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Full testimony of the U.S. Labor Party against computer vote systems, plus Los Angeles Times — computers put free elections in jeopardy

Featuring This Week Also:

Panic Begins To Set In On Wall St.

NSIPS Labor Newsletter

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Special Report On The Republican Convention

Ford Calls For Peace And Progress; Must Move U.S. Into New World Economic Order



by Richard Cohen

KANSAS CITY, Aug. 22 (NSIPS) — With the broad mandate for peace and progress delivered to President Ford at the Republican convention last week, a consolidated faction of midwest and farm belt industrial and agricultural interests in alliance with a wide range of Congressional Republicans have put themselves in position to join the U.S. Labor Party in dealing a crushing blow to Rockefeller forces and their puppet candidate Jimmy Carter.

The measure of Ford's victory was broadcast in the desperate response of Wall Street's sewer press, the New York Times and the Washington Post. Castigating Ford for everything from his pro-growth party platform to his choice of running mate, the Rockefeller press nonetheless admitted that Ford's hard-hitting Aug. 19 acceptance speech was his best ever, quickly rushed to the protection of endangered Secretary of State Henry Kissinger and ordered Carter, for whom they had planned a low-profile "front porch" campaign, out into the open.

What triggered the Wall Street frenzy was not Ford's new found oratorical prowess, but the content of his speech. Ford served notice not only that he would forbid compromise with both Rockefeller's pseudo-right-wing American Security Council machine and his all but dead Fabian wing of the party, but also that he intended to level effective restrictions on a Rockefeller counterattack against the demands for unilateral debt moratoria issued last week in Colombo. Ford forcefully emphasized that as long as he was President the U.S. would not return to the collision course of nuclear confrontation nor would U.S. agricultural production be used as a diplomatic weapon. Signaling that Ford forces are preparing to go beyond simple defense of the U.S. Constitution in the campaign, Ford chose Robert Dole, a long-time antagonist of insurrectionary forces in the Democratic Party, as his running mate.

In a world political environment shaped by the U.S. Labor Party, the Republicans have to make good on the promises outlined in Kansas City if they hope to win. Carter can be finished off in a month if the Republican Party moves on the mandate of its convention and to ensure fair elections, dumping Kissinger and Attorney General Levi and dismantling Carter's terrorist machine, the Institute for Policy Studies. Ford will also have to signal his readiness and sit down at the negotiating table with the Third World.

Ford on the Offensive

After ordering a demoralized and desperate Kissinger to Kansas City in order to defuse the provoked Korean border incident, Ford keynoted a direct assault on Carter by issuing a challenge for a series of nationally televised debates. Taking aim at the Carter-Kissinger foreign policy, Ford said "We will reduce the danger of conflict and horror of thermonuclear war. While I am

President we will not return to a collision course that could reduce civilization to ashes ... We will continue our strong leadership to bring peace, justice and economic progress where there is turmoil, especially in the Middle East." Sounding the death-knell for the already horrified Fabian wing of the party, Ford invited Reagan up to the podium to address the convention, and the defeated challenger reaffirmed Ford's pledge to avoid holocaust.

Ford also ripped into the Carter-Kissinger policy of using food as a political weapon. "We will never use the bounty of America's farmers as a pawn in international diplomacy ... There will be no embargoes," said the President.

Without the use of embargoes, military force or a hyperinflationary bailout of Rockefeller banks which both mainstream and conservative Republicans are staunchly opposed to, Rockefeller will be completely hamstrung in dealing with Third World demands for unilateral debt moratoria and new monetary arrangements set forth at Colombo.

This humiliating snub of Wall Street was capped by Ford's choice of Senator Robert Dole of Kansas, the party's former national chairman, as the Republican candidate for Vice President — after the Rockefeller crowd had paraded an army of their own stooges through the press as prospective nominees. The selection of Dole not only consolidated a pro-peace, pro-growth ticket, Dole is known as a tough campaigner, and the Rockefeller press was quick to get the message. James Reston in the New York Times labeled the choice of Dole "almost a declaration of political war on the Democrats;" The Washington Post's Chalmers Roberts worried that Dole may "get Carter's goat, cause him to lose his cool ... Carter's biggest danger is the possibility of his pulling a blooper."

Today's Baltimore Sun in an editorial "Incident at Panmunjon" warns that there is no "worthy excuse" for the United States to worsen relations with North Korea over an incident about which "precious little" is known. "It is not clear which side previously maintained the tree, whether the Americans suspected its use as a screen for North Korean infiltration, or at what level decisions were made on each side. Firearms were not used. According to a South Korean paper ... the lethal weapons wielded by the North Korean guards were brought to the tree by the South Korean trimmers. That sounds more like a mindless brawl than premeditated aggression. Hardly the stuff for which the North Korean army or the U.S. Air Force units in Idaho should be put on alert, but they were."

The Rockefeller's plans to use his American Security Council-Buckley family networks in the Reagan camp to split the party have so far fallen flat. Rockefeller's press sources announcements that Reagan would seek a fourth party candidacy or build a new party "if Ford loses as he (Reagan) expects, have been

denied by the former California Governor. What united both Ford and Reagan forces at the convention was a firm resistance to Rockefeller-Carter's corporatist schemes, and a strong interest in rapid industrial development. Particularly noteworthy was the party's strong fusion plank, forced through the platform committee, after testimony by Dr. Morris Levitt of the Fusion Energy Foundation, by a group of delegates the majority of whom were Reagan supporters. Both Ford and Reagan forces also responded favorably to a Labor Party leaflet calling on the Republicans to smash Carter's vote fraud capability.

How Ford Won

The story of this year's Republican convention has little to do with any "shrewd moves" made by the Reagan or Ford campaign staffs. What won the nomination for Ford — and paradoxically, came close at times to losing it for him — was the deep suspicion the rank-and-file of the Republican Party feels for Nelson Rockefeller and all his works.

Decisive in the battle for the nomination was the U.S. Labor Party's two-and-a-half-year national campaign against Rockefeller's insurrectionary drive for fascism, which shaped the political climate — inside and outside the Republican Party — in which suspicion and mistrust of the Rockefeller gang became transformed into bitter hatred.

