lebanon to be out of control, Kissinger is reported in the today's London Financial Times to have stated that the war in Lebanon could rapidly spread to become a regional conflict in which Soviet military intervention is a real possibility.

Thumbing his nose at the attacks by Harriman forces, Kissinger reaffirmed his "limited regional war" operation April 22 at a press conference in Washington, D.C. In the press conference which was intended to both set the stage for both his 7 African nation trip aimed at provoking regional conflicts and create the policy conditions for a showdown with the Soviets over the Mideast, Kissinger told reporters that the deterioration of detente was due to "Soviet activity in Angola." The U.S. would stand-up to the Soviets in any corner of the world, he blustered where the Soviets engaged in similar activity — i.e., the Mideast.

Harriman-Chicago Leading That Potshots Don't Work

All the central figures of the Ball-Harriman group and their associates in the U.S. Congress were thoroughly briefed

by Labor Party representatives over the week on the immediate danger and ineffectiveness of their initial potshot attacks on the Mideast. Three Democratic Presidential candidates most intimately associated with Harriman forces then escalated their assault on Rockefeller's chief provocateur. Jimmy Carter today broke campaign protocol and hit at Kissinger through attacking President Ford's "weak and vacillating" foreign policy. Accusing Ford of putting his campaign above the nation's security, Carter stated that Ford was capitulating to the rightward pressure of Ronald Reagan in order to get votes. Rep. Morris Udall (D-Ariz.) followed with an interview published in tomorrow's Washington Post urging that Kissinger "move on." Finally Harriman's chubby stalling horse Sen. Frank Church (D-Id.) reported that the U.S. must avoid regional war at all costs on a network television broadcast.

This sharp break from "normal channels" of factional tactical warfare on the part of Chicago and Harriman forces had begun in Chicago yesterday afternoon when Sen. Adlai Stevenson, Jr. (D-Ill.), responding to a week of Labor Party briefings by publically calling for the quick reconvening of the Geneva Mideast Peace Conference. Speaking at the University of Chicago, Stevenson stated "Any responsible government would now call for the reconvening of the Geneva Conference. Since no government has accepted that responsibility, I am now calling for a quick return to Geneva." Stevenson's statements were followed up last night by Rep. Donald Riegle's (D-Mich) call for the "immediate resignation of Kissinger" on a Flint, Mich. radio station (Flint is another Labor Party stronghold.)

Congressional activity around the USLP's urgent call for action on the Mideast also met results on Capitol Hill yesterday. The offices of Senators Abounezk (D-S.D.) and Haskell (D-Col), both on a fact-finding mission in the Mideast over the congressional recess, requested pertinent information from the USLP to be immediately cabled to the Senators for use in the Mideast.

In related activity, Sen. Jacob Javits (D-NY) and Mathias (R-Md.), both usually associated with the Rockefeller family, made public statements late last week that their contact with Arab leaders in the Middle East "found no appetite for war."

Harriman forces launched several potshots at the Rockefeller-Kissinger Middle East war machinery. On April 24 the New York Times blasted the Israeli "extremists" who launched the provocative march into the West Bank last weekend. Openly calling for an Israeli government led by dove Abba Eban, and PLO-Israeli talks, the Times editorial was meant as a signal to Rockefeller not to unloose his Israeli Dayan-Peres "crazies." One day earlier, both the Washington Post and the Sun Times reported Winslow Peck's "leaked" confirmation that the assassinated CIA station chief in Athens, Richard Welch, was responsible for supporting and funding the Falange. Part of Welch's job, according to Peck, was to "kindle the war" in Lebanon — an explicit warning to the Rockefeller gang.

Ford-Rumsfeld Wake To Danger

Paralleling these Congressional developments, forces close to President Ford and Defense Secretary Rumsfeld showed a marked interest in Labor Party briefings late last

week. On April 22, high sources in the Pentagon revealed to Labor Party representatives that an apparent opposition to Kissinger both Ford and Rumsfeld "were pushing for Geneva." Yesterday, representatives from Rumsfeld's office took a detailed report on the Middle East and related developments. Similarly today, the offices in the White House opened up lines of communication to the Labor Party.

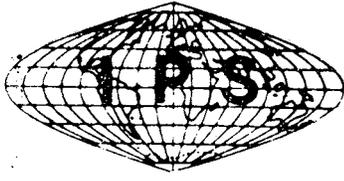
Sources close to Ford had previously indicated that the President was interested in making sure that he would get the maximum vote total in the upcoming Texas primary and had no taste for making dramatic policy moves. Rockefeller, who has Ford profiled, has attempted to keep the pressure on the President by ordering his soap suds salesman Republican candidate, former California Gov. Ronald Reagan to make a series of provocative right wing, yahoo oriented foreign policy in front of "packed" audiences. The President had previously been responding according to profile and at least tacitly backig a tough line, Ford is now apparently beginning to realize that their may not be any election at all if the Mideast situation cannot be cooled down and his Vice President and Secretary of State caged.

The Game Has No Rules

The activation of the full Harriman network in concert with the marked openness of Ford-Rumsfeld circles to the Labor Party, signals that the delusion by their forces to believe that mad Henry would play by the rules is coming to an end.

Kissinger had in no way responded to the explicit contradiction of his limited war "fight them anywhere" policy offered by Rumsfeld in the April 19 Chicago Tribune. In the Tribune interview, Rumsfeld was fed a barrage of leading questions: "Is there a possibility of war with the Soviets?" "How often do you meet with the President?" Rumsfeld responding in what amounts to policy statement, by announcing the mandate of the American people is that the U.S. "not be the policeman of the world." Taking aim at the hysteria dredged up in recent weeks with so-called Schlesinger's limited nuclear war doctrine reruns in the press, Rumsfeld labelled as false the rumor campaign that NATO allies are up in arms about NATO's failing deterrent in Western Europe. The Rumsfeld line was also buttressed the same day by the Harriman-linked Sun Times warning that the end of detente could lead to general nuclear war.

These initial "routine" factional warnings went completely unheeded by both Rockefeller-Kissinger. In a move that sources extremely close to Harriman verified as a factional counterattack on Harriman and related forces Rockefeller insane himself accused his long-term associate Henry Jackson of harboring "communists" in his campaign staff. The staffer Rockefeller fingered was Dorothy Fosdick, whose father virtually ran the Rockefeller family's day-to-day affairs for some thirty years. Dorothy Fosdick's crime was her breaking from Rockefeller ranks in the post-war period into the Harriman orbit. The mad Rockefeller's message went out to all factional opponents — anyone who does not tow the Rockefeller line will be crushed. In a press conference yesterday Jackson, himself an expert witness on the subject, was forced to admit that "Nelson Rockefeller is the lowest form of humanity," and reiterated his call for Rockefeller's resignation.



Special Report

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NSC On Alert Over Lebanon Crisis; Kissinger Warns Soviets

April 25 (IPS) — The National Security Council has been mobilized on special alert and is watching the growing crisis in Lebanon on an hour-by-hour basis, according to a high-ranking officer of the U.S. Air Force. "Anybody who predicts a war over Lebanon will be right," he said. "Whether it comes in 12 hours, or 24, or a week or a month, they'll be right." The source added that he had spoken with National Security Council and Pentagon officials, and that the general consensus is that the crisis "may be impossible to cool down."

In an April 22 press conference in Washington, Secretary of State Henry Kissinger, the chief provocateur of the Middle East war danger, brandished the threat of world war in a display of nuclear brinkmanship. Kissinger warned that while there is no "immediate threat" of Soviet Union military intervention into Lebanon, such a possibility exists if the fighting there escalates into a full-scale Middle East war, according to the Jerusalem Post. Kissinger warned that there is a "general danger of a full-scale confrontation in the region if the fighting continues, and that a new Middle East war would inevitably raise the spectre of Soviet involvement," said the Post. Kissinger then left Washington for London where he held a meeting with L. Dean Brown, special U.S. envoy to Lebanon who has been coordinating the provocations of the Lebanese right since his arrival in Beirut two weeks ago.

The danger of an Arab-Israeli clash over Lebanon, leading to an Israeli use of nuclear weapons and a U.S.-Soviet nuclear confrontation, is the direct result of deliberate actions taken by the insane Secretary of State, on behalf of the Rockefeller financier faction, to escalate the Middle East threat as part of the Schlesinger "regional" nuclear war doctrine. A sudden military "show of force" by the United States in the Middle East believes Kissinger, would both intimidate the Soviet Union and provide the proper climate for establishing Schachtian military dictatorships in Italy and Western Europe.

Through private and semi-private intelligence conduits, the Rockefeller-Kissinger forces have established a permanent "tripwire" in the Middle East that, in any given 48-hour period, can set off an uncontrollable chain reaction of military intervention. The chief danger is that a renewal of all-out civil war in Lebanon, sparked by the fascist Lebanese Falangists, could draw in Syria and then Israel, triggering a general Middle East war. The Rockefeller forces have

heavily rearmed the Falange in recent weeks in preparation for a showdown with the left, and through the Israeli warhawks around Moshe Dayan and Defense Minister Shimon Peres have set up the area for a Rand Corporation nuclear war scenario.

The U.S. Labor Party and the ICLC are now in the tenth day of a full mobilization to wreck the Middle East war drive and force Kissinger out of office. Workers, trade unionists, American Jewish leaders, government officials, and diplomats are being saturated with over 1 million leaflets alerting them to the danger in the Middle East and urging them to activate their contacts and available channels to defuse the region and demand Kissinger's ouster. The ICLC program for the Middle East, which includes debt moratorium for Israel and Egypt, new credit for regional development, and for reconstruction of Lebanon, and mobilizing Israeli technology and industry to create an agricultural base for Arab development, has been widely circulated throughout the U.S. and Western Europe.

Lebanon On The Brink

Despite limited concessions yesterday from Lebanese President Frangieh, an ally of the Falangists, the internal Lebanese situation continues to be a trigger for a regional explosion. After intense pressure from the Lebanese left, Frangieh signed the constitutional amendment yesterday allowing the Parliament to elect a new president. But the Christian right which supports Frangieh is driving ahead with its Rand-designed plans for Lebanese partition into "Christian" and "Moslem" enclaves, and observers considered the Frangieh move nothing more than a time-buying maneuver to pacify the Communist and pro-Iraqi Lebanese left.

Two days ago, Lebanese leftist leader Kamal Jumblatt announced that unless Frangieh had resigned by May 2, "the Lebanese national movement will be obliged to form a revolutionary government to handle control of areas under it and to liberate other areas." Jumblatt charged that "dozens of armored cars and heavy artillery" was reaching the Falangists and the Christian right through the two ports still controlled by the rightists, and that the Falangists were seeking to "internationalize" the conflict — i.e., provoke outside intervention — by escalating the fighting.

Direct evidence came from Syria that Syrian President Hafez Assad, a NATO puppet under heavy pressure from the Rockefeller-run Saudis, might intervene massively into

Lebanon in a new round of civil war. Zuhair Mohsin, the Syrian intelligence operative who heads the Syrian-controlled Saiqa commando organization, told the London Financial Times: "Syria will wait and see, but if and when Syrian intervention is inevitable to stop the fighting, regular troops will intervene." Over 700 Lebanese died in heavy fighting in the two days before Frangieh's agreement to sign the amendment to the constitution, after which the war tapered off slightly in Beirut, while continuing strong around Tripoli, Lebanon's second city.

An eruption of full-scale war in Lebanon and a Syrian intervention would almost certainly create the conditions in Israel to catapult the extremists led by Dayan into power, perhaps via a coup d'etat, leading to an unleashing of the Israeli military into Lebanon.

In Tripoli, the leftist forces who have been in control of that city for at least six months have already begun to set up the basis for a national administration, along the lines threatened by Jumblatt, in response to the moves by the Christian right to create a separate state in the tiny Christian enclave around the port of Jounieh. There are strong indications, however, that some of the elements included in the overall left-Palestinian coalition, seized with the excitement of approaching political victory in Lebanon, have entirely lost sight of the broader implications of the Lebanese crisis. This was demonstrated most strongly by the idiotic statements from Faruq Kaddumi, a leader of the Palestine Liberation Organization, who said that the PLO was waging a guerrilla war "and we are not afraid of nuclear bombs."

As the Financial Times noted, partition, once a threat of the rightists to "menace" the left, "has become a maneuver gone out of control."

The U.S.-Israeli Threat

The increasingly apparent fact that the Lebanese left cannot be stopped by any force internal to Lebanon itself

makes the threat of a NATO-coordinated intervention into Lebanon by Syria, Israel and the U.S. more than likely. President Ford's blundering unwillingness to accept the establishment of a pro-socialist Lebanese state is what makes him — and the Harriman-Ball faction of financiers — susceptible to the Kissinger-Rand scenario. Ford has apparently given Kissinger a carte blanche to use CIA and Pentagon channels in the Middle East to halt a takeover of Lebanon by the left — which opens the way for Kissinger to set up his nuclear war scenario behind the backs of his nominal sponsors.

In addition, Kissinger's rearming of the Falange — despite the obvious fact that the tiny area of Lebanon controlled by the Falange is strategically nonviable under a concerted leftist attack — means that the fanatic Falangists are merely being used as cannon fodder to provoke an explosion and outside intervention on orders from Kissinger.

Knowledgeable observers have reported that Syria cannot do more than threaten major military intervention because an actual invasion with heavy fighting against the left would provoke a coup d'etat against Assad by pro-Iraqi forces in the Syrian army. Thus, Israeli forces launched probing attacks on southern Lebanon this week, striking by air, land and sea against key Lebanese ports and shelling several villages, according to Palestinian sources.

Off the Lebanese coast, a major deployment of the U.S. Sixth Fleet has been building up in recent weeks. Salah Khalaf, a Central Committee member of the Fatah Palestinian commando group, charged that the Sixth Fleet was "supplying the Falange with munitions, petrol, and modern war equipment of all kinds," and blamed Dean Brown, the U.S. envoy, for the escalation in fighting. Fatah also warned the Syrians against any attempts to perpetrate a repeat of the massacre of Palestinians in Jordan in "black" September 1970.

Henry Kissinger's Mideast Puppets

April 25 (IPS) — The ability of the Rockefeller-Kissinger forces to manipulate the Middle East situation toward the brink of a thermonuclear conflict is, in large part, dependent on their control over three interlocking forces in the area: the Falangists of Lebanon; the right-wing warhawks in Israel; and the greasy sheikhs of Saudi Arabia. This network must be dismantled — and its controllers, Henry Kissinger and Nelson Rockefeller, removed — if the objective conditions favorable to a peace settlement are to be realized.

Lebanese Falangists consciously model their organization on Spanish dictator Franco's fascist organization of the same name. These Lebanese storm-troopers, led by petty gangster Pierre Gemayel, are committed to preserving at all costs the political deals made with the departing French imperialists in the mid-1940s that promised the eternal dominance of Lebanon's ruling Christian elite. On this basis, they have resisted, at the price of over 20,000 deaths, even the slightest demands for political and social reform made by the Moslem population as well as the Christian left.

The Falangists are easily controlled through their insane peasant self-conception as "the only real Lebanese." CIA rumor mills keep the Christian enclaves that the Falangists run in a constant state of terror through constant — unfounded — threats that the ancient massacres of Christians by Moslems will be repeated; on the basis of the fear of extinction, "95 per cent of the Falangists definitely wish for Israeli and Syrian intervention into Lebanon," according to one U.S.-based Falangist source.

These crazies are heavily armed through an extensive gun-running operation coordinated by the National Security Council and the CIA. Congressional sources have recently revealed that these two agencies have conducted large arms supplies to the Falange through the British Intelligence-created EOKA-B Cypriote terrorist group. The U.S. Sixth Fleet, now on deployment in the Eastern Mediterranean, has been involved in covert arms deliveries, according to Palestinian sources. Information accumulated over the past year has traced arms shipments from the Colt Arms factory in Hartford, from NATO arms depots in Portugal and other sources.

Israel's right-wing fanatics, led by ex-Defense Minister Moshe Dayan and current Defense Minister Shimon Peres, are distinguished by their advocacy of policies that can only result in the incineration of the Israeli population. For the past 20 years, as willing accomplices of the Rand Corporation's insane "limited nuclear warfare" doctrine, Dayan and allies have been insisting on the necessity of Israel possessing a "nuclear option" — nuclear weapons that can be used against Soviet and allied strategic interests in the event of an NSC-rigged war. Peres arranged for the installation of these weapons in the late 1950s and early 1960s, in collaboration with the CIA and French intelligence and over the opposition of leading moderate circles. Israel now possesses at least 13 atomic warheads.

For years, Dayan and immediate underlings have been at the command and control center of an elaborate terror and counter-terror network that maintains Israel's population in a controlled environment favorable to the warhawks' rule. Today, this clique pursues provocative expansionist policies using intelligence-infiltrated Jewish religious fanatic groups to maintain Arab-Israeli race riot tensions.

There is growing sentiment in Israel for an official investigation of Dayan's role in sabotaging Israel's war effort in the rigged October, 1973 war — a Dayan job for Kissinger and Rockefeller's Seven Sisters oil companies that cost Israel thousands of lives.

***Saudi Arabia** is not a country, but rather a relatively small population of sheikhs and nomads at the mercy of the Rockefellers' Arab-American Oil Company (ARAMCO) and its interlocking intelligence apparatus, and surrounded by huge arms dumps and security stations manned and controlled by extra-legal mercenary forces composed largely of ex-U.S. Green Berets.

The obese sheikhs play vital roles for the NSC. Oil revenues are steadily conduited to right-wing forces in Egypt, Syria and Lebanon, including to the Falangists. Rockefeller-Kissinger blackmail threats are conduited through the Saudis against Arab political forces considering breaks with "pan-Arabic" and "pan-Islamic" ideologies and towards strategy discussions with leading pro-development forces. The Saudis have been deployed in slander operations against the ICLC in Western Europe.

Israeli Leader Calls For Mideast Negotiations

April 24 (IPS) — A powerful faction of moderate and left-of-center forces is shaping up in Israel, organized around the establishment of a regional peace plan and blocking the Israeli warhawks' drive for a Middle East war. Leading the campaign to derail the pro-war clique of former Defense Minister Moshe Dayan and current Defense Minister Shimon Peres is Mapam, the left-wing party of the ruling coalition government, along with forces around pro-peace statesman, former foreign minister Abba Eban. At least one-third of Mapam wants to bolt from the coalition government altogether and ally itself with more progressive, pro-peace forces, according to the Jerusalem Post yesterday.

The Political Secretary of Mapam, Naftali Feder, called on the Israeli government this week to "make a real effort for peace by showing open-mindedness and a readiness for sacrifice" and demanded that the influence of the right fanatics be "drastically reduced." Feder also urged that Israel put an end to its provocative settlement moves in the occupied West Bank of Jordan — a drive openly backed by Peres — and called on the government to publicize its readiness to negotiate with non-terrorist Arabs who recognize Israel's right to exist. Mapam Secretary General Meir Talmi followed up, "crossing swords" with Peres over the issue of relations with Arabs in Israel and in the occupied territories and chastised Peres for going along with the settlement of the West Bank by Zionist extremists.

Taking the fight for peace outside of the country, Mapam central committee member Eliazer Ronen issued a call at the Interparliamentary Conference in Mexico City April 22 for immediate peace negotiations between Israelis and Arabs to prevent the outbreak of war in the Middle East.

Dayan Accused

The Mapam newspaper, Al Hamishmar, yesterday demanded that the blame for the 1973 Arab-Israeli war be placed on Dayan. The paper declared that David Elazar, Israel's former chief of staff who drowned under suspicious circumstances recently leaving unfinished his memoirs of the 1973 Arab-Israeli conflict, was not guilty as charged of "irresponsibility" in "leading" Israel into war. Calling for a new investigation into the war, Al Hamishmar asked, "Why was the man most to blame — Moshe Dayan — cleared?"

Simultaneously, Abba Eban escalated the attack on the Israeli right-wing faction, with a strong blast against Menachem Begin, leader of the fanatic Likud group, for his support of the West Bank provocations and Israeli expansionism. Eban has been holding organizing sessions for the dovish members of the ruling Labor Party coalition. The effect of Eban's sessions has been tremendous. "When some 30 prominent party figures gathered (at the Eban house) recently, the meeting sent tremors through the party leadership and generated headlines in all the papers," the New York Times wrote April 19.

The Bermuda Triangle Banking Conspiracy

Part I.

NEW YORK, April 24 (IPS) — A hideous financial conspiracy, involving the manipulation of literally hundreds of billions of dollars including Mafia money by New York banks in the so-called Eurodollar market, is currently being brought to the attention of the United States Congress for action by the Labor Party.

Chairman of the Federal Reserve Arthur Burns—acting on behalf of the boards of directors of Chase Manhattan, Citibank, Morgan Guaranty, Chemical, among others—is in criminal violation of the Charter on which the Federal Reserve System is based in that he has knowingly and wholeheartedly encouraged and protected the so-called “offshore funds” conspiracy to completely take over all established governmental regulatory authority over money and credit. The exposure of this conspiracy in Congress and before the electorate will make the declaration of debt moratorium on New York and Euromarket debt a mandatory precondition for the reestablishment of law over this part of public life.

From what is already known of the “Bermuda Triangle Banking Conspiracy,” we can report on a picture which, though incomplete, leaves absolutely no doubt of the enormous destruction it has already wreaked on the US economy — and of the imperative need for immediate remedial action by Congress.

The conspiracy apparently was made operative in 1969 with the establishment of “offshore” banking operations in the Cayman Islands, in the Bahamas and Nassau in the Caribbean. All three locations enjoy the special status of lacking any banking regulatory legislation and of being outside the reach of United States law, or any other country’s law for that matter.

According to knowledgeable sources in the financial community, the New York banks and their Toronto and London collaborators have channeled funds to these islands to the tune of anywhere between \$48 billion to “several hundred” billion. The total secrecy of the operation makes any accuracy in this regard impossible. These funds, once placed in the Caribbean accounts, are channeled in the “inter-bank” loan market where they spend anywhere between 15 minutes to an hour being “assets” of any given Euromarket bank, before they are transferred to another bank. On most occasions, this fleeting money constitutes the basis on which the Euromarket banks issue medium and long-term loans to such suckers as hard-hit U.S. municipalities or Third World countries trying to catch up either with their oil payments or with existing obligations on already incurred such loans.

None of the reserve requirements that are in force in the United States have any validity for the operation of the Caribbean accounts. This allows the New York and Euromarket banks with Caribbean operations to create the purest kinds of fictitious debt and credit instruments. For example, under legal procedures prevailing in the U.S., any given amount of deposited cash in the banking system would

legally constitute the basis for generation of credits approximately five times its size. The same amount of cash deposited at, say, the Grand Cayman accounts would ordinarily generate credit 12 times its size and even “n-times” its size as certain financial experts have expressed it.

As a result of this completely uncontrolled practice (especially since late 1973-early 1974), an absolutely uncontrollable international financial monstrosity has been created whose size and resources dwarf those of any country’s internal financial markets, including the United States itself. The Central Banks of the industrialized Western nations have been reduced to mere errand boys of the Bermuda Triangle Banking Conspiracy, whose main responsibility is to print up the cash with which the fictitious Caribbean cheques are made good. In short, what happens to the U.S. dollar, as well as other national currencies, depends more on actions and decisions taken in Nassau, Grand Cayman or the Bahamas rather than on the U.S. Treasury, the Fed and the Controller of the Currency put together.

When Mr. Tom Ekin, deputy director for international affairs at the U.S. Office of the Comptroller of the Currency was reached for comment, he concurred that the \$48 billion reported size of the Cayman-Nassau-Bahamas shell operation is merely the legal tip of the iceberg. “Since we do not have any legal jurisdiction to do spot checks on misreporting like we can do in the U.S., we have no way of determining the size of the deposits,” Mr. Ekin said. As an old associate of the late Rep. Wright Patman at the House Banking and Currency Committee expressed it, “The crux of the problem is the Fed. The banks are not reporting and they (at the Fed) are protecting these illegal operations. The Comptroller of the Currency has no authority whatsoever. He is as much in the dark as you or I, and yet he gets blamed for all kinds of mismanagement.”

The Mafia Connection

A large proportion of the unreported funds in the Caribbean accounts is straight Mafia money such as proceeds from heroin sales, protection rackets, numbers games and so forth which on a regular basis once a week are taken in suitcases to downtown offices of New York banks, handed over to a seasoned Vice President who then credits a given “family’s” numbered account in the Bahamas, etc. This way, Mafia money is completely beyond the reach of the law. According to reports, Meyer Lansky, one of the more celebrated Mafia “consiglioli” pioneered the idea in the West Indies in the 1960’s. The Mafia funds in the Caymans, Nassau and the Bahamas started growing even faster from 1961 onward after Fidel Castro closed down the gambling and prostitution rackets in Havana which used to be under the control of Mafia chieftain and Kennedy family associate Sam Giancana.

Also in the early 1960s, the Caribbean accounts were being beefed up by money from CIA, FBI and British Intelligence secret accounts because British Intelligence had undertaken an extensive series of training programs for agents of their

U.S. counterpart organizations. In addition, David Rockefeller's Chase Manhattan Bank - through its subsidiary, Resorts International, and in cooperation with the notorious swindler Bernie Cornfeld - started taking over a big chunk on the gambling and prostitution market throughout the Caribbean. The accumulated deposits from the illegal operations which the Mafia, CIA, FBI, and British Intelligence have been built up over the years constitute a serious part of the asset-base of the so-called Eurodollar market.

No law enforcement agency in the country can be taken seriously in its presumed efforts to crack "organized crime" so long as it overlooks this criminal collusion between the Mafia, the CIA, et al. under the supervision of Chase Manhattan.

The Role of Arthur Burns

Arthur Burns, the Chairman of the Federal Reserve is one of the most important sponsors and protectors of this filthy operation. In point of fact, his protection of this offshore fund conspiracy is in direct and clear conflict with the responsibilities and explicit tasks of the office with which he has been entrusted.

Dr. Burns' role has two parts. First, he has allowed and encouraged the formation of U.S. bank branch offices in the Caribbean—in direct conflict with the Federal Reserve Act. Secondly, Dr. Burns has since 1974 repeatedly assured New York bankers, on both private and public occasions, that he is fully committed to printing as much cash as needed to back up all the fictitious and illegal credit that is generated by their offshore Mafia and CIA-connected swindles.

The late Rep. Patman, discussing the matter before Congress back in April 1973, issued the following warnings: "I submit that such a policy (of Arthur Burns) on the part of the Board of Governors of the Federal Reserve System has made a mockery of the concept of regulatory authority. It has put bank profits before the public interest and seriously eroded the principles of commercial banking embodied in

American law. It has created a monster—the multinational financial institution — whose operations are beyond the control not only of the Board but of any Government agency, domestic or foreign. Nevertheless, these institutions command resources which, if not controlled, can undermine and negate the financial and economic policies of any government."

Patman's warnings of 1973 have been proven correct in the eyes of even the more narrow-minded Congressmen. The fact that there is nothing left of any pretended U.S. government financial and economic policy today, is because no such policy is at all possible while the Caribbean banking conspiracy remains unliquidated.

When in 1973, Wright Patman moved to investigate the conspiracy and bring it under control, Arthur Burns refused to supply any data, challenging Mr. Patman to procure a subpoena to suspend the Bank Secrecy Act. Burns then arranged with Rep. Henry Reuss (D-Wisc) in the Banking Committee to block Patman's motion to obtain the subpoena. A while after the event, Henry Reuss replaced Patman as Chairman of the Banking and Currency Committee.

Throughout that same period, a number of West European Central Bank authorities were making serious attempts to put the Caribbean operation under regulatory control, but those efforts failed at the time because of Arthur Burns' opposition. With Congressional opposition defeated at the time, it became evident to the West Europeans that so long as Arthur Burns and the Federal Reserve were protecting the racket, no meaningful regulatory controls could be imposed.

It is now evident that Congress has all the ammunition needed to remove Burns from office and bust up the banking conspiracy. Considering the vast illegality characterizing credit-issuing operations since 1969 plus the scandalous association of the New York banks with the Mafia and CIA dirty tricks operations, a debt moratorium on New York bank held and Eurodollar-generated debt will merely be an act necessary to restore the law.

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'The New York Banks Are More Bankrupt Than New York City'

NEW YORK April 23 (IPS) — The Wall Street banking community under the leadership of Chase Manhattan Bank's David Rockefeller, Citibank's Waltern Wriston, and Morgan Guaranty's Elmore Patterson have the nerve to charge that New York City is a near bankrupt entity. By all standard accounting criteria, the New York commercial banks and their offshore Eurodollar branches are bankrupt. Roughly 50 per cent of their paper assets are bad, an amount which far exceeds their own capital base. Under capitalist banking law, when a bank's loan losses exceed its capital, it is technically bankrupt.

But these same New York commercial banks, continue to attack New York City for so-called fraudulent accounting practices, and have alleged it to be nearly bankrupt. The list of charges include the following: that New York City has been overspending relative to its income; that it has done so through a series of financial gimmicks, the most notable being the transfer of funds from the capital budget account to the current operating account; and that this has been carried out to accommodate huge payrolls, pension benefits, welfare handouts, and various other income support programs.

These are lies, but as detailed below, lies with a motive.

First, to the extent that New York City can be regarded as financially bankrupt this is entirely related to the burdensome debt obligations heaped upon New York City by the New York banks in search of tax-exempt investments. The debt service obligations of New York City on \$13 billion in such debt represent 19 per cent of its entire 1976 budget. Wipe out this debt and New York City would have a current account surplus that would qualify it as the most financially sound public entity in the world!

Second, to the extent that New York City has suffered a loss of income this is related to bank-dictated budget cuts to service the above debt obligations. Such budget cuts this past year have collapsed income-earning power and ballooned welfare costs.

Third, by normal criteria New York City is in fact **not bankrupt at all**.

Its assets represent the most sound assets of any public or private sector entity in the world. Among these assets include the best port facilities in the world, the most skilled concentration of labor in the world, and the most advanced

scientific and cultural institutions in the world. It is merely the paper debt claims of the parasitical New York commercial banks that have frozen these assets into disuse and condemned them as idle scrap.

The motive behind the lies propagated by Wall Street's mouthpieces such as the New York Times and the Wall Street Journal is very simple: the only means by which these commercial banks can disguise their actual bankruptcy is by bankrupting the real assets of New York City — its services, workforce, and general infrastructure. In short, the real valuable assets of New York City are being bankrupted to support the bankrupt valueless paper assets of New York commercial banks!

The biggest lie, however, is that the New York commercial banking system can stand on its own two feet even with such liquidation of New York City and the rest of the world productive economy.

A mere glance at the assets and liabilities of the New York commercial banks leaves little doubt that the scale of the lie is enormous.

By the estimates of New York bank analysts, roughly 50 per cent of the outstanding loans of the New York banks are "bad," i.e., earning no income. The foreign "Eurodollar" branches of the New York banks are a case in point. These branches have lent out roughly \$220 billion, \$120 billion of which is to the Third World and \$90 billion of which is to Western Europe and Japan. About 70 per cent of these loans are not earning income and would be judged bankrupt by the Comptroller of the Currency if they were under his jurisdiction. The \$120 billion in Eurodollar branch loans to the Third World are well-nigh unpayable due to the price and volume of collapse of Third World commodity exports. Of the \$90 billion in loans to Western Europe and Japan, \$28 billion are to Great Britain and Italy, both in a state of actual bankruptcy.

The plight of the parent New York-based commercial banks is no better. According to the Euro-market money chief of the Bank for International Settlements (BIS), "If you think that the Euro-market branches are exposed, it is nothing compared to the New York banks." This is not disputable. The outstanding loans of the major ten New York banks that report each week to the Federal Reserve Bank of New York are about \$71.2 billion. Of this figure, approximately 40 per cent is in loans to bankrupt Real Estate Investment Trusts (REITS) and illiquid companies such as W.T. Grants, Chrysler, the airlines industry, and construction.

New York commercial banks are not only not earning income on half of their loans but the collapse of trade and production prevents them from lending to those sectors from which they can expect repayment to offset their loan losses. During 1975 and the first quarter of 1976, loans outstanding of the New York banks have fallen by \$12 billion or about 10 per cent. Almost the entire run-down of these loans were made by top rated corporations whose creditworthiness permitted it to borrow in the long-term corporate bond market and thus sidestep the banking system. This collapse of capital investments and normal inventory accumulation has accelerated this process even into the first quarter of this year. Thus, not only did the 1974-75 depression accelerate defaults and bloat the bad loan category of the New York bank loan portfolio, but simultaneously it sharply diminished the number and value of their good loans.

The New York banks have tried to offset this contraction in

loans through arbitrage practices, principally by means of putting their extra or surplus funds into government securities such as three-month Treasury bills. Last fall, the New York banks borrowed overnight funds on the inter-bank lending market and reinvested them at higher interest rate returns in such Treasury securities. However, the rush into Treasury securities by the New York banks, and other financial institutions such as insurance companies and mutual savings banks, intersecting a growth in uninvestable and unlendable funds — due to the collapse of the housing and real estate markets, has depressed rates to below the level necessary to cover for the costs of borrowing money. In short, the New York commercial banks cannot earn income, and when such institutions cannot earn income in the face of such loans, they are bankrupt and should be recognized as such.

Even under normal bankruptcy law, the banks would now be considered bankrupt. By capitalist bankruptcy law and by the criteria of the Comptroller of the Currency, if the loan losses of the commercial banks exceeds its gross capital base (equity account plus loan loss reserve) it is subject to bankruptcy proceedings. Figures published by the Federal Reserve Bank of New York show that at the end of the first quarter 1976, the gross capital base of the ten major reporting New York banks was \$12.4 billion. If one simply compares the bad loans associated with real estate and construction, this alone exceeds their entire capital base. New York banks are thus covering their losses with customer deposits — i.e. money that is not theirs. The term for such practices in criminal court is thievery.