This hatred became dramatically obvious last night when an enraged Rockefeller, sensing that despite the curse of his official support, Ford was closing in on the nomination, provoked an altercation, ripping up a Reagan delegate's sign. Rockefeller's ploy — as obvious as it was pathetic — directly paralleled the Rockefeller-controlled Reagan campaign staff's constant attempts to provoke a bitter floor fight and irretrievably split the party for the Fall campaign. But as Rocky tried to start his own little riot, large sections of the the delegates and gallery — Ford and Reagan supporters united — began a spontaneous chant in unison: "Rocky Go Home." The chanting continued until Rocke-

feller was politely escorted off the floor by convention security guards.

Almost equally revealing was the controversy over the minority foreign policy platform plank submitted by the Reagan forces and widely billed as "an attack on Ford's policy." The plank itself was so innocuous that Ford forces accepted it without a floor fight; it began "In the context of continuing efforts at detente ..." and its condemnation of "secret diplomacy" obviously reflected much more rank-and-file Reagan backers' disgust with Kissinger than any principled disagreement with Ford.

In the early convention sessions, speaker after speaker hammered home on the issues as state in the election. Sen. Barry Goldwater warned that "we have been inching away from Constitutional government" and now is "our last chance" to prevent the erosion of U.S. democracy. "We are the world's last great hope for freedom and we must ensure it before it's too late ... The American people don't want Carter's brand of government. They want Freedom and continued peace."

Replying to the Rockefeller media's attempts to revive Watergate and hinting at the much bigger scandal of Carter and the Party of International Terrorism, Senator Howard Baker, the convention's keynote speaker, reminded the voters that the Republicans had faced Watergate scandals before, but that the Democrats will meet their Watergate this Fall. Sen. Dole, the party's national chairman, exposed a half dozen of Carter's recent bold-faced self-contradictory statements and concluded "Business can't trust Carter. Labor can't trust Carter."

Even more significant, the Republican party platform contains planks on fusion power development and technological and scientific progress which could become the basis for a vigorous Republican international and domestic policy of development.

But in order for such Republican promises to be realized, Rockefeller's "invisible government" must be dismantled.

What The New York Times Didn't Say

Aug. 21 (NSIPS) — The following sections of the Republican Party Platform were not published by the New York Times in the Aug. 16 excerpts of the platform. There's a reason. The following sections exemplify the basic commitment of the President and the Republican Party forces supporting him to peace and material progress, by contrast with the "zero growth" fascist platform adopted by the Democratic Party. These include recommendations for detente, for Geneva-type Middle East peace negotiations, for fusion power development, and expanded agricultural production.

Détente

Soviet military power has grown rapidly in recent years, and while we shall prevent a military imbalance or a sudden shift in the global balance of power, we shall also diligently explore with the Soviet Union new ways to reduce tensions and to arrive at mutually beneficial and self-enforcing agreements in all fields of international activity. Important steps have been taken to limit strategic nuclear arms. The Vladivostok Agreement of November 1974 placed a ceiling on the strategic forces of both the United States and the Soviet Union. Further negotiations in arms control are continuing.

Middle East

The preservation of peace and stability in the Middle East is a paramount concern. The efforts of two Republican Administrations, summoning diplomatic and political skills, have been directed toward reduction of tensions and toward avoiding

flashpoints which could serve as an excuse for yet another round of conflict between Israel and the Arab countries.

Our commitment to Israel is fundamental and enduring. We have honored and will continue to honor that commitment in every way — politically, economically and by providing the military aid that Israel requires to remain strong enough to deter any potential aggression. Forty percent of all United States' aid that Israel has received since its creation in 1948 has come in the last two fiscal years, as a result of Republican initiatives. Our policy must remain one of decisive support for the security and integrity of Israel.

An equally important component of our commitment to Israel lies in continuing our efforts to secure a just and durable peace for all nations in that complex region. Our efforts have succeeded, for the first time since the creation of the state of Israel, in moving toward a negotiated peace settlement which would serve the interests and the security of all nations in the Middle East. Peace in the Middle East now requires face-to-face, direct negotiations between the state involved with the recognition of safe, secure and defensible borders for Israel....

We shall continue to support peace initiatives in the civil war in Lebanon; United States envoys engaged in precisely such an initiative were murdered, and we express our sorrow for their untimely deaths and for all other dedicated government employees who have been slain elsewhere while in service to their country. In Lebanon, we stand ready to provide food, medical and other humanitarian assistance.

Energy

Uranium offers the best intermediate solution to America's energy crisis. We support accelerated use of nuclear energy through processes that have been proven safe. Governmental research on the use of nuclear energy will be expanded to include perfecting a long-term solution to the problems of nuclear waste.

Among alternative future energy sources, fusion, with its unique potential for supplying unlimited clean energy and the promise of new methods of natural resource recovery, warrants continued emphasis in our national energy research program, and we support measures to assure adequate capital investment in the development of new energy sources.

Agricultural Development

The bounty of our farms is so plentiful that we may tend to forget what an amazing production achievement this really is. Each American farmer and rancher produces enough food to feed over 56 people — a threefold increase in productivity in 20 years....

Farms exports have continued to expand under the policies of this Republican Administration — from a low of billion in 1968, the last Democrat year, to \$22 billion in 1975. These exports are not giveaway programs; most are earning dollars from the marketplaces of the world, establishing a favorable balance of trade and a higher standard of living for all. Through our farm exports we fight the problem of world hunger, especially with

the humanitarian Food for Peace Program (Public Law 480) of the Eisenhower Administration and the Republican-controlled Congress of 1954.

Republican farm policy has permitted farmers to use their crop land fully. We are at last moving toward making effective use of our superb resources. Net farm income from 1972 through 1975 averaged \$26 billion, more than double the average of the 1960's. Government should not dictate to the productive men and women who work the land. To assure this, we support the continuation of the central principles of the Agricultural Act of 1973, with adjustments of target prices and loan levels to reflect increased production costs.

We oppose government-controlled grain reserves, just as we oppose federal regulations that are unrealistic in farm practices, such as those imposed by the Occupational Safety and Health Administration (OSHA) and the Environmental Protection Agency (EPA)....

We firmly believe that when the nation asks for our farmers to go all out to produce as much as possible for world-wide markets, the government should guarantee them unfettered access to those markets. Our farmers should not be singled out by export controls....

We recognize the important of the multilateral trade negotiations now in progress and urge our representatives to obtain the most beneficial agreements for our farmers and the nation's economy.

Rockefeller Plans Post Convention Wrecking Operation

Reacting to events in Kansas City this week, Nelson Rockefeller is now working with agent right-wing forces and his own private intelligence networks to begin full-scale operations against the Ford campaign and constitutional government in the U.S. The operation includes: activation of a "fourth party" scenario; disruption of President Ford's attempts to secure peace accords with the Soviet Union; and deployment of terrorist networks for nuclear terrorism and assassinations.

Fourth Party

Earlier this week at the Republican convention Nelson Rockefeller admitted in a national news interview that the anti-Ford activity coordinated by Senators James Buckley and Jesse Helms were the first lines of a script "to set a third party in motion." Helms, Buckley and forces around John Connally exploited Reaganite discontent in Kansas City to create the environment for a fourth party and bring rightwingers to a "party" convention in Chicago Aug. 27. The convention is mainly the work of William Rusher, associate of Buckley; Richard Viguerie, and the American Conservative Union under the organizational name, the Committee for a New Majority. While the CNM claims that they will be on the ballot in 45 states, financial strains have closed down its offices in Florida and other states. The fact that Helms, Connally and others disclaimed any association with the Committee and its convention indicates that it cannot be taken seriously as a party but is a front for wrecking operations against the Ford campaign.

Former Defense Secretary James Schlesinger in an interview with the West German daily Die Welt, which appeared in print just as Ford was clinching his party's nomination this week, gave a preview of the sabotage operations in store for Ford's

peace diplomacy. Schlesinger, after denying that the Soviets could risk a first strike, warned against any rapid progress toward SALT II as "ill-advised" and against taking Soviet "bait" in reaching a MBFR (Mutual Balanced Force Reductions) accord. (see below)

Schlesinger is a leading member of the Committee on the Present Danger, a clandestine group that plans to emerge publicly after Labor Day to organize an extensive campaign in the press, on campuses and elsewhere to "impose" its politics on the candidates. The Committee's 12-man board of directors includes, besides Schlesinger, Eugene Rostow and Carter backers Paul Nitze and Rita Hauser. While the Committee claims that behind its Board of Directors and Committee of 100 Distinguished Americans stands a "mass base," its main purpose is to work in conjunction with the Coalition for a New Majority to build a propaganda atmosphere for war with the Soviet Union by 1977 at the latest.

Nuclear Terror

The right-wing American Security Council which first spoke of a domestic Pearl Harbor to wake America up is also fully involved in these operations. An ASC spokesman this week predicted that nuclear terrorism is coming and that terrorist attack "could come at the UN, in Congress, a bombing of the Capitol building," and said that the only way to counter such terrorism would be through the imposition of totalitarian measures normally applied only in time of war. He also raised the "terrifying" prospect of terrorist assassinations, like those that have been directed against Ford and coordinated through Henry Kissinger and Edward Levi.

American Security Council: The President Is A Terrorist Target

Aug. 20 (NSIPS) — The following interview, held this week with a leading member of the American Security Council, was obtained from journalistic sources opposed to the terrorist activities coordinated by the Council.

Q: Do you see an increase in terrorist activities approaching, after Entebbe?

ASC: FBI chief Kelley had a press conference with us a few months ago and we did a report on terrorism a while ago. Terrorism is going nuclear. A simple device could easily be constructed and it can go to that limit. Kelley said then how difficult it would be to deal with terrorism.... Terrorism is coming to our country. We've got it, it will hit us. There was tremendous fear that the Fourth of July would provide a cause, a situation for a terrorist act. President Ford, though, lucked out. A decision was made by the terrorists not to use July 4, as they feared a counter-reaction by Americans who would react so strongly to such an action on that day.

Q: Where could a terrorist act come?

ASC: It could come at the UN, in Congress, a bombing of the Capitol building. A bomb once did explode in the Capitol.

There could be experimental terrorist activity. When it comes to the American Legion situation — maybe it was a chemical reaction, a toxic agent. Who produced it? the subject is extremely serious...

Q: How can it be stopped?

ASC: The only way to deal with it is totalitarianism. If you're going to put it down exceptional force, brutality and intelligence agency operations have to be used, and harder totalitarian measures. In war we become more totalitarian and terrorism is war, and if we act against it we must take totalitarian measures.

Q: Where might they strike?

ASC: They will avoid the convention in Kansas City. If they hit there it is too public. They want to make it seem random so we can't predict where it will come. If they go after the convention it looks too political.

Q: Who are these terrorists — are they coordinated, are they communist?

ASC: Well, you get a lot of crazies like the Manson types. The Israelis take action against terrorists unflinching. But here, if there is a large scale operation there are speeches but not much action. Anyone is a target. The president has been shot at three times, that's why the vice-president is so important. It is a scare subject. The prospects are terrifying.

Schlesinger Endorses Carter, Pushes Confrontation With Soviets

The following is an excerpt from an interview with former U.S. Defense Secretary James Schlesinger in *Die Welt*, Aug. 18.

'We Shouldn't Swallow Moscow's Bait'

by Kurt Leissler

Schlesinger: ...I would doubt that the Soviets, in view of the present situation in the USA, are interested in rapid SALT progress — unless they could come away with an exceptionally favorable settlement. We would be ill-advised to push too strongly now from purely domestic motives....Our major problem is that the USA used to have a pronounced edge in the sphere of strategic nuclear weapons, which was able to have a restraining effect on eventual Soviet adventurism. And the fact that this edge is now gone means that the restraining factor is lessened.