The magnitude of this swindle is on record in the weekly New York Clearing House Report of the top 11 New York clearing house banks. The total net domestic deposits of these banks are \$74.3 billion. These deposits provide the funds with which loans in this amount are made to various sectors. This seems normal and is in accordance with conservative fractional reserve requirement practices. However, through double bookkeeping entries, these same deposits are entered on the balance sheets of the Eurodollar branches of these same banks and show up as deposits in foreign branches. In turn, because of the unregulated nature of the Eurodollar market, these branches can create almost unlimited amounts of additional deposits by lending and relending these original deposits.

According to Clearing House report, even before such inter-bank lending among these branches occur, their deposit base is \$77.8 billion. Half of these deposits are bookkeeping entries of their New York parent banks. After inter-bank lending multiplies this deposit base it is conservatively estimated at \$320 billion. As shown above, roughly 70 per cent or \$225 billion of the \$320 billion in loans and investments of the New York banks and their offshore branches are bad. Thus if one takes the original \$74.3 billion in deposits and deducts \$21.7 billion which is inter-bank deposits and their double entries, the original deposit base of the New York banks is \$52.6 billion.

Add to this half of the \$77.8 billion in deposits at their Eurodollar branches, which represent Arab and related petrodollar deposits, and the sum total of the deposit base of the entire New York banking system is \$91.5 billion. These deposits, which themselves do not belong to the banks but are borrowed money, are not even sufficient to cover the \$220 billion in bad loans.

The banks' own money not only cannot cover their loan

losses but neither can their borrowed money — a reality which did not even stalk the New York banking community on the eve of the 1933 bank collapse. In sum, the banks are bankrupt on a scale incomparable in modern financial history.

To maintain even a semblance of existence as a banking system, the New York banks have charged that the major economic entities of the world are bankrupt and have dictated de facto bankrupt liquidation proceedings: slash services, employment and production to free up sufficient liquidity to service debt payments due to the New York banks. These banks have thus become parasites, in the process of destroying their victims. The destruction of their

victims, like New York City, means their own destruction as well, a fact which they have not yet come to recognize.

There is nothing in capitalists' customs and banking practices to discourage the victims of the New York banks and the Eurodollar banks from treating them as bankrupt. This means, as the first step to orderly liquidation proceedings, imposing a moratorium on further debt service payments to these institutions. As a second step it means bringing into existence alternative institutions which will serve the purpose for which banks were originally called into existence — to make credit available for the expansion of world trade and production. Both of these steps are embodied in well-known U.S. Labor Party legislative proposals.

Economic Collapse Destroys Myth Of 'Swedish Way'

STOCKHOLM, April 22 (IPS) — The Swedish Way is internationally publicized as a model of enlightened social services. Now medieval hordes of rats have invaded the town of Ljusdal because, like other Swedish municipalities, it could not afford to maintain garbage treatment. The Swedish Way is supposed to guarantee the security of full employment. So far it has indeed done this. A two-tiered labor force now exists on the Third Reich principle, dividing the population into a dwindling number of older, skilled workers and a growing mass of robot-like laborers.

During 1975 Swedish industrial output collapsed in major sectors in line with the international collapse of exports. The economy, hailed as a model of autarkic "self-sufficiency" is one of the world's most export dependent.

Production of timber, pulp, paper and iron ore dropped by as much as 30 per cent in major categories.

Under these depression conditions, the collapse of employment has been so far prevented only by massive inventory stockpiling, soaring in some cases up to 57 per cent of total sales. The Schachtian state has intervened, using the funds looted through the highest worker taxation in the world, to provide huge inventory stockpiles subsidy with an election-year promise that companies not lay off employees.

This bubble is about to burst. An indication of the actual severity of the real economic collapse is evident from the fact that leaf-raking public works employment has risen by more than 30 per cent since last February. Over the last three months the state has additionally given major subsidies to municipalities to hire unemployed youth in slave labor road-building and other jobs. The widely-touted, so-called State retraining programs such as AMU — with as much as 40 per cent is "non-occupational training"—in fact are centers for mass "soft" brainwashing. In order to ensure that the worker never leaves the controlled environment of the company, major in-plant worker "re-education" programs have lately been started, described by one high Swedish labor expert as being, "not designed to really upgrade the workers, you know," but to "teach them civics until the economy improves."

All this is occurring in a country where, as of 1970, over two-thirds of the working-age population had only a seven-year primary school education. Official projections are that

by 1985 the majority will still be at this level.

Rats

Rats first became visible on the sanitary perimeters around 1973 when the construction industry collapsed. The State Pension Fund, based on geometrically escalating funding from payroll taxes, recycling funds out of potential industrial investment into construction boondoggles, had billions in paper tied up in the building sector. Taxpayers were looted first to pay to erect apartments that no worker could afford to occupy. Now they effectively pay the rent on these empty units. In addition the population has been subjected over the last decade to a 200 per cent overall rent increase across the country, subsidizing real estate debt on deteriorating buildings for the most part. With workers' income taxes effectively taking 50 per cent of wages to subsidize among other things the highest per capita military economy in Europe; with food prices among the world's highest, ordinary meat costing as much as \$4.50 per lb. (36 Kr.-Kilo), the highly-touted "workers' paradise" is a criminal fraud — a model for Schachtian fascism. State health services, which even before the present collapse meant waiting lines of one year or longer for medical services, now have been hit with municipal budget and service cuts to the point where it is not uncommon to find hospital patients stacked up in the hallways of overcrowded and inadequately staffed hospitals.

Sorcerer's Apprentice

The 1975 collapse in world trade put the entire Swedish economy into the situation of the construction sector: producing unsaleable commodities at state expense, which then wait in overfilled warehouses for the "upswing" in West Germany and the USA. Through huge state inventory subsidies, totalling more than 4 billion Kr. out of special tax "reserves," the enormity of the collapse has been allowed to accelerate along with the cultivated illusion that all is not so bad as the rest of Europe. "After all we still have jobs ..." As a result of this policy, total industrial inventories grew 40 per cent over the last year. The large Sandviken Steel Co., for example, reports that inventories have soared from 42 per cent of sales to more than 57 per cent currently, with no relief in sight.

The limits of this peculiar method of maintaining employment have become obvious, however, at a time when export

orders in key sectors have already dropped at a 25-40 per cent rate, and Europe as a whole is hurtling into total trade collapse. Under these conditions, Sweden's state financing becomes a time bomb. To date the balance of payments deficit was covered by more than \$4 billion in foreign borrowing, and this year's drastic deficit will be used to justify intensification of the 18 per cent January drop in imports — a lethal attack on workers' living standards as the population is forced to reduce consumption or buy domestic debt-inflated products at hyper-inflated prices.

There is nothing Swedish about the Swedish Way, except

IPS Interview

STOCKHOLM, April 22 (IPS) — In a recent interview here, a foreman in a machine shop in the Sallen Corporation described the destruction of Sweden's skilled labor force. He has been a skilled worker for about 25 years.

Question: How do you see Sweden's full-employment policy on the plant level?

Answer: The worst is what's happening with these people from the AMU courses (labor market education — ed.). These young people in their late teens and early 20s are being poured into industry now because of this program where the state pays 10 krona an hour (\$2.50) of their wages, so it's profitable for the firm to take them. Or, rather, that's not the only reason: the main reason is that there aren't any other workers. There simply aren't any skilled workers available for industry.

Okay, it's my job to find work for these kinds. I do my best. I don't have anything against them as people. Neither do the rest of the workers, the older ones. But how charitable can you be? These kids are totally incompetent. They haven't had any training at all. The AMU courses are worthless, and so are these kids, as workers, I mean. Don't get me wrong. I try to give them work they can handle, but it doesn't work. If I put them into a team with real skilled workers, it means the other workers lose money on their piece-rate system. They end up just subsidizing the AMU guy. You can imagine what they think of that!

Question: What do you do with them, then?

Answer: All I can do is give them some task a robot could do. I know they'll never develop any skills doing that sort of work, but it's all I can do if I want to have any output at all. If I assigned them to anything more, production would collapse totally. It's bad enough already. The problem is, industry — the kind of industry I'm talking about — can only take so many robots. Swedish industry works because it requires skilled workers, not robots. Take away the workers and bring in robots and you find out things don't work.

Right now, Sweden has lost a whole generation of skilled workers. I'm not kidding. Most people don't realize this, but firms that know what's happening are trying hard as hell now to find skilled workers. They are looking for 60 to 65-year-old men, because there are none younger. Look, I'd draw the line at around 35 — 35, it's that high. Below that, Sweden doesn't have skilled workers. Okay, it's not absolute, there are some capable fellows in the younger generation, but they are the exception. At the most, 20 per cent could be called skilled. The rest are worthless.

the long tradition of corporatism and submissive conformity that has maintained it. The labor policies of Olof Palme have been developed in Atlanticist futurology think-tanks such as the notorious Hudson Institute and the Rockefeller family's Tavistock Institute in London, where Eric Trist and Atlanticist brainwashers such as Joachim Israel, the "Jewish refugee from Nazi Germany," piloted the Swedish model of fascist super-productivity "teamwork" used at Volvo, Saab and elsewhere. The labor policies of the Swedish Way are self-defeating on their own terms, destroying the skill and cognitive abilities of the labor force — the irreplaceable asset of high-skill, export-oriented Swedish productive plant.

Question: How did this situation come about?

Answer: It all began in 1961 with the school reform. Instead of learning skills, working-class kids were supposed to get a "liberal" education. It was like training them all to be white-collar workers. They took a whole generation out of industry, but they didn't do anything with them. None of them could get jobs — a few did, as bureaucrats, but even they were laid off later. So what happened? They sent them back for more of the same kind of school. Still no jobs. So then they were supposed to "go into industry." So they set up these AMU courses and teach these people a skill in six months that it takes years to learn. But since the state pays half their wages, firms hire them. And I'm supposed to give them work...

Right now we're paying for this stupid thing. I'm telling you that in a few years Swedish industry will collapse. I don't think it can be repaired. How do you replace a whole generation of skilled workers? And it's not only in industry. It's in all branches. Both my sons — they are 20 and 22 — are painters. In Stockholm alone there is a shortage of 50,000 painters. My boys can't come home for half a day after a job before the telephone rings and somebody wants them for a new job.

I really dread what's going to happen in the future. The only way this can go on is if all industry is reorganized to suit robots. Yeah, sure, I know it won't work, but that's what they are doing. They are just speeding things up more and more to make up for the loss of productivity when these AMU guys come in. If you were working with 50 components in a certain amount of time a few years ago, now it's a couple of hundred. The psychological pressure is incredible. Do you know, I read somewhere that the majority of people in Swedish mental hospitals are former metal workers? I'll bet that's true.

Question: Are you familiar with the experiment where six United Auto Workers members came from the U.S. to work in the Saab-Scania auto plant in Södertälje? At the end of their trial period they said the speedup was worse than Detroit?

Answer: I always thought American workers were really pushed hard, that they were really effective. But I see what you mean: here, people take that pace without complaining. It's psychological, and that's why they're in the mental hospitals.

But the real danger is that our skilled labor force is disappearing. It's common sense: if you have qualified workers the economy will function, if you don't it breaks down. And that's what's happening. I'm extremely pessimistic myself. People just don't know how urgent the situation is. They don't see what's really happening.

Echeverria Escalates Fight For New World Economic Order

MEXICO CITY, April 24 (IPS) — On April 20, Mexican President Luis Echeverria Alvarez addressed delegations from more than 60 nations at the World Interparliamentary Union in Mexico City. Looking forward to the Fourth United Nations Conference on Trade and Development (UNCTAD) to be held in Nairobi next month, Echeverria called for international cooperation to bring about the economic development of Third World nations, the only solution, he stressed, to the grave international economic crisis and the threat of war.

Echeverria condemned "the present world economic system," which he said presupposes "the progressive marginalization of the great majority of humanity," and emphasized that under the laws of the present system, the world crisis is "destined to become aggravated." To create the necessary institutions of a new world economic order, Echeverria called for a "viable pact of economic cooperation" between Third World nations and the industrialized sector, adjusted to the "necessities of the developing sector." In this context he emphasized the aggravating impact of the international crisis on the Third World's "already heavy burden of foreign debt."

The day before, April 19, Echeverria had addressed more than 50,000 peasants at a rally in the northern state of Sonora. The two most prominent rally banners, seen throughout Mexico on national television, read: "For Credits, Mechanization and Collectivization: Moratorium on the Foreign Debt" and "Against the Provocations of the Right, We Will Impose the New World Economic Order. Demand Debt Moratorium Now!"

Taken together, Echeverria's two speeches represented a clear call to both international political leaders and heads of state and the Mexican population to act now to achieve a new world economic order, before a global catastrophe occurs. Even as Echeverria was rallying pro-development forces internationally, the Rockefeller faction of Wall Street finance capital and their agent U.S. Secretary of State Henry Kissinger brought the world to the brink of thermonuclear holocaust in the Middle East, and were driving for right-wing military coups in Latin America and a RAND Corporation-orchestrated "Second War of the Pacific" which would turn the entire continent into a wasteland.

Following up his April 1 denunciation of the Wall Street directed financial industrial combine known as the Monterrey Group for their efforts to prepare a Chilean coup and Massacre in Mexico, Echeverria struck directly in his Mexico City speech at Wall Street's efforts to impose Schachtian police states worldwide. He blasted "squandering on armaments" as "one of the great historical monuments to irrationality" and declared "The proliferation of fascism in the backward countries is the clearest fruit of an imperial policy of service to the accumulation of power and wealth on a world scale."

At the same time, Echeverria issued a sharp warning to forces in both the Third World and the Comecon sector against the delusion that fascism can be defeated and the global crisis resolved with rhetoric and half measures. Of

particular significance were Echeverria's remarks on the "advances achieved by the countries of the Third World over the past few years." "This stage," said Echeverria, "will reach its fully constructive capacity only to the extent that we can decisively enter into the phase of realization. Without underestimating the political value of denouncing injustices... progressive plans will not by themselves generate the changes that we need."

In his earlier address to the Sonora peasants, Echeverria made it equally clear that only an all-out internationally coordinated political offensive could defeat the economic sabotage and terror operations of the Monterrey Group.

Echeverria called on the peasantry to mobilize behind his legislative drive to distribute land and supply Mexico's collectivized farms with credits for fertilizers and mechanization. Referring indirectly to peasant land seizures which the right has sought to use to provoke violence, he warned the mass against "dramatizing actions which do not offer solutions and only exacerbate an atmosphere of tension."

The Expanding Fight

In Latin America, a series of statements of leading government and political figures issued nearly simultaneously with the Echeverria statements, reflected the resurgence of the pro-development fight which the Mexican President is leading. On April 20, the President of Venezuela's Foreign Trade Institute, Reynaldo Figueredo, was quoted in Venezuela's leading newspaper, *Nacional*, under the headline "Venezuela Supports Solving Debt Question at UNCTAD." Figueredo reported that the Venezuelan government would call for steps up to and including an international moratorium on the Third World's outstanding \$120 billion foreign debt at the Nairobi meeting. "This is a nonideological position which should be seen in the general context of world crisis which should flow into establishment of a new world economic order," said Figueredo.

His statement was picked up by the Cuban news service *Prensa Latina* and featured on the front page in *Excelsior*, the leading Mexican daily, under the headline "Caracas Will Propose Moratorium at UNCTAD." On April 23 both *Excelsior* and the Mexican daily *El Sol* featured highly favorable editorials on the Venezuelan statement. Addressing the question of the cancerously self-feeding process of debt accumulation and economic decline — Third World governments now pay \$11.5 billion yearly in debt service alone — *Excelsior* stated, "It is urgent to address this already disastrous reality before it turns into a major catastrophe."

On the same day sources in the Panamanian embassy in Mexico City confirmed that Panama was also circulating a proposal which included debt moratorium in preparation for the Nairobi UNCTAD meeting.

On April 15, Peruvian Foreign Minister Miguel Angel de la Flor reaffirmed Peru's internationalist pro-development foreign policy in the face of efforts by President Morales Bermudez, under intense pressure from the IMF and Wall Street, to impose austerity domestically and restrict its foreign policy primarily to the Latin American continent.

De la Flor, a leader of the fight for debt moratorium at the Manila conference of the Group of 77 and the principal spokesman for pro-development factions in Peru's military government, had appeared on the defensive since Morales Bermudez demanded that Peru "turn our eyes back to the American continent" on March 31. But the resignation of de la Flor expected in New York banking circles, did not materialize. Instead de la Flor and other progressive members of the cabinet are fighting back, and Peruvian workers organizations have begun to mobilize against austerity.

"It is not possible for a people of Latin America and the Third World to overcome the present unjust social-economic situation, if it does not associate with the internal effort a dynamic and revolutionary foreign policy," said de la Flor in his address before the Diplomatic Academy. He emphasized that Peru's policy toward Latin America and the U.S. existed in "reciprocal interaction with the policy which Peru has outlined in the context of the Third World, the Non-Aligned Movement, the United Nations, and the other international forums."

On April 19, Jamaican Prime Minister Michael Manley, who in February called for the abolition of the IMF and the creation of new international financial institutions to foster development, reaffirmed his commitment to a new world economic order at the groundbreaking ceremony of a school which the Cuban government has donated to his country. Manley said that "the fight for the new economic order, for justice; Mozambique's present fight against the white minority regime in Rhodesia; and the position Cuba took in Angola, are all part of the same struggle."

The Battle in Mexico

But not accidentally, it is within Mexico that the battle lines with Wall Street have been most clearly drawn. For the Sonora peasant rally, Echeverria brought together almost all of Mexico's 32 governors, his entire cabinet, the Supreme Court, the country's top peasant leaders, and representatives from Mexico's official political parties. The rally was described in the Mexican press as the most important agrarian rally of Echeverria's six year term.

Echeverria told the peasants he had ordered the entire Agrarian Reform ministry to move its offices to the state for the next month to expedite legal land transfers, and promised to return at the end of the month to see that the job was done. But he also stressed that the peasants' demands could not be fulfilled by land alone — credits, for mechanization, fertilizer and seeds were vital.

Three days later, on April 22, the progressive Mexican daily *El Dia* devoted its full front page to charges by William Higgs, of the Washington, D.C. based Committee for an Open Society, that the U.S. State Department and the CIA were involved in a "campaign to destabilize the Mexican economic system." In a letter to Senate Foreign Relations Committee chairman Frank Church, Higgs urged a U.S. Congressional investigation of five U.S. operations:

* A series of articles in the U.S. financial press — specifically *Barrons*, *Money Manager* and the *Wall Street Journal* — promoting a "flight of capital" from the country and devaluation of the peso.

* A terrorist group based in California and financed by right-wing interests in the U.S. which has declared it will launch raids on Mexican prisons to free convicted U.S. drugrunners.

* U.S. ambassador to Mexico John Joseph Jova's late March attack on the Echeverria government as a "monarchy."

* Clandestine meetings of right-wing pro-U.S. industrialists in Monterrey plotting covert U.S. intervention against Echeverria's government.

* The possible introduction of the potentially deadly "swine flu" into Mexico as part of a genocidal germ warfare campaign.

The Wall Street-directed economic warfare campaign against Echeverria cited by Higgs intensified just a few days before the publication of his letter. The April 1 issue of the *Money Manager*, following up a first attack published March 29, ran a front-page headline, "Huge capital flight seen forcing earlier devaluation." The article, by pseudonymed "O. Mandachuva" ("The Bigshot" in Portuguese), claimed that there was a "massive outflow of pesos from savings into dollars" which made it "not a question of whether to devalue the peso but by how much and when." The article attempted to build tension between Echeverria and his chosen successor for the presidency, Jose Lopez Portillo, by arguing that Echeverria selfishly wants to avoid a devaluation as he runs for secretary-general of the U.N., while Lopez Portillo wants a devaluation "behind him" when he takes office in December.

Even as the April 19 *Money Manager* article was gaining circulation, however, an alternate "softer" line was floated from U.S. and international banking circles. The back-to-back Echeverria speeches in Sonora and the Interparliamentary Union, and the increasing peasant organizing in Sonora around a debt moratorium, had made it apparent that direct economic warfare measures from the U.S. might only succeed in driving Echeverria into an immediate declaration of debt moratoria.

Wall Street's sudden effort to woo Echeverria from dangerous alternatives included press conferences or releases from the IMF, the World Bank, the Interamerican Development Bank and the Mexican-American Chamber of Commerce, which all concurred that the peso was "strong" and that the economy was healthy, in statements reported over a two day period, April 21-22, in the Mexican press.

The Monterrey group and its allies meanwhile continued to foster a climate of violence and terror aimed at driving a wedge between Echeverria and Lopez Portillo. The Monterrey group spoke openly of how "clever and intelligent" Lopez Portillo has been to "dissent from Echeverria without attracting much notice..." "His comments (on Monterrey) have been more measured and adroit than others... (when he was Finance Minister) he knew how to understand the Monterrey group."

The Monterrey group's terror campaign was trained directly on Lopez Portillo himself by the end of the week. The head of Monterrey's Chamber of Real Estate Owners, Victor Manuel Martinez, told a reporter from *Excelsior* April 22 that businessmen in Monterrey were "very concerned" about a possible assassination attempt against Lopez Portillo during the latter's six-day campaign swing through the state set to start this weekend. "If you were going to do such a thing, where would you choose?" Martinez asked the reporter and then answered his own question: "Here." In addition, it is common knowledge in Mexico that several death threats have already been made against Lopez Portillo.

Excerpts from Echeverria's Speech April 20

Democracy is not a concept which speaks with the same voice at all times and in all societies.

Here we find solid expression of the incontrovertible reality of a manifold world in which all pretensions of homogenizing the national paths of political and social organization have been destroyed by history.

If the parliamentary system in the past constituted the revolutionary formula which permitted the forces of change and of individual liberty to unite against the powers of absolutism, today this system is called upon to explore in its undeniable democratic reserve, the mechanisms needed to efficiently impel the solution to the needs of the people in the face of the injustices now generated from within and from beyond each national frontier.

In Mexico, as in other countries of the Third World which hope to surpass their great wants and take care of enormous deferred social problems, democracy can not mean the abstention of the state from its responsibilities towards society under the pretext of a greedy and obsolete concept that liberty is somehow preserved in that manner. On the contrary, a democratic order is rooted in decisive action directed towards providing the great popular majorities with the material sustenance which makes possible the real exercise of liberty.

The proliferation of fascism in the backward countries is the clearest fruit of an imperial policy of service to the accumulation of power and wealth on a world scale.

From that follows that in Third World countries the struggle for democracy is intimately linked to the efforts to consolidate national independence and to uproot injustice, marginalization, and social inequalities.

In light of the ominous imbalances amidst which we live, squandering on armaments appears as one of the great historical monuments to irrationality.

Many voices of protest have eloquently contrasted, with no results, the sum of the resources dedicated to the production of arsenals to the amount of international aid given to development and to the overpowering panorama of the absolute misery of millions of human beings.

Above all, disarmament represents the possibility of an unprecedented transferral of resources and creative energies for the completion of pacifist endeavors. At the same time, disarmament means, beyond the dismantling of war production, the dismantling of attitudes based on authoritarianism, ideological simplification, and paranoid tendencies.

The problems related to international security and disarmament, to respect for human rights, to the establishment of a new world economic order, to scientific, technical, and cultural cooperation, together with an analysis of the function of the parliaments as an expression of the social structure, are all concerns upon which those of us meeting in this city bestow prime importance.

Faced with the present critical international situation, we must reject the extremes of a conformist view on the one hand, and dramatizing actions on the other, which do not offer solutions and only exacerbate an atmosphere of tension conducive to violence.

Those who argue from the perspective of power that the present crisis is nothing more than the natural and even circumstantial expression of historic processes, which should be taken advantage of as in the past to gain positions,

consolidate prestige and spheres of influence, thus ignore objective elements of analysis which show that the present state of things, if not attacked at their root, will lead to a conflagration of tragic proportions.

Those who from the extreme opposite attitude argue the impossibility of peacefully resolving the present problems and scorn all efforts to find solutions and formulas for coexistence between the metropolis and the countries of the Third World, forget the historically demonstrated capacity of man to offer rational answers to new challenges.

We must be fully conscious that the present crisis does not represent another conjuncture in which to consolidate privileges of some countries over others. Its effects do not recognize frontiers and aggravation will have repercussions in all states.

We must recognize the radical transformation which has been going on in the composition and structure of the community of nations in the last thirty years and thus seek new answers to new realities.

We know that the economic and social problems of three quarters of humanity are very different from those faced in the most advanced countries, but we know well that there is a common denominator among the interests of all nations, and that is to consolidate the possibilities of a civilized international coexistence.

This endeavor will only be possible if we start from the basis that the model for development which the world has gone through automatically supposes the accumulation of wealth and the progressive marginalization of the great majority of humanity, and thus has been a destabilizing factor of gigantic proportions in relations between states.

It is no longer necessary to prove here, by means of the eloquence of numbers and statistics, the enormous distance between the world of poverty and that of abundance, nor the solid impact which international inflation has generated on the already heavy burden of foreign debt of the most backwards nations.

What is most important to point out is that under the laws of the present world economic system this distance is structurally destined to become aggravated, and all conventional instruments applied up until now, such as international technical aid and assistance, have proven ineffective.

We can anticipate that as has occurred recently with the monetary crisis, the international inflation and the elevation of petroleum prices, within the actual rules of the international game, those nations who can count on the most powerful economies and the broadest productive apparatus, are best equipped to counter and even turn in their favor, although temporarily, the effects of the actual situation. Nevertheless, the resulting consequences of the growing pauperization of millions of men constitute a permanent threat to their own security.

For the countries of the Third World, the conclusion is unavoidable. There are no conjunctural solutions nor opportune advantages.

Before the dimension of these problems, as never before, it is indispensable to create the conditions for the development of a truly internationalist spirit. Isolationism or refuge in bilateral or exclusively interregional transactions as a response to real confrontation with the world scenario, will

not defer nor mitigate the pernicious consequences of this crisis.

The solution does not lie either in destroying or blocking the evolution of those world organisms or institutions created at the end of the Second World War. This attitude translates into a grave historic involution, the abdication of the best proposals of man to cultivate the basis for an authentic human community.

The deficiencies and limitations of these institutions and world forums are a reflection of the will of the nations that compose them. In their headquarters, progressive currents are debated which seek to fortify and renew themselves as well as hegemonic tendencies that seek to utilize them to sanction their political power plays. To encourage their democratization and to broaden in any way possible their radius of activity constitutes for us an unpostponable imperative.

The advances achieved by the countries of the Third World over the last few years in raising their banners, articulating their demands and participating more actively in the international sphere, represent without doubt positive steps that should not be and can not be understated.

This stage will nevertheless reach its fully constructive capacity only to the extent that we can decisively enter into the phase of realization.

Without underestimating the political value of denouncing injustices or the affirmation of the thesis which leads to a full raising of consciousness, progressive plans will not generate by themselves the changes that we need.

Language, radical as it may be, can only transform into language, while what we require is the formulation of a pragmatism in favor of those transformations that oppose a pragmatism which favors the preservation of privileges.

This project will not be implemented on the basis of a confrontationalist attitude towards the highly industrialized nations. Departing from the fact of the current unequal structure of international relations, we must plan without prejudices or exclusions the basis for a new equilibrium that will diminish the danger of war and make world peace possible.

These are the true goals of the Charter of Economic Rights and Duties of States, proposed by our country in Santiago, Chile during UNCTAD III in 1973 and approved in December of 1974 by 120 nations in the UN.

Here is centered the basis for a new philosophy of international coexistence that guarantees to the countries of the Third World elementary conditions for survival and at the same time offers the industrialized countries a viable pact of economic cooperation, adjusted to the new realities of the period and to the objective necessities of those nations that represent the greatest majority of humanity.

Parallel to the formulation of the terms of a new international contract it is indispensable for the Third World that concrete tools be created to promote solidarity, that will strengthen their internal cohesion and make possible the optimum harnessing of their own potentials.

In the process of creating these tools for the institution of a new world economic order, Latin America counts on its budding experience to carry out a decisive role in advancing our process of integration.

In Peru on the 15 of July, 1974, we proposed the creation of a system of consultation and economic cooperation exclusively for the countries of our region. The idea was enriched with the participation of each one of our brother nations and finally the Latin American Economic System has begun to produce concrete results.

Supported in this emerging Latin American project, we proposed in Alexandria, in August of 1975, the creation of an economic system for the Third World that would make possible the application of many of the postulates contained within the Charter of Economic Rights and Duties of States.

This proposal takes as its basis the necessity of all Third World countries taking concrete steps to organize themselves and to impede to the extent possible international pressures or differences in their level of development which would disrupt their negotiating capacity.

In the recent meeting in Manila of the Group of 77; a firm step forward was taken in unanimously recognizing the necessity of moving in this direction:

Expose U.S. Control Center For Fascist Plot To Overthrow Echeverria

April 14 (IPS) — Fourteen days ago Luis Echeverria Alvarez, President of Mexico and an international leader of the fight for a new world economic order, denounced the Mexican right wing political-financial alliance known as the Monterrey Group for conspiring under Wall Street direction to bring about a Chilean coup and massacre of the working class in his country. In his speech Echeverria blasted the group of bankers, industrialists and their lackeys which plotted to unleash the current right wing press and terror of-fense against the government at a clandestine meeting in the city of Monterrey last month, as "a tiny plutocratic and pro-fascist minority" striving to impose on Mexico "in their work, their psychology and their family life, the most decadent models" of their U.S. master.

Information made available to the U.S. Labor Party has uncovered one of the most important command and control centers for the operations of the Monterrey Group — at the University of Pennsylvania's Wharton School of Business in Philadelphia, USA! The character and activities of this center confirms Echeverria's description of the Monterrey Group to a "T."

Transmitting the orders and techniques for fomenting social chaos in Mexico from the Rockefeller family's power centers at the Chase Manhattan Bank-Citibank in New York and the CIA-National Security Council intelligence complex in Washington, D.C. to the Monterrey Group are such top Wharton School experts in "work, psychology and family life" as Eric Trist, who pioneered brainwashing techniques

based on the methods of Hitler's Gestapo for Anglo-American intelligence agencies during World War II and has spent the last 30 years applying them against trade-unions and the working class in the U.S. and Western Europe; and Russell Akoff, an alumnus of the Office of War Information, the propaganda-psychological warfare arm of U.S. intelligence during the war and now a top "management consultant" who has served 200 U.S. corporations. The program they are charged with implementing was laid out clearly by Rockefeller "food control" agronomist William Paddock in January 1975 — reduce the Mexican population by 50 per cent: exterminate 30 million Mexicans.

The potential power of the Monterrey Group to conduct economic and political warfare against the Echeverria government was thrown into sharp relief by the April 7 statement by a policy planner at Rockefeller's Rand Corp. think-tank who "predicted" that the Monterrey would fight Echeverria, "first with capital flight, then with violence."

The Godfather of the Monterrey Empire is Miguel Aleman, President of Mexico from 1946 to 1952. During his six year reign, Aleman — known as the "gringo President" — opened up the country to the looting operations of U.S. businesses and reversed a large part of the labor and agricultural reform measures that had been instituted under President Lazaro Cardenas in the 1930's.

Aleman is still a political power today, and the "respectable" above-ground side of the Aleman network is represented by the Chambers of Commerce, Rotary Clubs, Lions Clubs and other businessmen's groupings set up in Mexico in imitation of and tied to the same groups in the U.S. The Chambers of Commerce et al. are in turn linked to such U.S. corporations as Du Pont, General Electric, U.S. Steel, and Gulf Oil — the power nexus that has traditionally pushed Taft Hartley and other unionbusting measures in the U.S. and is the bastion of Rockefeller's American Security Council "military industrial complex."

Democratic Fascism

But Aleman and his Monterrey cohorts are no parochial neanderthal right-wingers. They recognized at a certain point that it would be very difficult to replicate the reactionary rule of the Aleman Presidency in such an overt form for a second intensive round of looting. This recognition was reinforced when it became clear the Echeverria, upon assuming the Presidency, had thrown in his lot with the Cardenista political machine. Monterrey understood clearly that Echeverria was determined to pick up the core of Cardena's reform policies in order to implement a development program for the country that would jeopardize their financial and political holdings. But even before Echeverria's election in 1970 — sometime in the middle sixties — Aleman and the Monterrey industrialists, in consultation with their U.S. multinational backers, had made the decision to go with a strategy of installing the Rockefellers' plan for "Fascism with a Democratic Face" in Mexico. It was only a matter of time before Eric Trist and his Wharton School proteges were to be called in to put their years of experience in "Democratic Fascism" to use.

After several false starts, — including the financing of sections of the 1968 student movement — Monterrey tapped Hank Gonzales, the Governor of the State of Mexico, to be the charismatic front man for a populist fascist regime. Soon after getting Aleman's nod, Gonzales opened up a campaign against Echeverria, charging that Echeverria was intended

to amend the Mexican Constitution in order to permit him to succeed himself. Echeverria struck back, however, with the support of the Cardenista machine that he had organized under his leadership, Gonzales' attacks were branded as "counterrevolutionary" by the then head of the Revolutionary Institutional Party (PRI), Reyes Heróles. Only days later, Reyes ruled out Gonzales' candidacy by name in a move that broke all the rules of traditional Mexican politics.