...In my view both sides are still very far from a First Strike capacity....In four or five years, in view of these (Soviet) technical improvements, there could arise an enormous threat to our counter-strike potential.

The Soviets could still not eliminate our missile submarines, and our bomber force would in all probability survive. Nevertheless they would have strengthened their capacity to an alarming extent. Yet even then they could not risk a first strike.

The Communist Parties in the West still follow Moscow's foreign policy. In détente, they aspire toward the same goals as Moscow, namely the weakening of the West and the triumph of their social order over our form of individual freedom.

I am basically more worried about MBFR than SALT. Thanks to our superior technology we could survive a SALT agreement that perhaps was not perfect in every respect. But a poor MBFR accord would weaken the position of Western Europe....(the Soviets) are holding out, so to speak, a short-term bait in Vienna — something like the possibility of quick reduction in American armed forces (in Western Europe). We shouldn't swallow this bait....

I am convinced that Carter and the Democratic Party stand today fully behind the USA's obligations to Western Europe.

Die Welt: Could you live with a Democratic President Carter?

Schlesinger: I have always tried to uphold a position above parties and to get along with both parties in Congress.

Die Welt: Is it possible that on that basis you would soon return to governmental office?

Schlesinger: As they say, I reject no post that hasn't been offered to me.

Die Welt: Some Western European allies fear that West Germany is too strong and powerful....

Schlesinger:The Federal Republic has conducted itself exemplarily since the war's end. It has supported European unification, it has avoided putting itself forward, it has constantly borne its share of the common burden. Other allies, on the contrary, were less ready to contribute their portion....

Die Welt: One of the fears is that the USA would develop closer bilateral relations with the Federal Republic if NATO is further weakened....

Schlesinger: I see the danger of a weakening of NATO. If things go as far as many speculators fear, the strengthening of the bilateral ties between the USA and the Federal Republic of Germany would be the best method of solving the problem. We would not want this. Circumstances would force us to do it.



Panic Starts To Set In On Wall St.

by David Goldman

Aug. 21 (NSIPS) — On a world scale, the Atlanticist financial machine is going through a general destabilization, in immediate response to the Colombo meeting of Non-Aligned nations.

In secret, the Federal Reserve has sent urgent warnings to almost 20 U.S. banks to consolidate what positions they can and prepare for trouble. Despite a few hysterical Wall Street diehards who insist that the Fed will bail out the banks in the event of a moratorium on \$300 billion in private-sector Third World debt, the realization that a bailout is impossible now for basic strategic reasons has begun to sink into the financiers' thick heads.

Again, despite hysterical insistence on the integrity of the "Bonn-Washington Axis," i.e., the continuation of West Germany's policeman role over Western Europe, from the muddle-headed editors of Business Week, West Germany's Atlanticists have reached an advanced stage of panic and confusion. High-level West German government sources reveal that the Kissinger puppet government on the Rhine is totally unprepared to deal with the consequences of the Colombo meeting.

Indeed, Colombo's supporters in Western Europe, the Andreotti government in Italy and the French Gaullists, are working on the strategic premise that the West German gendarme is about to be isolated and enfeebled, and that the direction of Western European policy will fall to Paris and Rome.

"The Dollar is Toilet Paper"

An Italian commentator close to the Andreotti government, Il Fiorino's Vitangeli, pointed out yesterday that the West Germans and Japanese, the mainstays of the dollar empire, will fall hardest once the dollar gets into trouble. "A decline of the U.S. economy" — which is of course now happening — "will hit Bonn and Tokyo much faster than Paris and Rome." In this situation, the hyperinflated dollar becomes "recycled toilet paper," Vitangeli concludes.

Authoritative New York banking sources say that the Federal Reserve's much-publicized warning to Bankers Trust Company of New York not to extend itself in the purchase of an upstate bank was, in fact, a cover story for a much more ominous warning: the top New York bankers and other big Eurodollar market swindlers were warned that trouble was ahead. In the event of debt moratorium, well-placed sources explain, the

Eurodollar banks have only one contingency plan: to try to get their outstanding deposits in the Eurodollar pool out before the others do. On an hourly basis, these sources say, senior officers monitor a computerized "early warning system" which reports Eurodollar market trouble. But the effect of such a pullout by several banks simultaneously would be to shut down the Eurodollar market, which resembles a chain letter, within one hour!

Other bankers admit that the political determination of the Non-Aligned countries virtually cancels any possibility of a Big-MAC bailout arrangement. "Under other circumstances we could set up a Big MAC arrangement within ten minutes," said an aide to Lazard Freres partner Felix Rohatyn, who devised New York's Big MAC. "But there's nothing we can do if things happen too fast and too much happens at once."

Bailout Won't be Tolerated

There are two reasons why a bailout of the New York banks following general debt moratoria — Chemical Bank calculates \$100 billion requirement in paper-printing by the end of the year — has been ruled out.

First, the immediate response of the Western Europeans and Japanese to an open commitment to hyperinflation on the part of the U.S. Federal Reserve will be to retaliate in the most devastating possible fashion. The dollar reserve system means that the rest of the capitalist countries accept the credit of the United States, by holding dollars in their central bank's vaults. These foreign-held dollars are mostly invested in the IOU's of the U.S. Treasury.

The Swiss and West Germans have privately delivered a deadly warning to Federal Reserve chief Arthur Burns: if Burns lets loose the monetary floodgates, then Switzerland and West Germany will immediately dump their combined holdings of \$40 billion in U.S. Treasury securities on the open market. France and Italy, among others, will interpret any Federal Reserve move in the direction of a \$100 billion bailout as a green light to dump their combined \$50-60 billion dollar debts and return immediately to a gold reserve standard.

The second reason precluding a bailout of the New York banks is the attitude of the Ford Administration. Senior White House officials predict that Ford will treat a Eurodollar market collapse as a "private sector matter" and rule out a bailout, despite the open commitment of Fed chairman Burns and the private commitment of Treasury Secretary William Simon to

save the banks at all costs. A survey of Republican delegates at the Kansas City convention last week showed that there is overwhelming opposition in Republican ranks to generating hyperinflation to bail out Wall Street.

Identical sentiments prevail among regional bankers, who have for the most part steered clear of the Eurodollar swindle. "What I think of the Third World debt problem is that these banks were in for a fast buck, and now they're going to get what they deserve," declared the international department chief of a big Indiana bank. "We know why the Wall Street banks are backing Jimmy Carter," says a Chicago-based bank economist. "He's promised to bail them out." One Chicago banker estimates that 80 per cent of U.S. bankers are dead set against a bailout.

After President Ford's convention statements against big government, and Vice-Presidential nominee Robert Dole's call 'get the government out of the money markets,' the New York banks have few friends left at the White House.

Exclusive Interview

Wall Street Insider Reveals New York Banks' Contingency Plans

Aug. 18 — A highly placed Wall Street investment banker revealed the following contingency plans drawn up by the New York banks should the Third World "go for a general declaration of moratoria on their debt obligations to the U.S. banks."

First, let me tell you that the banks expect a declaration (of moratoria — Ed.) in the near future. If not today, then tomorrow, if not tomorrow, then the day after. Now, bankers are very smart people when it comes to sniffing trouble, and they damn well know they're in trouble. They have done two things. One, they have an early warning system in case of big defaults and all disbursements will stop when the alarm signal is activated. Banks for at least three to four months have balanced out their interbank lendings with interbank borrowings. Any banker who has a big differential here on the lending side is a damn fool.

Second, Arthur Burns will give a guarantee to the OPEC depositors that they'll get back their deposits if they only withdraw as per plan. The guarantee, as you can well imagine, isn't worth much but it is a guarantee. Uncle Sam, that is Kissinger, will tell the Saudis, Kuwaitis, the Shah, etc., "Look you guys, you wanted those missiles didn't you? We'll deliver'em to you as long as you don't withdraw for a while."

The whole strategy you see is based on the premise that the thing (debt moratorium — Ed.) will come in stages. Now as long as Ford is talking about moratoria with groups of countries, group I, group II, etc., then it can be handled. The whole idea is to keep the loans on the books until Carter gets into the White House. Then, things will be arranged such that the financial center banks will be bailed out on the "rob Peter to pay Paul" principle. At the expense of the smaller banks.

Europe, Japan At Breaking Point

Europe

Atlanticists Concede Defeat On D-Mark, Yen Revaluation

Aug. 21 (NSIPS) — New York bankers were forced to concede defeat this week in their efforts to force revaluations of the West German mark and the Japanese yen when political opposition in those countries proved too strong. According to the scenario cooked up by Brown Brothers Harriman banker Robert Roosa and Brookings Institution economist C. Fred Bergsten, the revalued deutschemark and yen were to have emerged as secondary international reserve currencies in Wall Street's \$100 billion bail-out of the bankrupt Eurodollar market planned for this Fall. The deutschemark and yen would thereby act as "buffers" for the bloated dollar by "sharing" the hyperinflation.

The turning-point in New York's speculative offensive came Aug. 19, when the word went out on the world's foreign exchange markets that West Germany's Social Democratic government — normally totally subservient to Wall Street dictates — would fight revaluation tooth and nail, at least until the West German elections in October. Citing interviews with unidentified BRD bankers, Journal of Commerce currency expert Alena Welles warned business readers Thursday morning that the European "snake" — the monetary union of the deutschemark and other European currencies which has been a target of the Atlanticist speculative attack — would remain "viable through the Bonn elections."

"It's a battle of nerves between us and the West German government," commented one trader at a top New York City bank. "They're fighting revaluation because it will hurt their exports...They don't want the deutschemark to be made an

Japan

Wall St.'s Yen Revaluations Won't Work

Aug. 20 (NSIPS) — The New York banks have been forced to retreat from their effort to force a 10 per cent revaluation of the yen to 270 yen per dollar. Today the yen fell for the first time in weeks from 288.0 to 289.6 when the New York banks sold yen in Tokyo. The immediate cause of the retreat was the fact that the strenuous efforts of lower Manhattan force upvaluations of the yen and the West German mark provoked an attack on the dollar on Wednesday, Aug. 18, when the dollar fell even against the British pound. The banks were forced to retreat in Tokyo and in Europe to avoid further attacks on the dollar.

Last week U.S. Treasury Undersecretary Edwin Yeo met in Tokyo with government and business leaders to force them to agree to revaluation of the yen and have Japan run a current account payments deficit. According to a high Treasury official, the Japanese monetary authorities were willing to comply with Treasury dictates. Economic Planning Agency head Takeo Fukuda was singled out as "understanding Japan's responsibilities in maintaining the stability of the world monetary situation." Following Yeo's visit, the Bank of Japan let the yen rise, and today's Journal of Commerce reports that the Bank intends to increase yen-denominated imports.

With Japanese leaders apparently compliant, why did the plan fall apart? Japan is now in an economic-political conjuncture — defined by a sudden explosion of inflation in June and July — which determines that, no matter how willing, Japan is in no position to carry out the U.S. policy. Any attempt to do so will produce 30 per cent-plus inflation and precipitous declines in production.

Europe, continued . . .

international reserve currency because they saw what the dollar went through...They have plenty of reserves and they can last at least until the elections."

"The West Germans will leave (hyperinflationary-Ed.) bailouts of weaker countries to the dollar," admitted the chief economist at another New York bank.

As the world spread, the upward pressure against the deutschemark subsided dramatically, strengthening the weaker European currencies, such as the Belgian franc, Danish kroner, and French franc.

New Dollar Crisis Threatened

There was another reason for Wall Street's sudden retreat in the revaluation battle: the currency turmoil had revealed the dollar's Achilles heel. As European central bank intervention made it increasingly expensive for banks to take "short" positions on the weaker European currencies, speculators were forced to sell dollars instead in order to obtain deutschemarks. As a result, the dollar collapsed precipitously against even such "basket cases" as the British pound and the French franc, forcing the U.S. Federal Reserve to intervene in support of the dollar on Aug. 17.