Although at least temporarily thwarted in their efforts to capture the executive, through Gonzales and later through Interior Minister Moya Palencia, the Alemanistas have held on to whole sections of the machinery developed for them by Anglo-American intelligence agencies as part of the "Democratic Face" apparatus. Chief among the capacities at their disposal is an array of so-called left and terrorist organizations including sections of the leadership of the Mexican Communist Party. The Aleman-Monterrey apparatus also makes use of fascist gangs whose services are provided by a separate but overlapping network that is headed up by the Buckley Family. As part of the CIA's arsenal of black operations capabilities, the Buckylys and their collaborators in the international fascist Opus Dei machine control a wide variety of fascist gangs, paramilitary organizations, and drugrunning operations in Mexico. Included among these are the so-called Micos (Movimiento Integración Cristiana) who have recently targetted the Latin American Labor Committees for armed attacks and assassination attempts in the state of Sonora.

A sharp shift in Monterrey Group operations came exactly one week after the CIA's 1973 coup against the Popular Front government of Allende in Chile when "leftists" from the CIA's 23rd of September League attempted to kidnap Eugenio Garza-Sada, the kingpin of the Monterrey Group. Garza-Sada was killed, and the Monterrey Group blamed his murder on "Echeverria's soft policy toward leftists."

The Trist-Akoff Wharton School operation promptly moved in to supervise a top-down reorganization of the Garza-Sada empire, which was split into two sections, the Alfa and Bisa groups. Both groups have controlling personal and financial ties to the Rockefellers' Chase Manhattan Citibank complex, and are in frequent contact with Wharton "advisors": Ramon Palacios, the Alfa group's Director of Planning, was himself educated at the Wharton School: brainwasher Trist is an advisor to the Bisa group: "consultant" Akoff is now in Mexico.

Financing the operation in part is the Annheuser Busch brewery in Milwaukee, which established the Busch Center at the Wharton School where Trist and Akoff are leading figures. Annheuser-Busch has also performed certain studies for the Cuahtemoc brewery, now part of the Bisa group.

What Trist and Company are Up To

Eric Trist's criminal career is a clear indicator of the policies which the pro-fascist Monterrey Group will carry out if they succeed in deposing President Echeverria. Trist's training as a counterinsurgent began World War II when he became a protegee of Brigadier General John Rees and his top assistant, H.V. Dicks, at the notorious Rockefeller-financed Tavistock Clinic in England. Tavistock pioneered in brainwashing and social control techniques for Anglo-American Intelligence.

At the time Trist arrived, Dicks had just been appointed to create the Psychological Warfare Division of the Supreme Headquarters of the Allied Expeditionary Forces (SHAEP).

Trist quickly obtained a leadership post in the Division's Experimental War Office Selection Board which worked off the model provided by Hitler's Gestapo to develop officer selection techniques used by British and American Intelligence. An important facet of Trist's work with the Board was the selection and brainwashing of troops for kamikaze-style, suicide raids.

Immediately after the war, Trist was involved with the Civil Resettlement Scheme which relocated Nazis concentration camp personnel, lock, stock, and kapos to industrial centers in Europe and North America. As a part of this task Trist helped to recycle former Nazis into leadership positions in the synthetic West German Government.

Trist's first major job as a labor counterinsurgent was a project director for the Tavistock Clinic's campaign to bust-up the striking British Coal Miners Union. Using Mussolini's corporatist practices as his model, Trist developed a scheme whereby miners were divided into teams whose pay was tied to the production of the whole group. Competition was encouraged within teams until workers pushed each other to the breaking point. When management fired the resulting "excess labor," miners were so brainwashed there was barely a whimper of protest.

In the early 1960s Trist was sent from Tavistock to spread these corporatist policies throughout all of Sweden at the request of ruling Swedish Social Democrats. Starting at the Saab and Volvo plants, he created an entire fascist ideology, known as the "Swedish Way," to support his team competition method.

In weekly team brainwashing sessions, Nazi-like phrases — "You have to work together" and "We all have to be happy here" — are drummed into workers minds. Any hard-core militant who refuses to be "happy" as he is worked to death is assigned to one of a network of "community mental health centers" which Trist helped establish where drugs and electro-shock treatments may be used to break his resistance.

After Sweden, Trist was deployed to the U.S. where he created a parallel to the "Swedish Way," known as "Organizational Development," for U.S. auto plants. In 1970, Trist's former Tavistockian associate Russell Akoff invited him to the Wharton School of Business.

From Wharton, Trist ran two major social-engineering projects. The first was to break-up the United Mine Workers using techniques similar to those he developed in Britain.

Trist's second major project was to create a network of mental health clinics and terrorist youth gangs to control the black, ghetto communities of Philadelphia, the city where the Wharton School is located. Under this program the Domestic Branch of the CIA and Lt. Fencel of the local Police Intelligence Division ("Red Squad") fostered an elaborate gun-running and drugs to "pacify" black youth.

The ensuing violence harmlessly channeled ghetto residents' rage over poverty conditions against one another and gave an excuse for police state crack-downs on any serious revolutionary organization. Drugs were massively distributed to residents via the clinics and black Mafioso attached to the gangs in order to complete the ghettos pacification.

The Argentine Model Falls Apart

NEW YORK, April 22 (IPS) — Four weeks ago, the international Atlanticist press was heaping praise on the new Argentine military government as a choice model for the Third World. Today, that government is in the throes of a violent factional battle; economic disintegration is preceeding at breakneck speed, and the labor movement, perhaps the best organized of all of Latin America, has begun to resist the fascist austerity policies of the junta. The junta's Atlanticist patrons are now having understandably nervous second thoughts.

One day after the March 24th Argentine coup which deposed Peronism for the last time, the New York Times was approvingly noting junta chief General Videla's "moderation," his "Christian virtues" and his "profound hatred of corruption." Equally prominent was the New York Times' admiration for Videla's commitment to "austerity and sacrifice" and to "the fulfillment of Argentina's international obligations." Only three weeks ago, the Washington Post commented enthusiastically on the "popularity" of the new austerity regimen in Argentina. Everybody agreed that, with a "realistic" government at the helm, Argentina could now solve her economic and social woes.

While the junta's Wall Street backers publicly praised the regime, privately those same bankers were also targetting Europe, and particularly Italy, for "Argentinization" as an

intended final solution to their problems of debt collection and working class resistance.

But only one month later, these same Wall Street mouth-pieces are now nervously advising caution to their political and financial associates as they watch their "model" for austerity turn into a model for chaos. The North American financial daily The Journal of Commerce on April 14th openly questioned the capacity of the new regime to enforce austerity: "...even though we feel encouraged by Economic Minister De Hoz's intentions, we will understand the reasons if investors are in no hurry until the intentions are supported by decisive measures." The U.S. weekly business journal, Forbes, is even more explicit: "The key to the government's economic plan is the ordinary Argentine citizen. If he rises en masse against the economic discipline, like he did in 1969 in Cordoba, the Army is neither sufficiently large nor sufficiently hard to put him in line..."

The London-based Latin America newsletter of April 9 reveals the weakest link in the "Argentine model": "Despite the united voice of the (Argentine) government, it is the product of a delicate political balance...According to some observers...there is a danger of a "portugalization" of the Argentine armed forces."

Most glaring has been the junta's total failure to stem the rapid deterioration of the Argentine economy. The economic "program" of the junta is a return to the antiquated notion of

"laissez faire" — all control over credit, production and price controls has been handed to the anarchic whims of profit-starved producers and private banks. Wages have been indefinitely frozen and the elementary right to strike and bargain collectively has been banned together with all trade unions and political parties.

A Failure

The government's appeal to the "responsibility" of the country's producers and manufacturers has, in the words of one bold Argentine newspaper, "failed in practice." Prices of basic foods and other commodities have risen as much as 500 per cent in the last three months; the price of meat alone, the staple of the Argentine diet, rose over 100 per cent within the first two weeks following the junta's price decontrol decree. The near 600 per cent inflation rate, highest in the world, has continued to soar since the junta took power and industrial production, despite the ban on strikes and the junta's "anti-absenteeism" measures, has continued to decline.

The junta's suggestion to producers that they "maintain reasonable price levels" by cutting production costs to increase profitability has met with little success. The junta's decision to liberate the exchange rate on imports and exports has catapulted the prices of critical industrial imports beyond the reach of the majority of the nation's industrialists which in turn has further aggravated the increasing "decapitalization" of the agricultural sector upon whose exports the junta is dependent for foreign exchange to pay off its \$12 billion foreign debt. "Cutting production costs" has translated into declaring bankruptcy for many Argentine firms.

The government's campaign against "swollen Peronist bureaucracies" has resulted in approximately 500,000 layoffs in the state sector over the last month, with another one million public employees soon to face the axe. Additional "trimming of the fat" is currently going on with the government's auctioning of some 200 state enterprises no longer considered "affordable" on the government's new austerity budget. With the junta's dumping of critical public service industries (electricity, transportation, etc) on the debt-strapped private sector, the rapid deterioration of living standards in Argentines' urban centers will soon begin to take their toll.

An article printed in the Buenos Aires newspaper Clarin this week described in detail the first unflinching symptom of

advanced urban decay. As the result of mixed mating between the huge and voracious port rat and the hardy common mouse, the article reports, a new "more intelligent" breed of rat has begun to populate Buenos Aires. The "super rat", highly-resistant to common pesticides, has also emerged in the collapsing cities of Brazil which have a rat population on the average of 10 rats per person. In the densely-populated capitol of Argentina, there is an official estimate of eight rats for every one of its 10 million inhabitants, while unofficial sources have suggested the more likely figure of sixteen rats per human — or 160 million rats.

Labor Resists

The Argentine labor movement, with a highly-political class consciousness and a mass-based partisan army trained in guerrilla warfare, does not intend to follow the path of the "Brazilian Miracle." An escalating offensive on the part of the Montoneros resistance movement, including executions of top-ranking fascists in and around the junta and its security apparatus, has effectively shattered the web of psychological terror that the military had attempted to weave around the working class. Nor have mass arrests of leading labor militants succeeded in paralyzing the workers. Seventeen labor leaders at an auto plant in the city of Cordoba walked off their jobs in the first strike protest since the coup, despite the threat of jail, while auto workers at a Chrysler Corp. plant in Buenos Aires also ignored the no-strike ban last week to protest illegal job reclassification-recycling in their departments.

The threat of a mass working-class upsurge against the junta is the subject of a raging factional struggle within the Armed Forces themselves. "Moderates" like Videla are only temporarily at the helm, placed there by saner forces fully aware that to attempt to impose a "Chilean model" on the armed and organized Argentine working class would mean a prolonged and bitter civil war with the potential to spread beyond Argentina's border. The "extremists" are pro-Chile fanatics who already have military control over the key industrial center of Cordoba and are openly plotting to seize the presidency. The "chileans" are fully aware that a growing nationalist and pro-development movement within the ranks of the younger military officers, calling itself the Armed Forces Movement (on the Portuguese model), is moving increasingly closer to an open alliance with the pro-debt moratorium Montoneros.

LaRouche Warns Against Italy Bloodbath

WIESBADEN, April 24 (IPS) — U.S. Labor Party Presidential candidate Lyndon H. LaRouche today issued the following warning of an increasing probable general bloodbath in Italy:

"A gridding of both various pieces of confidential and public information I have received from sources in several countries leaves no margin for reasonable doubt but that international forces aligned with Italy's Gianni Agnelli are now in count-down for a mooted 'military solution' to the current crisis in Italy.

"On the side of the included publication information, during this past mid-week certain leading newspapers of Europe mooted such phrases as 'state crisis' and 'NATO code' in connection with the current situation in Italy. To anyone from informed circles, such terminology has only one interpretation. The last time such formulations were implemented was during the Greek coup d'etat by the Papadopoulos' forces using the USA-NATO 'Prometheus' scenario.

"Such phrases signify that under special circumstances, such as those termed a 'state crisis,' CIA-linked and related political intelligence agencies activate a military takeover within the cited NATO country and that NATO forces, especially those based in the Federal Republic of Germany, are placed on various degrees of alert, according to the estimated resistance to the NATO-coordinated military coup d'etat.

"The recent Center for Strategic and International Studies (CSIS) meeting on Italy exemplifies the behind-the-scenes discussions in CIA and related circles which have convinced some Lower Manhattan financial circles to proceed toward a military dictatorship in Italy.

"The central working point of this thinking, as at Ray Cline's recent CSIS affair, is the calculation by Henry Kissinger and others that the CIA-controlled leadership of the Communist Party of Italy (PCI) would be unable to 'deliver' the working-class base of the PCI to support of a Schachtian austerity government! For this reason, despite continued support for the CIA-controlled PCI leadership within certain layers of the international social-democracy, Henry Kissinger and others have decided that the PCI leadership can not maintain its left-credibility and usefulness to them unless it is kept in the flexible position of remaining out of the government.

"Without the PCI in the government, without the 'historical compromise' tactic of a combined Agnelli-LaMalfa-Berlinguer Schachtian austerity government, it is impossible to constitute a legal government in Italy capable of carrying out the Nazi-modelled economic austerity which Kissinger and others are demanding. The decision by Kissinger and others to keep the PCI out of the government of Italy means that both Kissinger's backers and sections of the Democratic Party side of the Lower Manhattan political intelligence establishment have committed themselves to the illegal military option.

"The danger is immediate. According to highly-placed sources within Italy, Italy at present has an estimated week's

reserves at current rates of monetary run-out from that nation. Although the fall of the Moro government might be postponed for a very short additional period by USA and West German floating of hyperinflationary dubious short-term paper, these resorts to embezzlers' bookkeeping tricks could not prop up the situation past into May or early June. Before mid-June, only three alternatives exist for Italy: financial debt moratorium, disorderly general financial default, or a military-fascist coup d'etat.

"One should look at the realities of the situation for a moment through the eyes of Lower Manhattan Atlanticists. In competent political intelligence work, it is always necessary to look at the situation from the enemy's standpoint, which of course does not mean to recommend sympathy with the enemy's viewpoint.

"Even from their standpoint, such a 'military solution' would be raving idiocy in terms of its inevitable consequences.

"Such a development would conclusively demonstrate to most developing sector and some other governments that it is suicidal not to follow the strategic policy recommendations of the International Caucus of Labor Committees. I do not desire to obtain such qualitatively enhanced world authority at the price of the people in Italy, but if Lower Manhattan's forces are foolish enough to proceed with their mooted 'military solution,' that is one of the signal penalties they will have to pay for such foul work.

"If I must gain such enhanced authority at such a price, those Lower Manhattan and allied forces who have closely studied me and my organization can predict with certainty the general lines of what will follow on a global scale.

"I warn Rockefeller, George Ball, Gianni Agnelli and their associates: 'If you give to me the enhanced global authority of influence which would result from a military or similar Schachtian adventure in Italy, you ought to know exactly what I among others will be able to recommend and what the immediate consequences of that recommendation will be for you. To be specific: your nasty irregular Euro-dollar market and key Manhattan banks will have a most unpleasant experience.

"I warn such persons: 'You wretched cretins, do you not know that the business of a "credible exercise of force" cuts two ways — as Hitler learned with his London terror-bombing? You overestimate the impotence among your various developing-sector and other opponents.'

"If the Lower Manhattan crowd had not begun to lose its sense under the pressures of monetary collapse, the consequences of an Italian adventure would have already been clear to them and they would have never mooted it. This is not the middle 1960s and Italy is not tiny Greece.

They Are Insane

"A small incident in Italy itself illustrates the breakdown of coordination within the Agnelli-controlled section of the Atlanticist political intelligence apparatus.

"A brief time earlier, known Agnelli-coordinated dirty tricks agencies attempted to field a small countergang as part of a special little political containment operation against the European Labor Committee section in Italy. They

formed a tiny groupuscule on the spot, parodying the name of the European Labor Committees in Italy, and attempting thus to link the Labor Committees to a terrorist caper. The entire operation — including a murder — was run solely to create a fraudulent basis for a CIA-coordinated press slander run through the pages of the newspaper.

“That was a fairly stupid effort in itself, although the blunder becomes understandable in light of the fact that Agnelli’s people were acting on orders from a coordinated international effort along that line. The action was directed from Ray Cline and Marcus Raskin’s crew in the USA and also involved identical modus operandi operations conducted simultaneously in Mexico, Peru and other nations. Only an idiot in Italy could take such a slander in such good faith, since our Labor Committees activities there are well known in the highest circles of the Christian Democracy, Socialist Party and the trade unions.

“Now, more recently, known Agnelli-controlled conduits have reused the same tiny counter-gang — in explicit and foolish reaction to my personal warning to Agnelli earlier — this time issuing a statement of support for the Agnelli-linked ‘Red Brigades’ terrorists which has been co-signed by the notorious fascist gang calling itself Stella Rossa. This has been done in face of the fact that the link between Agnelli and the CIA-controlled PCI leadership has been documented most recently in the Italian press. Such clumsy blundering by the Agnelli-controlled dirty tricks machine illustrates the point that significant sections of the Lower Manhattan-based political intelligence establishment are now floundering in a state of bungling hysteria.

“From the standpoint of self-interested rationality by Lower Manhattan forces, they would have already permitted Italy to enjoy the relief of financial debt moratoria — merely to avoid the consequences of the other alternatives.

What makes the situation in Italy so dangerous is the evidence that Lower Manhattan, or at least a significant part of it, has lost the mental balance which would cause it to govern its behavior by considerations of self-interested tactical rationality.

“The principal reason the threat of an immediate illegal NATO military adventure in Italy is so grave is that the Lower Manhattan-based forces behind this are rapidly going insane, such that rational considerations no longer deter them from potentially suicidal behavior.

The Soviet Parallel

“Lower Manhattan’s behavior toward the Soviet leadership is a critical bit of parallel evidence to be considered in assessing the threatened adventure in Italy.

“To make short of that point, Lower Manhattan-based political forces are currently attempting to drive the Soviet leadership insane, with the aid of a complex mass of obvious ‘Mutt and Jeff’ games on a global scale. Imagine! An effort to drive (what leading strategists identify as) the most potent military force on earth insane!

“KGB chief Andropov’s recent, published address in honor of Party Secretary L. Brezhnev fortunately asserts the voice of sanity within the Soviet leadership. The circumstantial ironies of Andropov’s address — which will probably bemuse Sovietologists in this coming week’s press to no end — may, one hopes, prompt Lower Manhattan to stop the attempted implementation of the Schlesinger doctrine, and open the way for constructive negotiations to end the danger of Middle East holocaust and to begin pulling the world out of the current depression.

“Until that occurs, we must regard a majority of Lower Manhattan forces as certifiably insane. A wild fascist-austerity adventure in Italy, Middle East war, and even triggering thermonuclear holocaust are for the moment still very much on the agenda.”

NATO Network Exposed In Italy As Force Behind Arson And Terror Wave

MILAN, April 20 (IPS) — Italy’s pro-development forces today moved strongly to defuse the Atlanticist “Argentina Plan” for a period of terror and chaos in Italy leading to a fascist military takeover, by exposing a direct NATO role in the creation of terrorist units in Italy. A major exposé in this week’s *Tempo Illustrato* names two generals linked to the top Atlanticist and president of the *Confindustria* Gianni Agnelli who are already under investigation for their role in 1971 coup attempts as having helped direct the formation of the terror squads, and further points to the involvement of leaders of the NATO-controlled Italian Communist Party (PCI) and Interior Minister Francesco Cossiga. *cesco Cossiga*.

The Italian press’ charge of Agnelli’s involvement in the wave of terror and arson now sweeping Italy striking even his own factories, immediately throws into sharp relief the necessity of a parallel investigation of the role of Nelson Rockefeller and Henry Kissinger in similar terrorist activities in the U.S. and internationally. Agnelli’s close political association with the Rockefellers has been thoroughly docu-

mented in the Italian press and this newspaper; that the Italian press has now documented terrorism as one of his key political methods makes it incumbent on U.S. journalists in particular to root out the Rockefeller-Kissinger connections to such terrorist groups as the Symbionese Liberation Army, the Weather Underground, and Black September.

Since the “Argentina Plan” was unveiled at a closed Georgetown University Center for Strategic and International Studies meeting on April 3, Italy has been struck by a wave of terrorist and arson incidents. The *Tempo Illustrato* exposé appears on the eve of a conference to detail the plan by major Atlanticist agents scheduled for April 24 at the CIA-controlled Istituto per gli Affari Internazionali (IAI) in Rome. Among those reportedly planning to attend are FIAT boss Agnelli, Republican Party president Ugo La Malfa, and Italian Communist Party leader Giorgio Amendola.

“Who Throws the Molotovs?”

In its exposé, *Tempo*, which is connected to pro-development Socialist Party faction leader Giacomo Mancini, asks, “Who shoots, who burns, and who throws the Molotov

cocktails?...Is it a rebellious and violent minority that is beyond the extraparliamentary left, such as the FIAT newspaper maintains? Is it the epigone of the MIR (Chilean organization — ed.) or the secret agents of mysterious foreign powers who envy our formidable industrial organization, as it is stated by the young and dynamic Minister of the Interior Cossiga?"

"Nonsense," the exposé answers. Charging Cossiga, the cousin by marriage of Communist Party General Secretary Enrico Berlinguer and the Communist "shadow Defense Minister" Ugo Pecchioli with covering up of the real terrorist operations in Italy, Tempo warns: "Listen carefully, Cossiga, if you really don't know it already (and this we doubt very much) ... you too, honorable Pecchioli ... since you are the military expert of the largest European Communist Party: If it is true ... that you only know some fragments of the story and do not have too much confidence in your ambiguous informers..."

Tempo continues: "Between 1968 and 1969 Moro (present Prime Minister), Saragat (then President of the Republic), Henke, Miceli (both former heads of the SID, the Italian secret service, and the two generals under investigation for the 1971 coup attempts) ... met and decided to found a special service which, aided by NATO, established a base in Alghero, Sardinia, under the command of Pastore Stocchi (an aide to Miceli) ... About 1000 former Carabinieri and members of fascist groups were trained at this base ... later deployed in groups of 6 to 12 persons independently of each other and armed to the teeth with the most modern weapons. They kept in touch with the central command of the SID service) ... This is what the parallel SID is."

Tempo charges that judicial authorities have been blocked

from investigating the "parallel SID." Another article notes that Agnelli has been shipping his money abroad and this "makes the suspicion legitimate ... Does Agnelli regret it very much if his factories burn?"

Tempo also reveals that the head of the Maoist grouplet Stella Rossa, which for the past years has had the sole function of harassing the European Labor Party, is on the "pay list of Interior Minister Cossiga."

The Tempo exposé followed a series of revelations by the weekly of the Agnelli family's involvement — together with former West German Defense Minister Franz Joseph Strauss — in the Lockheed kickback scandals, particularly in the construction of Lockheed F-104 fighter planes by Agnelli's FIAT. Crashes of these planes took the lives of more than 200 pilots in 10 years. Tempo was the first Italian press to reveal that Agnelli, his brother Umberto, and two other top FIAT executives, were under court investigation for their roles in the affair.

Tempo's revelations merely confirm longstanding charges by the European Labor Party that Gianni Agnelli, Giorgio Amendola, Ugo La Malfa and others have been conspiring to create a fascist police state in Italy to force payment of Italy's debts to the New York Banks. The desperation of this Atlanticist faction in the face of the collapse of the financial empire of their New York masters has caused them to redouble their terror attacks against Italian population. This escalation, combined with the effect of the propaganda for debt moratorium and International Development Bank among Italian workers and trade union leaders by the European Labor Party has led to the counteroffensive by Italian pro-development forces reflected in the appearance of the Tempo *Illustrato* exposé.

IPS Expose

What Is The 'Italian Communist Party?'

April 24 (IPS) — A daily front-page feature of all of the Western capitalist press in recent weeks has been the raging debate over whether the Italian Communist Party (PCI) will maintain "democracy" in Italy if it is admitted into the government. The fraud, aimed as psychological warfare at the Italian and the entire European working class, is the attempt to make a subject of discussion out of whether the PCI leadership's arrival in power would result in an Italian "Communist dictatorship."

As the Atlanticist authors of this "debate" know perfectly well, the bulk of the current leadership of the Italian Communist Party were recruited as Anglo-American intelligence agents directly out of the "left" Fascist movement of Benito Mussolini in the late 1930s by current party-control agent Giorgio Amendola. Since the avowed world outlook of these PCI leadership personnel **has never changed**, they indeed represent the greatest of Fascist threats to Italian democracy. But this is not what concerns the Atlanticist press "debaters."

The April 11 issue of *l'Espresso*, the Italian weekly controlled by the Agnelli family of FIAT, is exemplary of the psychological warfare packaging of their controversy. Alongside articles heralding the end of the Italian Republic,

l'Espresso runs no fewer than five features dedicated to "the Communist question." One explores the party's secret negotiations with the Vatican; another displays Wall Street banker and policymaker George Ball lauding the Communist Party as the "only disciplined group" in Italian politics; a third reviews a book by a leading party ideologue in which Lenin's "anti-democratic" tendencies are blamed for the subsequent development of Stalinism; and a fourth interviews a spate of Atlanticist intelligence agents from Leo Valiani, who helped administer the Allied Occupation in Italy, to Czech counterinsurgent Jiri Pelikan. The subject of last discussion is always whether the arrival of the PCI in power might bring about a "Soviet dictatorship" in Italy.

The key to this entire charade, and to the shocking reality of the PCI leadership's real identity, lies however in the fifth feature, titled "Papà Amendola." Gathered to celebrate the death 50 years ago of Giovanni Amendola (the top British intelligence agent in Italy who became a "martyr of anti-Fascism" after helping the British to bring the Frankenstein monster Mussolini to power), Giorgio Amendola and Ugo La Malfa debated for *l'Espresso* which political force in present-day Italy best represents the "heritage" of the older Amendola.

The “debate” between La Malfa and Amendola boiled down to a single disagreement. Ugo La Malfa maintained that he, as a banker and Republican Party head, represented the “pure” essence of Giovanni Amendola’s ideas; Giorgio Amendola — a member of the PCI directorate — insisted that in his party, such ideas had mass support!

As any well-informed U.S. think-tank on Italy will readily confirm, Giorgio Amendola’s claim to having a mass organization behind the corporatist, anti-working class ideas of his father is totally untrue. What is the case is that since 1969 Amendola, who publicly traces his political current back to the Left Fascist tendency of the Mussolini period, has consolidated full control of the Italian Communist apparatus under a clique of out-and-out Fascists. Along with their controllers, Atlanticist agents La Malfa and Agnelli, these Fascists in “Communist” guise represent an enormous current threat to democracy in Italy.

What is the PCI?

The Italian Communist Party has never been a Marxist party, nor have the party statutes since 1945 required members to agree with, least of all understand, the ideas of Karl Marx. The entire present top leadership of the party was introduced to “Marxism” through the dominant Italian “philosophers” Giovanni Gentile, the rightwing Hegelian who became the official philosopher of the Fascist Regime, and Benedetto Croce, the “anti-Fascist” liberal who was benignly tolerated throughout the Mussolini epoch. After being weaned on Gentile and Croce, Italian Communists receive their “economic” training from the writings of the ignorant right-wing Social Democrat, Antonio Labriola. This is the avowed intellectual heritage of the PCI leadership.

Using this pathetic, impoverished intellectual baggage, British agent Palmiro Togliatti, the head of the Italian Communist Party from the late 1920s until his death in 1964, manipulated the party’s working-class base into acceptance of a rightwing leadership they hated. In contrast to the national leaders, most of whom have literally never considered themselves communists, the majority of the hardcore activists in the Italian Communist Party machine were rallied to the hope of carrying out a socialist revolution during the mass upsurge of the World War II resistance period and the immediate postwar Occupation. The expression of these workers’ identity as Communist internationalists has been their strong allegiance to the Soviet Union. Togliatti, who took no part in the Resistance movement, successfully crushed the Resistance wing of the party and isolated its spokesmen from positions of leadership by playing on the Italian worker’s deeply-ingrained sense of intellectual inferiority.

Under the manipulations of Togliatti and his “boys,” who were groomed to take over the party following World War II, workers’ real desire for material progress was systematically subverted into a quest for allegedly spiritual values on the exact model of the Fascist philosopher Gentile and his “anti-Fascist” cohort Croce. In the present period, this fascist appeal is being used to attempt to incite workers to genocidal sacrifices, for the good of the “Italian nation.”

The Amendola Legacy

“Fascism and anti-Fascism,” Giorgio Amendola remarked recently, “are the two faces of Italian twentieth-century reality.” He went on to insist that one could not understand the anti-Fascist resistance movement without looking into its cultural matrix, Fascism, and praised the wave of recruits from the Fascist university and youth groups in the 1937-38 period for having brought a “vital sap”

to the resistance against the Mussolini regime.

Giorgio should know. Like his father Giovanni Amendola, Giorgio throughout his career has readily become a fascist or anti-fascist “Italian nationalist” according to the strategic orientations of his Anglo-American masters.

Giorgio Amendola, the “anti-Fascist” martyr, was a key British intelligence agent from approximately 1904, when he was recruited through the Rome chapter of the Theosophy Society. An ardent national chauvinist, and an intimate of such later leading Fascist “intellectuals” as Ugo Ojetti and Giovanni Papini, Amendola as a journalist for the Milan paper *Corriere della Sera* first helped to manipulate Italy into World War I on the side of the British. As his published correspondence with Ojetti in 1915-16 abundantly documents, Amendola’s major concern in the war was locking Italy into an alliance with Britain and with preparing an army capable of controlling the domestic working class in the postwar period.

When the inevitable 1919-20 strike wave occurred, fueled by the Bolshevik Revolution, Amendola turned full attention to creating a “new ruling class” in order to stop the “Bolshevik menace” at all costs. Like his boss Luigi Einaudi, Sr., another leading “liberal” who was running *Corriere della Sera* at the time, Amendola personally disliked Mussolini’s hooligans who had “guaranteed democracy” in that period.

Nonetheless, Amendola — at the time Minister of Colonies in the shaky Facta cabinet — hailed the Mussolini March on Rome of September, 1922 to which Einaudi had given his stamp of approval. “Today for the first time we have a government which faces no time limits and has available the indispensable freedom to act,” he wrote to his friend Count Sforza in December of that year.

Giorgio Amendola’s endorsement of Mussolini in 1922 is today echoed, almost word for word, in the candid April 22, 1976 editorial in *Corriere della Sera* by Alberto Ronchey — a supporter of PCI participation in the government — calling for a “government with the moral authority to be authoritarian.” By 1923, however, the elder Amendola began to realize that Mussolini was no mere passing phenomenon transitional to a British-modeled “liberal” anti-working-class regime as he had envisaged, and that the hoodlum squadristi of the National Fascist Party were turning the violence with which they had crushed working-class organizations earlier against all rival institutions including their own erstwhile “democratic” supporters. He organized a National Democratic Union, aimed at capturing Mussolini’s base — the terrified middle class, the peasantry, and the backward South — which he naively believed his British patrons would support. Amendola St. paid for his miscalculation in 1925, when Mussolini’s squadristi brutally beat him: he died in 1926 from the resulting injuries.

As late as 1928, Giovanni’s son Giorgio (according to his own accounts) traveled to Paris to consult with the rightwing Social Democrats, Liberals and other anti-Communist politicians living in exile. He proposed to this group the launching of a liberal-oriented resistance to the Mussolini regime which would be capable of stemming the Communist monopoly over the underground resistance in Italy. Only after the failure of this mission, late in 1929, did Giorgio secretly join the Communist Party of Italy. His first published statement in the party journal proclaimed that he had not abandoned the ideals of *Giustizia e Libertà* — the terrorist “anti-Fascist” group linked to the Paris exiles and modeled explicitly on the ideas of Russian anarchist Bakunin — or those of his liberal father, but that such ideals could only be realized

through the Communist Party. From that point on, Amendola's career curiously paralleled that of his father's closest emulor, Ugo La Malfa. Both were ardent admirers of the Rooseveltian New Deal. But while La Malfa cultivated his studies of "economics" in the safe refuge first of Giovanni Gentile's *Enciclopedia Italiana*, and later in the U.S. intelligence hotbed of the Banca Commerciale Italiana, Amendola plied his agent trade inside the Communist Party, first in exile in Paris, later in Tunisia and finally in Italy from 1939 to 1945.

1937: Left Fascism to "Anti-Fascism"

As Mussolini's 1936 Ethiopian War adventure sparked the first open working-class resistance to his regime, the Paris center of the Communist Party came up with a tactic for recruiting from Fascist institutions such as the universities and youth groups, because the ripples in the factories had begun to intersect with student discontent. The party paper, *Stato Operaio* in 1937 printed the call to "our brothers in Black Shirts," promising that a popular front with the Communists would implement Mussolini's "radical" left-fascist program of 1919.

Following his release from five years of detention by the Mussolini regime that year, Amendola was immediately dispatched to Paris where he helped to run the Communist Party press and from where he organized just such a levy into the party from the Fascist universities and youth groups. Amendola was particularly in charge of the Roman "anti-Fascist" group of these origins. This group has emerged as today's top PCI leadership, including both the overtly Amendolite right wing, and the anarcho-syndicalist "left," as well as the Maoist offshoot of the latter which was used in the "Il Manifesto" operation of 1969.

Among those in the Amendola-fostered Rome University group of recruits from Fascism to "anti-Fascism," were Paolo Bufalini, now a PCI secretariat member and close associate of Berlinguer, in charge of negotiations with the Vatican; Aldo Natoli, who acquired prestige as a party "intellectual" under Amendola's personal protection in the Rome organization after 1945, only to become a "Maoist" in the 1960s and leader of the *Il Manifesto* grouping; and Lucio Lombardo-Radice, the leading PCI central committee ideologue for education and culture, and a noted international advocate of bourgeois pluralism for Eastern Europe.

Lombardo-Radice provides a most exemplary case of Amendola's brand of "anti-Fascism." His father, Giuseppe Lombardo-Radice, was Mussolini's national director of elementary education from 1922 until 1935. Lucio's educational theories do not differ in any substantial way from those of Giuseppe.

Another luminary of the Rome University crowd, Pietro Ingrao, became the leading "adversary" of Amendola during the 1960s in a phony faction fight within the PCI, the purpose of which was to profile pro-Soviet, pro-working-class cadres in the party for future isolation and purges.