It is now an open secret in international financial circles that the U.S. economy is on the verge of a production collapse which will be even worse than the 1974-75 depression, as consumer

Japan, continued . . .

The reason for this is that exports, directly or indirectly, have been the only source for final demand and corporate liquidity since January. Consumer spending has stagnated, with June retail sales 1 per cent below the June 1975 level after discounting inflation. Capital investment has never recovered, with April-June machinery orders 24 per cent below the level of the same period in 1975.

In December through March, exports rose at a 40 per cent annual rate leading to a 2 per cent monthly rise in industrial production from January through April. Since April, exports have stagnated leading to stagnation in production as well.

In addition to providing final demand, exports have also been the main source of corporate liquidity up through May. Trade and capital flows sent \$3-4 billion into Japan in January through May. With the multiplier effect, this turned into \$12 billion in the banking system and was the predominant source of corporate liquidity. The money went not only into bank deposits, but also export-related firms used the cash to purchase 3-6 month bonds of illiquid, deficit-ridden non-export corporations. As a result, new bank loans declined in February through May; thus, the government was able to float huge amounts of deficit bonds without the central bank purchasing them.

The liquidity of deficit-ridden firms enabled them to comply with the government pressure not to raise prices — until June. Then, the roof fell in. The mere stagnation of exports meant that the non-export corporations could expect neither a near-future rise of their own production nor continued loans from the export-related firms. To avoid the spectre of imminent illiquidity, the firms suddenly began raising prices, speculating in commodities and increasing their borrowings from banks. New bank loans in June were 36 per cent above the level of June 1975, the first year-to-year increase since January.

These price increases demand an acceleration of easy credit

sales grind to a halt and inventory stockpiles mount. Any sign of weakening of the Atlanticists' political grip, like the setback on the deutschemark-yen internationalization question this week, is likely to precipitate dollar-dumping.

Precisely this conclusion was drawn by Il Fiorino economist Vitangeli who labeled the dollar as so much "recycled toilet paper" in his Aug. 20 column. Vitangeli warned that if the U.S. economy crumbles, those countries which have most supported the dollar — West Germany and Japan — will be in the most trouble. The influence of Paris and Rome — centers of European motion for a new monetary system — will be correspondingly strengthened.

Schroder Bank Projects BRD-Japanese "Slow-Down"

Confirming Vitangeli's analysis, the economics department of the British-based Schroder Trust outlined a major economic "slowdown" in West Germany and Japan beginning this Fall. "The BRD and Japanese are mirror images of the U.S. economy," Schroder's spokesman noted. Both economies have been propped up by exports, mainly to the U.S.

Indicating the extent to which the BRD capital goods sector has been decimated, the steel industry reported this week that their orders fell 6 per cent during the first half of this year; domestic orders alone fell 22 per cent.

to finance them, leading to more price increases, more easy money, ad infinitum. Thirty per cent -plus inflation, as in 1973, can be revived within a couple months, along with drastic production cuts.

The New York banks' policy to revalue the yen and cut Japanese exports would send the economy reeling. Nonetheless, the Rockefellers demand it, and insanely imagine that Japan will somehow still be able to increase imports to give income to the debtors of the New York banks!

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Non-Aligned Call For Oil Embargo Will Cause Split Among French Capitalists

Aug. 20 (NSIPS) — The Non-Aligned countries' adoption of debt moratoria and a "universal monetary system" and their call for an oil embargo in response to French arms sales to South Africa are likely to create immediate pandemonium in the ranks of the French capitalist class. It is well-known that the two areas of Atlanticist policy thus attacked and potentially destroyed by the Third World — Wall Street's genocidal debt collection and Giscard's systematic agency on behalf of Secretary of State Kissinger in Africa — have been a major bone of contention between the Atlanticist-led French government and its reluctant Gaullist allies.

Apart from the "Jacobin" wing of the French Communist Party (PCF), which today approved the Non-Aligned countries' embargo decision in the name of Gaullist foreign policy principles, major — if often unpublicized — fractures have already appeared in capitalist ranks.

In the long run, possibly the most significant factional development will turn out to be the now explicit support of widespread industrialist layers for the monetary initiatives just taken by the Non-Aligned. Virtually all key industrial sectors have by now sided against the dollar empire and the insane monetary float consecrated by last year's Rambouillet agreements. Although the French management association CNPF has not been particularly outspoken on this issue this summer, it is well-known that CNPF representatives of high technology industries such as steel, non-ferrous metals, chemicals, auto and aerospace, fundamentally share the position of anti-Atlanticist spokesman and Gaullist leader Michel Debré, for whom a return to the gold standard is an urgent and often expressed necessity. The views of the Pêchiney-Ugine-Kuhlman director reprinted below are typical of these layers.

In addition, para-parliamentary Gaullist organizations such as the Union des Jeunes pour le Progrès (UJP) — the UDR Gaullist party's former youth group — have publicly announced their support for the Third World's initiatives and a gold-backed monetary system. Given the extensive relations of the UJP with top leadership layers in the Gaullist movement as a whole, unequivocal endorsements of the Colombo summit's decisions by these circles are imminent.

By contrast, the Atlanticist wing of the French capitalist rulers has rigorously nothing to offer to counteract the present attacks against the Franc in the exchange markets, or to lay the foundations of the firm anti-inflationary policy advocated by Debré and others. All trade-unions — and the CNPF as well — have already stated their opposition to the zero growth austerity "consensus" which Giscard d'Estaing and his ministers have been calling for, as a direct result of the government's refusal to assign clear production and financial goals to the economy. The entire financial press accuses Giscard of having nothing but a "whimsical" and "impotent" program.

The immediate consequence of these developments is that the projected reshuffling of the government is jeopardized. Giscard's desire to replace his pseudo-Gaullist Prime Minister Jacques Chirac is well-known, but no alternative to the current "whimsical" patchwork government policy is in sight, making a change of personnel meaningless, especially in view of the potential for outright rebellion in the UDR, the government majority's most numerous component.