The Action Party Matrix

For the Anglo-American intelligence community, the takeover of the Italian Communist Party leadership through Togliatti and Amendola's specialized operations was complementary to another operation, the "Action Party." The purpose of both was to contain the revolutionary potential of the Italian working-class resistance to Fascism, and guarantee that after World War II Italy would become a Wall Street looting-ground.

"Togliatti's boys" and Amendola covered their operation in the Communist Party with pro-working class rhetoric to delude the party's mass base into believing they were fighting for socialism. In the meantime, OSS agent Allen Dulles' tiny "Action Party," made up of a banker's wing including La Malfa himself, present Mediobanca head Adolfo Tino, Bruno Visentini (the Finance Minister of the last Moro government) and a group of anarcho-syndicalist leftovers from *Giustizia e Libertà*, provided the program...dictated straight from the U.S. State Department. The Action Party's 1942 program was an amalgam of Roosevelt and the 1919 program of Mussolini's Fascist Party. The Communist Party had no program.

The role of the Action Party was to subvert the Communist-led resistance movement into an apolitical popular front, playing on the Communist leadership's (e.g., the pathetic schlemihl Pajetta) intense fears of isolation. After the war, U.S. intelligence controller Allen Dulles busted up the Action Party, sending seasoned agents to infiltrate the Socialist, Communist and Republican parties.

The Action Party and today's leadership of the PCI are tightly, incestuously linked. Stefano Siglienti, uncle of Enrico Berlinguer, was one of La Malfa's top Action Party co-conspirators during World War II. Mario Berlinguer, Enrico's father, first ran for office in 1923 as a member of Giovanni Amendola's National Democratic Union, and later became a militant in the Action Party.

I Ragazzi Di Togliatti

In the immediate post-war period, the nest of left Fascists masquerading as Communist youth leaders which Amendola had cultivated particularly in Rome, became Palmiro Togliatti's major weapon against the revolutionary impulse of the Communist Party's industrial and peasant cadres, who had flocked to the PCI-led Resistance. Togliatti was not loved by the Resistance fighters. His "Salerno Turn" of 1944, imposing a policy of mass undifferentiated recruitment on the party and the "delaying" of revolutionary perspectives, had been followed after the war by class collaboration and further postponement of the struggle for socialism. By 1947, the Italian working class was suffering worse economic misery than at any point under the Mussolini regime. This misery was imposed by none other than reactivated liberal Luigi Einaudi Sr., the erstwhile Mussolini supporter turned "anti-Fascist" and installed by the Allies as governor of the Bank of Italy to impose a Wall Street-dictated austerity program.

To defuse the mass strike tinderbox and to permanently dampen workers' hopes for revolution, Togliatti called together his "boys" (i ragazzi di Togliatti) in May, 1947. According to a biography of PCI chief Berlinguer published in the weekly *Il Mondo* in November, 1975, Togliatti's boys included the young Sardinian aristocrat Enrico Berlinguer, Ugo Pecchioli and Renzo Trivelli (all now members of the top PCI executive body, the Secretariat), and Massimo Caprara, Togliatti's private secretary (whose subsequent career has spanned a wrecking operation with "Il Manifesto" in 1969-71; retired from party politics, "journalist" Caprara now conduits CIA stories on the French and other Communist Parties). Togliatti laid out for the boys his plan for ensuring his own continued power. The "boundless rage of youth" would be channeled into the creation of what Berlinguer termed a "profound crisis of spiritual values."

Addressing the PCI youth conference in May, 1947, Togliatti selected an essay by the son of a former Fascist minister

to prove that a "common note" afflicted Italy's youth: "a painful uncertainty, a precocious lack of faith in themselves, a widespread sense of unhappiness." Togliatti concluded: "it is not enough to worry about and busy ourselves with the material aspects of the youth problem." Picking up the words of Gentile, he called for a reconstruction of "morality."

With control over the youth group and the party's "cultural" activities, Togliatti's boys were able to effectively strangle the revolutionary wing of the party in a series of well-timed coups. In 1954, following the death of Stalin, Togliatti moved to isolate the industrial working class faction of the party which looked to Resistance hero Pietro Secchia as its leader by packing the party directorate with Amendola and his demagogic sidekick Giancarlo Pajetta, both notorious rightwingers. In 1957, former Fascist Pietro Ingrao was precipitously brought into the party directorate after the crisis of the XXth Soviet Party Congress. Amendola, made Director of Organization in Secchia's place in the late 1950s, successfully purged key regions such as Milan of older "Stalinist" cadres, using such later Maoist agents as Rossana Rossanda, who became one of the leaders of *Il Manifesto* during the 1960s.

Following Togliatti's death in 1964, Amendola began calling for the liquidation of the Italian Communist Party into a single populist party along the lines of his father's National Democratic Union. Former Amendola protégé Pietro Ingrao promptly took up the "left" opposition to this proposal under the guise of trade-union chauvinism and hostility to the Soviet Union.

The operation culminated at the 1969 XIIth Party Congress of the Italian Communist Party, when a group of Ingrao's Maoist followers split out of the party as "*Il Manifesto*" — purporting to be a "left opposition." Workers hostile to Maoism were left with no alternative but to tolerate Amendola's outrageous rightwing policies, or to be targeted and picked off in a massive purge of pro-Soviet militants which ensued in 1970.

At the XIIth Party Congress, Togliatti's boy Enrico Berlinguer also became deputy party secretary and heir-apparent to the top leadership position under the aging chief Luigi Longo. Berlinguer was selected as a "compromise candidate" between the right-wing "anti-Fascist" Giorgio Amendola and the former left-wing Fascist Pietro Ingrao.

The March 1975 XIVth Congress of the PCI put the formal finishing touches on the fascist takeover of the party. Togliatti's boys, such as Berlinguer, Trivelli, Bufalini and Pecchioli; Amendola's intimates Pajetta and Napolitano; and Berlinguer's own protégé Cervetti were appointed to the party Secretariat. The Politburo was abolished. Of the three opposition voices in the Central Committee to both the Maoists and Amendola in 1969, two had died by 1975 — one in mysterious circumstances (Secchia) — and the third was isolated in a remote southern town. Berlinguer endorsed NATO, made friendly overtures to Ugo La Malfa, and began steps for "reconciliation" with the expelled leaders of *Il Manifesto*.

The heirs of Giovanni Amendola's "National Democratic Union" were getting back together.

Botteghe Oscure Tries "Coercion"

With a mass strike wave in Italy increasingly threatening to burst out of the control of the PCI and its affiliated trade union leadership, the party's top hierarchy has come out during the past month with a series of desperate open embraces of Mussolinian fascist policies. In March, Amendola's

Rome economic think-tank CESPE hosted a meeting to plan imposing wartime economic measures on Italians: Amendola personally echoed the words of Mussolini, "We Italians must take care of ourselves." The PCI subsequently brought out an economic program designed to gain their entry into the government. The program called for anti-strike legislation, youth slave labor projects, tax hikes, wage cuts, ("rationalization") and centralized control of all credit, in a drastic echo of the Mussolinian programs — not of 1919, but of the 1930s!

The PCI plan was promptly praised by former Bank of Italy governor and now Agnelli employee Guido Carli, who noted that the incomes-leveling proposals were particularly desirable but could not be enforced without a "higher degree of coercion" than the PCI is at present capable of providing.

The party's leaders, from their headquarters in Via delle Botteghe Oscure in Rome, have not lost a minute in proving their willingness to "coerce" the Italian working class. Ugo Pecchioli, a 30-year intimate associate of party secretary Enrico Berlinguer and now defense expert for the PCI Secretariat, has joined Berlinguer's cousin, the Italian Interior Minister Francesco Cossiga and the Agnelli brothers in calling for "anti-terrorist" vigilante squads to be formed in Italian factories and neighborhoods.

The pretext for these overtly fascist bodies is the current wave of terror and arson sweeping Italy. However, it is a matter of public record, documented in the Italian Socialist newspaper *Avanti* and the independent weekly *Tempo*, that Agnelli personally is the financial backer of the terrorists. While workers have refused en masse to join the vigilante squads, the Amendola-Berlinguer party bureaucracy is sponsoring such self-policing operations in the plants, manned by the traditional blackshirts — members of the rightwing fascist trade union, CISNAL.

European Labor Party field reports from the Milan-Turin industrial belt further confirm that the Amendola-Berlinguer apparat in the Communist Party and its trade union affiliates are dispatching Mafia-style terror tactics against workers who join or even listen to the programmatic alternative of the ELP, or who refuse to engage in fruitless anarchist actions leading to lockouts at FIAT and other factories.

In recent episodes, ex-Partisan Resistance fighters at the Turin FIAT plants were coerced into such anarchist actions by union goons wielding sticks with dead animals attached; gangland terror was threatened against a PCI member and his family from one of the Turin industrial suburbs after he presented the ELP's program for debt moratorium and a new world economic order to his party local; PCI factory council members at a metalworkers union rally in Milan terrorized workers with threats of firings and other reprisals if they dared to even read ELP programmatic leaflets; and 20 goons from the PCI's unofficial youth group, the ultraleft police gang *Lotta Continua*, were dispatched to beat 2 Labor Party organizers outside a municipal officials meeting in Milan, sending one to the hospital with serious injuries.

With the Italian workers visibly incensed at such atrocities by their leadership, the bourgeois press is spurred to new levels of debate over Italian "democracy." Were the PCI leaders placed in government, the PCI's mass worker base might very quickly recognize them to be the purest of Fascists, and thereupon very quickly transport them to the nearest lampposts. For the Atlanticist press, such mass action to preserve democracy by the PCI membership constitutes the real threat of "Communist dictatorship" in Italy.

Excerpts From Speech By Soviet Politburo Member Yuri Andropov

April 24 (IPS) — Speaking on behalf of the Communist Party of the Soviet Union upon the celebration of Lenin's birthday April 22, Soviet Politburo member and head of the State Security Police, the KGB, Yuri Andropov delivered the most forceful and unambiguous statement to date of the existence of a Soviet "tripwire," which, if crossed will trigger massive Soviet nuclear retaliation. Andropov joined his reaffirmation of the nuclear war danger caused by Western provocations in such areas as Lebanon with absolute rejection of the "pluralism" of Western Europe's "White Communist" parties.

His speech contrasts sharply with the accomodating "soft" line which has dominated the Soviet official press since approximately the middle of March.

Andropov's speech is currently being studied at the highest levels of the Pentagon and U.S. Administration, sources in Washington, D.C. said this week.

For the Communist Party of the Soviet Union and proletarian revolutionaries all over the World, Leninism remains the true science of victory, the science and art of creativity which opens new horizons to humanity....

The Soviet people know very well that the CPSU is doing everything in the name of the people, and for the well-being of the people. This is written on our banners and fixed in our party program. The significance of the activity of the party and of communists is in their realization of this program....

It is no accident that Lenin saw in alienation of the masses and in sectarianism, just as great a danger to the cause of socialism as in reformism and unprincipled compromises with the class enemy.

The responsibility of all the people does not at all contradict the fact that the leading role which the working class plays during the struggle for victory of socialism in our country is realized at a certain level as the dictatorship of the proletariat. This scientific concept is bitterly attacked, rejected and vulgarized by all those who seek to represent the dictatorship of the proletariat as contrary to democracy. In fact, Lenin counterposed the dictatorship of the proletariat not to democracy, but to the dictatorship of the bourgeoisie. In Lenin's view, such a dictatorship actually exists, i.e., the political power of the bourgeoisie, based on the apparatus of force that they themselves have created even in the most advanced bourgeois democracies.

Lenin taught that democracy always has a class character. There is no such thing as democracy in itself. There is either bourgeois or socialist democracy. Obviously, the working class and the communists attach great significance to those democratic rights and freedoms which permit them to carry on the difficult struggle under capitalism. But this does not change the bourgeois character of democracy, nor the fact that only socialism can guarantee people's power. Socialism has always been for liquidating exploitation and repression....

The strengthening and fulfillment of the socialist way of life demands the struggle against all those who oppose Leninist principles and positions and oppose humanity. This is principally a struggle against bureaucratism, which Lenin called the worst internal enemy of the new society; a struggle to defend the Soviet people against heartless behavior and greed, against formalism and bureaucratic self-righteousness. The party is intolerant of all such phenomena, since there cannot be any place for them in a society which has achieved communism. The 25th Party Congress has once again underscored that criticism and selfcriticism are indispensable factors in our life. The party is of the opinion that a factual and public criticism in a healthy atmosphere helps to clear up the situation in many areas.

Our experiences are accessible to everyone. Without forcing anyone, Soviet communists are of course pleased if our friends, the fraternal parties, use our experience in their activities, use them creatively and thereby contribute to the common treasure chest of the world wide experience of the revolutionary struggle and enrich with their own experience the solutions to social and economic tasks. The Soviet communists well remember Lenin's words: "All nations will become socialist; that is inevitable, but none in precisely the same form and way. Each will have some form of democracy, some form of the dictatorship of the proletariat, and some rate of social transformation of the various aspects of social life."

Life has shown how true and profound Lenin's thought was. At the same time, life has shown that in this historical process, with all the multiplicity of conditions, and all the different forms of socialist transformation, there is a fundamental lawfulness which one can neither get rid of nor circumvent. One aspect of that lawfulness is that socialist transformation, the establishment of state power of the working class and its allies, demands a power which is capable of defending the achievements of the revolution. A power which is in a position to carry out its functions creatively, to unleash the strong creative forces of the people and ensure itself the active support of the broadest masses of the working class.

Socialist Foreign Policy

From the first days of the October Revolution, foreign policy and international relations became a most important question for us....And this question was raised to a completely new level by the victory of the October Revolution, as a question of upon what principles and preconditions the first socialist state in history should base its relations toward the capitalist world. The special acuteness of this question was determined by the fact that the country of the Soviets was put into "international isolation," as Lenin expressed it, and this was a question of life and death of the revolution, the very existence of the new born society.

The elaboration of the fundamentals of socialist foreign policy proceeded in an extremely difficult international situation, which was complicated by sharp confrontations of different opinions and positions within the party itself. In order to work out the only correct policy and consequently to realize it, the genius of Lenin and his unbreakable will were required, the wisdom and political maturity of the party, which was educated by him: the policy of peaceful coexistence....Of course at that time one could not speak about abolishing war from the life of the people. As a great realist, Lenin realized that the imperialist powers would not leave revolutionary Russia in peace, that the peace, which was accomplished in a hard struggle, is only "a moratorium within a war," only a breathing pause of peace.

Our country got such a breathing pause. We won two decades. This helped us to gain victory in the war, the most disastrous and bloody of all wars which mankind has had to endure. The crushing of fascism and the subsequent deep social-political changes in the world have fundamentally changed the international position of our country and have led to the emergence of the world system of socialism.

Today, the Soviet Union, together with the fraternal states, is marching on the road of socialist and communist construction. We are united by our common goals and interests, the unity of ideals and policy....Unshakeable guarantees have been built and are becoming stronger from year to year, that neither a single aggressor nor a coalition of aggressors can triumph over socialism. However, the question of upon what principles the relations between the socialist and capitalist world should be developed — this question has lost nothing of its importance and sharpness, because this is a question of war and peace. As the 25th Congress of the CPSU has once again emphasized, this question is the main question of today.

Today, this far from new question is posed and will be solved in a new way. This is connected with the new phenomena which are emerging in international relations with the increase of the strength and the world-wide influence of socialism, with the further upsurge of the workers movement and with the victories of the national liberation struggle of the peoples. It is also connected with the fact that a new weapon with huge destructive powers has emerged, by which a war would have truly catastrophic results. Thus, on the one hand real preconditions have been created, but also, on the other hand, the absolute necessity, to reduce the danger of a new world war and to eliminate that danger in the long term — and if one might express it — of expanding the boundaries of peaceful coexistence. The Party now no longer aims to accomplish a peaceful breathing pause, but aims toward the creation of a lasting and just peace in the world. In the course of the years, a clear turn from "cold war" towards peaceful coexistence of states of different social orders was put into effect. This success was accomplished in a hard struggle, through intense and difficult work. As our party had expected, the road towards strengthening peace was not easy. But we took this road and will go further on it, without sparing our energies, without deviating from the aim we have defined. And this (Soviet Party Chairman) Leonid Brezhnev emphasized with new force at the 25th Party Congress....

Our foreign policy is also a class policy, because our Party follows a steady, persistent and honest peace policy, which simultaneously stands unstakeably on the principles of proletarian internationalism and solidarity with the struggle of the peoples for freedom and social progress. There is no contradiction in this. We do not expect that the monopolistic bourgeoisie and the governments which are executing their will will endorse under the conditions of detente the revolutionary struggle of the proletariat or the national liberation struggle of the oppressed peoples. The Soviet Union does not put such demands on the West. But one should not demand of the Soviet Union to sacrifice its solidarity with those who are struggling against exploitation and colonial oppression. The Soviet Union does not intend to interfere in the affairs of other countries, it does not intend to "export" revolution. Revolution is the result of the internal development of society, said Lenin. Revolution cannot "develop on order or agreement from a foreign country" (Lenin). Each people determines its own fate. But if the people choose the road of struggle, if they are forced to struggle against the colonial rulers and to defend against the attacks of foreign interveners and paid murderers, then our sympathy was and will be ever on the side of that people....