The fantasy-prone Giscard d'Estaing is beginning to tell his close associates that only the final "presidentialization" of the regime (in other words, a dictatorship) would allow him to ram Wall Street's fascist deindustrialization program down the throat of the French population. François Fetjo, a CIA agent paid by the International Association for Cultural Freedom, wrote in *Quotidien de Paris* this week that only the "fascism with a human face" concocted simultaneously in the U.S. and Britain by such Rockefeller institutions as the Initiative Committee for a New Economic Policy (ICNEP) could "work" in France today, as both Giscard and his "left" counterpart François Mitterrand would agree to jointly sponsor it. This testifies to the desperation of Wall Street's pro-"consensus" forces in France.

The following are excerpts from a two-part article series by Gaullist baron Michel Debré which appeared in Le Monde Aug. 19 and 20:

Themes for Reshuffling

Part one — The weakness of the Franc

...If Great Britain owes its international effacement to inflation, if Italy will owe the end of its democracy to it, inversely the resolute policy of Germany ensures it a dominant role, cooperation with the USA and the respect of the Soviet Union... (Inflation) eats away at our economic capacity, our political power. It is true that there are announcements (by the government — ed.) of a real effort in the month to come... But looking at it closer, there can be no doubt this is only an appearance...

In the times in which we live, we must be conscious of two realities:

- the (cost) increase of raw materials and energy
- the strength of world economic competition where all blows are allowed

... We must observe next that the desirable increase in buying power is linked to the growth of production. This growth requires industrial orientations, some as a prolongation of what was done for years (under the Gaullist administration — ed.) and others adapted to new circumstances. This growth also requires labor and not Malthusianism. This growth finally also requires a great will for the professional training of youth and notably a re-examination of a good part of our university schooling and even our technical schooling... We need money for the development of the high-technology industries, for the pursuit of our sanitary and social equipment, for national defense and our nuclear capacity, and last but not least to modify the tendency of young couples towards dematernity...

But this necessary policy is only compatible with the stability of the Franc, that is to say, in the final analysis, the result of a wise policy of national revenue sharing...

Part two

... Resorting ceaselessly to the "social consensus" amounts in effect to negating government, it is in any case to take the risk of gravely altering its legitimacy... The task of government is to take initiatives, to orient business from the standpoint of an overall conception, to decide in the name and the interest of public well-being. To tie oneself up through the search for a priori consensus is to negate oneself...

However, over the the past few years, in France, one has

hidden behind the absence of social consensus to refuse to struggle against excessive inflation...

The search for social consensus... supposes prolonged and sincere information, which does not exist; agreements with the trade unions suppose that confederal professional organizations are... to be obeyed by all their members, and that the State-Manager begins by giving the example, which is not the case...

In the end, the "social consensus" is granted to men who are able to impose in due time the discipline short of which there is for a nation neither prosperity nor pride, and for men, neither progress nor liberty.

The following are excerpts from an editorial in L'Humanité, daily of the French Communist Party, Aug. 20.

"An alarm signal" by Yves Moreau

At the Colombo conference, which has just gathered the representatives of 85 Non-Aligned countries, the policy of Giscard's government was violently attacked, as never before in such an assembly. Numerous heads of states or of governments denounced colonialism's resistance in Djibouti, and the partition of the Comoro Islands.

But it is especially the arms supplies to the fascist regime of South Africa, and the recent conclusion of a contract promising it nuclear power plants, which provoked general indignation in Colombo. To such an extent that the political declaration prepared by the conference advocates an oil embargo against France... (This declaration) testifies to the degradation of France's relations with countries whose inhabitants number in the hundred of millions. Countries whose friendship should have been sought and cultivated by a government concerned with the national interest. Countries with which a fruitful cooperation could and should be developed, for their sake and ours.

The Colombo declaration deserves to be heard by French public opinion like an alarm signal. In the eyes of whoever is concerned with the prestige and grandeur of France, and who remembers in this regard the achievements of General de Gaulle's policy, the Colombo declaration makes perceptible all that Mr. Giscard d'Estaing is presently ruining.

... (Giscard's) attempts to confuse us do not go beyond such grossly demagogical formulas that they can less and less fool anyone. Thus, when Mr. Giscard d'Estaing proclaims "Africa to the Africans!" and when, simultaneously, French arms massacre in apartheid's black ghettos... To preserve, along with peace, our friendships in the world, this Giscardian policy must also be disavowed by France at the earliest opportunity...

The following are excerpts from an NSIPS interview with Bernard Loth, head of the left Gaullist Union of Young Progressives (UJP) on Aug. 19 in Paris.

I support the debt moratorium proposal. But I only want it

simultaneously with a fundamental change of the whole world monetary system, not just a little reform which will leave us bankrupt within the dollar system in a few months. We must go back to the gold standard, not the dollar — but gold.

When the young Giscardians (youth group of Atlanticist president Giscard d'Estaing —ed.) came back from China, they said, "In the year 2,000, it will be Mao and Giscard." Well, let me tell you, when I heard that I had to giggle, I just had to chuckle softly to my self. I never heard anything so ridiculous in my life. When you read De Gaulle, you read content. When you read Giscard... well, I ask you. And as for Mao, I am reading it now and I can say that I have rarely hit on anything of such gross dullness.

Giscard cannot go any further in the abrogation of powers to himself that he has already carried out without calling for a new constitution. He does everything himself or rather he tries to and the result is he is doing nothing but playing the regent... of course, if he continues with his stupidities, it's no problem, there will be a popular uprising and he will be forced to resign.

Kissinger is a bastard. The way he asslicked De Gaulle up to 1970 and what he has been doing now is absolutely horrifying. I am reading his books and they would freak you out. He has systematically set about destroying all of De Gaulle's work.

Mr. Loth also commented on French Communist Party Secretary General Georges Marchais' national radio interview in which he endorsed Jimmy Carter for the U.S. Presidency: Marchais is "mentally incompetent."