But we have not agreed to endorse actions which are aimed at damaging socialism. The respective plans of the reactionary circles have nothing at all to do with the sections of the Helsinki documents concerned....

The Forces Against Detente

Our country holds that competition between countries of different social systems should be actually peaceful, free of military competition, and of a constructive rather than a destructive nature....

As for the ideological struggle, the communists are of the opinion that this cannot be 'transcended,' just as class struggle cannot be 'transcended.' The interests of classes are reflected in ideals, goals, and ideas of how society is to be developed. When these interests and ideas conflict, ideological struggle is inevitable....

Conflicts over detente have become a part of the internal political struggles which many Western countries are embroiled in. The enemies of detente are trying to step up their activities. At the heights of this, extreme declarations have come out, declarations reminiscent of the vocabulary of the cold war. Before, the world listened to them for a quarter of a century. And they only proved that the policy of the cold war, the 'policy of strength,' is senseless and dangerous. It is dangerous for everyone, dangerous for peace. It is dangerous and senseless for the West itself. Since the nuclear age began, there has been no rational alternative to the policy of peaceful coexistence, no matter in what direction events develop in the future. And it is without doubt that the interests of the peoples and the objective processes of international relations require the maintenance and deepening of detente, and realization of the principles of peaceful coexistence.

The objective nature of this process does not free governments and politicians from their responsibility. A relapse in the development of the detente process and even an outright backsliding, even if only momentary, could have a great cost and would result not only in the loss of a lot of material means, but also a dangerous exacerbation of the international situation....

Gaullist Movement Finds Strategic Leadership In Jobert

April 24 (IPS) — Gaullist Michel Jobert emerged this week as that movement's heir apparent to General DeGaulle — proposing that France take responsibility for building an independent liberated Europe, and a France whose government would adopt a policy of social and economic progress with communist backing. This "New Resistance" conception has rallied the support of leading centrist and former Education Minister Joseph Fontanet, as well as such leading Gaullist "barons" as Michel Debré, who have expressed confidence in their ability to win over the bulk of the French Communist Party through a massive propaganda effort around their program to defeat the Atlanticists.

The common agreement on the Jobert leadership has consolidated the Gaullists' preparations for dumping the Giscard Atlanticist government and going ahead with a "government of public safety" as outlined by baron Michel Debré several months ago. Having already ripped gaping holes in Atlanticist economic and political policy for Europe, the Gaullists are not set up to carry out their coup.

Former Foreign Minister Jobert, writing in the April issue of the literary *Nouvelle Revue des Deux Mondes*, made an explosive proposal to crack the Atlanticist control over Europe, arguing that the French strategic nuclear force, DeGaulle's "Force de Frappe," be now conceived as the core element of a European defense. He thus told the trapped West Germans that they need not suffer Atlanticist occupation any longer since NATO can be disbanded and immediately replaced by a truly independent Europe with Gaullist leadership and defense protection. Jobert further specified that the development of this French strategic force must be carried out through European financing "as long as a process of controlled disarmament has not been assured" — a wink to the Soviets that the Gaullists would eventually push for a Soviet-West Europe global agreement on disarmament and development.

Adopting Jobert's voluntarist conceptions as his own, Debré issued a call to arms in *Le Monde*, April 22, for a European counterattack against American monetary "egocentrism." Debré, a fervent advocate of a gold-backed break with the dollar, told his readership straightforwardly that Western civilization will be doomed if immediate action is not taken: "It is by rising against this egocentrism that the West can still have a chance and democracy as well." In his rousing polemic for a government of "public salvation," Debré endorsed Jobert's long-standing argument for a working agreement with the communists, saying plainly that French Communist participation in that government would be necessary to obtain the social consensus to put the economy back on its feet.

Today, the Central Committee of the UDR Gaullist party elected Yves Guena, Debré sponsor and former cabinet head

when Debré was Prime Minister under DeGaulle, to the post of Secretary General. Confirming the "New Resistance" orientation of the Gaullists, Guena roused his audience with key words from the 1940s Liberation period: "Comrades, I deploy you for the battle." The response was spirited, as invited Labor Committee organizers at the meeting reported enthusiastic 60 year old deputies leaving the hall with bundles of posters under their arm. Each time, during Guena's speech, that the name of prominent Gaullist Barons, like Debré, Sanguinetti, Chaban Delmas, was brought up, the audience would cheer and applaud — in sharp contrast to the barely audible claps given to those Gaullists who have compromised with Giscard, like Prime Minister Chirac.

Guena called upon the UDR to cease being solely a parliamentary group, the Party must mobilize to quickly become the leading popular based force in the country. As for UDR contenders in the field, Guena quickly dismissed the French Communists as having "reached a ceiling," indicating Gaullist confidence in winning over its base. Guena focussed his attention on the major Atlanticist left force in the country: the Socialist Party. Characterizing the Socialist leadership as a few Marxists with a lot of "fat notables," Guena instructed UDR cadres: "To reduce the Socialist Party you must not cajole it, but sabre it, not cultivate its local bosses, but seduce its electors, not marry its doctrine, but proclaim our ideas."

This Jobert-inspired attitude was already that of DeGaulle who, in 1958 recruited the Socialist Party base telling them: "You are all social democrats, there is only one socialist and that's me."

Guena laid out the UDR's position relative to the present government as one of critical support for the government of renegade Gaullist Prime Minister Chirac, without once mentioning Giscard. Guena further announced that he would organize commissions to elaborate proposals on foreign and domestic affairs, indicating the barons intention to dictate policies to Giscard and Chirac. Responding to Labor Committee questions, Guena said he was not a foreign policy expert and could not answer our questions on the new world economic order or the Middle East, others in the movement would take care of those questions, but UDR monetary policy was definitively that of "gold convertability of the dollar."

The tone and perspective of the UDR Central Committee meeting demonstrates to Giscard that he is a prisoner for good of a "UDR State," as the Atlanticist centrist parties has warned him. Thus from his besieged dilapidated fort, Giscard appeared on TV Thursday night only to recite a rosary on his various "reforms," dispatching his sergeant brother-in-law Fabre Luce to rant and rave about Jobert's devilish European proposals on the front page of the conservative daily *Le Figaro*.

The Lockheed Scandal In Japan

Other than Italy, the country most affected by the contrived exposures of corporate bribery funneled through the U.S. Senate's Church Subcommittee on Multinationals has been Japan. Since the so-called "Lockheed scandal" first broke more than three months ago with revelations of multi-million dollar bribes of Japanese politicians, government officials, and leading figures in Japanese right-wing circles, the scandal has totally dominated Japanese politics. The government of Japanese Prime Minister Takeo Miki, already politically shaky, has been virtually paralyzed and the ruling conservative Liberal Democratic Party has undergone a severe factional shakeup as leading politicians have been linked to the scandal.

When the scandal threatened to lose its momentum early this month with an agreement between the U.S. and Japanese governments on the transfer of further information about the bribery recipients, a new element was added to the affair with a calculated "expose" by the New York Times and "former CIA officials" of the involvement and knowledge of the CIA in the bribery and of CIA links to right-wing figures already named as Lockheed influence-peddling agents.

From the beginning, the Lockheed scandal has been part of a calculated effort by Atlanticist financial circles in New York, grouped around the banking consortium headed by the Lazard Freres investment house which has progressively taken over Lockheed since its bankruptcy more than five years ago. Focused partially on the bankers' takeover of the U.S. aerospace industry, the main thrust of the scandal-mongering has been to discredit austerity policies in those countries. In Italy this is obvious. The operation involves a targeting of anti-Atlanticist circles in the Christian Democratic Party (DC) grouped around Giulio Andreotti and Italian industrialist Eugenio Cefis. The code word for such operations is "cleaning up" the "decrepit" DC which, in Atlanticist jargon, "has proven itself incapable of ruling Italy" — in short, has proven itself unwilling to follow the dictates of austerity issued by its creditors in New York.

Allowing for certain 'national peculiarities' and for a degree of uncontrolled chaos triggered by the affair, the Japanese case follows precisely the same pattern as Italy. The targets of the scandal in Japan have all been major conservative politicians from the rightwing of the LDP, most particularly former Prime Minister Kakuei Tanaka. Over the past five years these politicians and their backers have increasingly evidenced a long-hidden nationalism and desire to carry out an "independent" — from the U.S. — foreign policy. These politicians are backed by industrialists, based in the export-dependent heavy industrial sector, who have an objective interest in breaking from the domination of the dollar, which in effectively wrecking Japanese trade and the ability to expand production. Since August 1971, those circles have increasingly looked to break their resource and financial dependence on the U.S. and U.S.-controlled forces and have moved to diversify Japan's political and economic relations with the Third World, the Comecon grouping, China and other parts of the advanced capitalist sector. The Lockheed scandal itself is only an escalation of an Atlanticist campaign against these forces — a campaign which included the 'Watergating' of Prime Minister Tanaka in the fall of 1974.

Targeting Tanaka

The targeting of Tanaka is quite clear in this light. Tanaka's period as Prime Minister was marked by an attempt to establish an outward and nationally-determined foreign policy, provoked by the so-called "Nixon shocks" — the August 1971 dollar devaluation and the Nixon trip to China. It was Tanaka who established diplomatic relations with the Peoples Republic of China, opened important discussions with the Soviet Union toward establishing closer relations between Japan and the nations of Southeast Asia, and, following the October 1973 Mideast war, moved to establish closer ties with the Arab nations of the region. Beneath the surface of these public actions, there developed increasing tension as a result of the inflationary flow of dollars into Japan and the massive accumulation of short-term dollar debt which occurred after the 1973-74 oil hoax — close to \$30 billion.

The Japanese accumulation of debt to the New York and Eurodollar markets made it increasingly necessary, from an Atlanticist standpoint, to insure a political regime in Japan that was willing to impose both domestic austerity to support its dollar obligations and to support Wall Street debt-collecting and militarism internationally, particularly in the Third World. The Tanaka cabinet's continued commitment to a "growth" policy and its foreign policy drift made it unsuitable for this task. This was the context for the contrived corruption scandal which forced Tanaka from office, a scandal instigated, according to informed sources, by Takeo Fukuda, the present Deputy Prime Minister and the leading agent of Atlanticist circles in Japan.

Fukuda has consistently represented the austerity and dollar-support policies of the New York banks, with whom he is known to have strong personal ties (to David Rockefeller among others). Fukuda has pushed these explicitly zero-growth ("low stable growth" as it is called in Japan) policies from his stronghold in the Finance Ministry and the Economic Planning Agency, whose influence in the powerful Japanese bureaucracy has been opposed by the Ministry of International Trade and Industry (MITI) which represents the interests of the industrial and export-oriented business sector of the zaibatsu.

The Miki cabinet, which was formed after an intense period of byzantine maneuvering within the LDP after Tanaka's resignation, was a compromise formation. Fukuda, who obviously hoped to succeed Tanaka, was barred from the premiership by strong opposition from the Tanaka faction, the largest in the party, and its allies in the faction of present Finance Minister Masuhiro Ohira and others. Miki represented a weak compromise, his personal power in the party weakest of all the factions and attractive at that point for the party because of his relatively "clean" image.

The Miki cabinet is thus comparable to the Ford Administration in the U.S. — the Ford-Rockefeller relationship paralleling the Miki-Fukuda relationship. Over the past year and a half of its existence, Miki has flipped back and forth from attempting to define an independent policy along Tanaka's lines and to submitting to the control of the Fukuda forces in the party and government.

Miki's ability to break from Fukuda had been enhanced by the growing strength of the Tanaka faction in the LDP, which remains the only national faction with some semblance of machine from the local level on up. The high point of Miki's efforts to break with Fukuda was the period immediately preceding the Rambouillet "Economic Summit" of last November, where Miki planned to present an outward, pro-Third World development policy, centered on Asia but including such features as support for an international effort in the development of thermonuclear fusion power. This policy was in sharp conflict with the confrontationalist, anti-development policy of U.S. Secretary of State Kissinger. At that point, Miki was subjected to massive pressure both from the U.S. and from Fukuda-allied forces in the Japanese government led by the Finance Ministry, which publicly opposed Miki's development plans as "too costly."

Battle Intensifies

Following the Rambouillet conference, the battle within the government between the Atlanticist and pro-growth forces, whose spokesmen include MITI head Toshio Komoto, was intensely carried out in the typically Japanese fashion, only occasionally breaking out into the open. The clearest expression of Japanese interests at that time was a heavy effort by industrialists to expand trade with the Soviet Union and the Comecon group and with the Third World, especially the Middle East. The clear political danger perceived by the Atlanticists in the Japanese internal political situation was the possibility for an effective Tanaka-Miki alliance, providing the basis for a clear break with Fukuda. This never emerged.

Instead the Lockheed scandal broke the back of the anti-Atlanticist forces. Tanaka and others have been driven into default submission to the Miki-Fukuda alliance, and Miki has been pressured to disassociate himself from Tanaka, on penalty of the destruction of his own political career as "Clean Miki."

One of the most striking features of the scandal is the attempt to characterize it as a scandal of the entire Japanese right wing.

Tanaka—and the other major rightist nationalist figure, LDP Secretary General Yasuhiro Nakasone — have been linked to the scandal principally through ties to two major figures in the Japanese right-wing business-underworld whose antecedents are the pre-war militarists: Yoshio Kodoma, the 'Godfather' mafioso of the right who heavily funded the LDP from its founding and is known to have had close personal connections to previous Prime Ministers Kishi and Sato; and Kenji Osano, a right-wing business figure, based on the airline industry, who was a major funder of the Tanaka faction. Both have been named as the key agents of Lockheed influence peddling in the government in the sale of their civilian and military aircraft and as recipients themselves of massive Lockheed payoffs. This has spurred, in the Japanese press and elsewhere, a wave of "exposés" about the seldom-mentioned but hardly secret Japanese ultra-right and its ties to the LDP.

Fukuda Unscathed

The irony of these exposés — and the proof of their contrived nature — is that every single Japanese politician connected to the right has been named in this affair in one way or another with the single exception of Takeo Fukuda,

who is no stranger to these circles. In fact Fukuda has been associated with these circles during his entire career, including close connections to the Mitsubishi cartel, the major arms producers of Japan, and to the other major doyen of the Japanese right wing, Ryiochi Sasegawa, a supporter and funder of various Japanese right-wing causes and organizations. Sasegawa was known to be close to the former Prime Minister Kishi, who has been implicated in the Lockheed scandal and from whose faction Fukuda and his faction emerged.

It is, of course, no accident that Fukuda has emerged, along with Miki of the 'liberal' wing of the LDP, as the only major figure totally unscathed by the scandal. The chaos into which the government has been driven by the scandal, and the activities of the opposition parties in pressing the obvious political advantages of the affair, have only helped consolidate Fukuda's immediate position inside the LDP and the government. Indicating widespread knowledge of Fukuda's role, it has been reported in the Japanese press that members of the Tanaka faction have identified a conspiracy headed by Fukuda as responsible for both the original Watergating of Tanaka and the Lockheed scandal. But indicative of the effect of the scandal, leading members of the Tanaka faction have also been reported as calling for a Tanaka-Fukuda alliance, something that would have been unheard of — they are considered the bitterest of enemies — months ago.

A frequently heard argument which would appear to contradict this analysis is that the LDP as a whole has suffered from the scandal, hence Fukuda as well, and that the real gainers are the Socialist and Communist parties and the opposition as a whole. Such an analysis ignores two fundamental points: first, while the LDP as an independent institution may be permanently damaged, (its disintegration has been underway for some time in any case), the machinery for a strong right-wing Atlanticist fascist austerity government still exists and in fact becomes more likely every day with the destruction of the last shards of parliamentary government in Japan. Second, the Japanese left itself is fundamentally impotent. This is revealed in their treating the Lockheed scandal as the occasion for a purely opportunist real politicking, while leaving militant trade unionists engaged in a battle against the austerity plans of the capitalists without any leadership and program. The reality of this is shown in the miserable defeat now being suffered by the trade unions during this year's "Spring Struggle" wage battles, at a time when the government is supposedly weaker than ever before.

The usefulness of the left, particularly the agent-ridden Socialist Party, in the whole affair is in itself a topic deserving fuller examination. At the least the left parties have lent themselves to promoting the scandal in precisely the manner which aids the Atlanticists' aims — ignoring Fukuda, the austerity pusher, for the easy targets of Tanaka, et al. Moreover, the possibility of a 'historical compromise' left center government has been mooted as a successor to the Miki cabinet — a government combining the left LDP and the opposition, minus the Communists. Such a government could only serve to lead the working class to the slaughter before austerity, setting the stage for a right-wing strongman government that would have no more need or use for left traitors.