**Péchiney-Ugine-Kuhlman Spokesman:
"We Are For A New Monetary System"**

PARIS, Aug. 17 (NSIPS) — Mr. Assouad, a Director of Péchiney-Ugine-Kuhlman, the second largest French industrial firm and one of the largest non-ferrous metal producers in the world, told NSIPS today that: "We need a new monetary system... The only question is that of reserve. Gold is the best (Reserve) since it has been shown that raw materials would not work." Queried about the Bandaranaike proposal for a new world bank to finance development made at the Colombo meeting of the non-aligned, Mr. Assouad stated: "It is political rather than something which could be immediately implemented. However, again we are not opposed to a new monetary system, but the raw material scheme would collapse in three months. We have to do better than that... The problem is to get Third World countries to agree among themselves so that the backing for such an agreement would work, since their governments are usually very unstable."

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Italy's Andreotti Pursues Pro-Peace, Pro-Development Foreign Policy

Italy's new independent foreign policy instituted by Prime Minister Giulio Andreotti has dealt a serious blow to the Rockefeller-led Atlanticists. Andreotti's foreign policy — based on a deep commitment towards international peace and development, as shown by Andreotti's ongoing political and diplomatic initiatives to effectively stop the slaughter of the Lebanese population — has propelled Italy into a key position within the industrialized nations as the spokesman for the Third World demands for a New International Economic Order.

The dimensions and contents of Andreotti's foreign policy and domestic economic program — praised by Italian political and governmental layers as "unprecedented" for an Italian government — have allowed him to not only consolidate the original support for him among industrialists and socialists (notably the cases of Mondtedison's president Eugenio Cefis and socialist leader Giacomo Mancini), but also neutralize the saboteur NATO leadership of the Communist Party (PCI). Andreotti has won to his side the swelling support of both the party's rank-and-file and that of a large segment of its development-minded secondary leadership, as reflected in the interview below.

This support continued to increase this week as the Andreotti government officially demanded that Syria withdraw its troops from Lebanon. This diplomatic step had been preceded by statements of political support for the Palestine Liberation Organization in the Christian Democracy's daily *Il Popolo*. *Il Popolo* had also demanded the withdrawal of the Syrians, the withdrawal of Israel from the Golan Heights and the full recognition of the Palestinians' national rights to be exercised in an undivided Lebanese territory. The PCI base and the communist-controlled trade unions this week backed these demands in a series of demonstrations as well as food and medicine collections for the Palestinians.

Internationally, the Andreotti government has been hailed by representatives of the Third World and by the socialist countries. Last week *Pravda* gave Andreotti their "vote of confidence" by declaring that Andreotti's was "more leftist" than any previous Christian Democratic cabinet.

The following are excerpts from a front-page editorial in Corriere della Sera, Aug. 17:

...Never before as today, in relation to the themes which dominate the international scene and also the Colombo reunion, moral reason stands on the side of political reason, and the road indicated by the sense of justice is precisely the same one which intelligence suggests.

Let us begin with the most dramatic event, that is with the facts of Lebanon and the Near East. Can one reasonably think of closing a tragedy of almost 30 years by cancelling an entire people — the Palestinians — from the face of the earth? What happened at Tal Zaatar is and can only be the harbinger of a harshening and a reinforcing of the conflict. Whoever, in the course of these years, has done whatever possible to "recommend moderation" to the Palestinians, whoever has operated to weave together the fragile threads of the dialogue, today can only feel himself most negated by a bloody reality which tells the most violent and extremist they are right.

No one can be amazed if, after what happened and is still happening, the Levant and the entire Arab shore of the

Mediterranean witness further explosions, further proofs of blind fanaticism, in short we may find ourselves soon facing a situation much graver than the one which led to World War II. Since it is impossible to annihilate an entire people, one cannot think that the Palestinians will abjectly accept their fate.

And as far as the prospect of a Lebanon divided in two on religious bases goes — it would be the same as a new fountainhead of war. It would not be the solution of the drama of the Levant, but the very repetition of an error. The lesson of Israel would have taught nothing. As if someone afflicted by a splitting headache would want to have two heads to feel double pain.

The same relationship between morals and reason goes for what is happening in southern Africa which is the other burning point on our planet. Can one reasonably believe that less than 5 per cent of the population, represented by whites, can in the long run preserve all the power in Rhodesia? Can one think that, once the Rhodesian bastion falls, the same wave will not invest and overturn as well the remaining segregationist stronghold of South Africa? And in this case too there is a precedent for knowing what not to do: just keep in mind the lesson of Angola.

Finally, the monetary ups and downs of these days are the proof that the world cannot escape the necessity of a rationalization. Today the very contry which had undertaken the initiative of the great monetary consultation of Rambouillet and which had launched the formula of the north-south dialogue is getting into trouble. But the Paris conference, from which the new world economic order was to have been born, is marking time, while the old order is falling to pieces. Therefore, if we want a more stable order, we can only head in the direction of a more just order.

Rome, Aug. 16 — The following is an interview with Umberto Cardia, Central Committee member and official of the Italian Communist Party foreign section by telephone at his home in Cagliari, Sardinia.

Q: What is your view and that of the Italian Communist Party on the possibility of a debt moratorium being declared by the non-aligned countries at Colombo?

Cardia: The problem is not easily solved since the position of the industrialized countries, especially the USA and West Germany is too rigid. However, considering the dramatic situation, the intolerable increase of the debt and debt service, something must be done. We have to go in the direction of moratorium. This is what I and my party think.

Q: Mexican President Echeverria has warned of the danger of general war if the new world economic order is not carried out at once.

Cardia: I agree. But the Third World cannot directly influence the global situation.

Q: But indirectly?

Cardia: Yes....Because given the situation of the Third World conflicts are created in international relations. Violence is everywhere which sparks conflicts here and there. That sets up the danger. I don't know how long the superpowers will remain still.

Q: You might see Echeverria's speech as an invitation to Italy, Japan and so forth to move towards the Third World and explicitly support the new world economic order.

Cardia: That's a very acute observation. I know the foreign ministers' speeches at Colombo have criticized the industrialized countries while there has been a kind of "appeal to Italy." It's true that the Third World is turning to Italy in part for material support, but not only that...I personally and the PCI also think that only if Italy projects itself onto the world stage can it find a solution. Obviously without forgetting Europe, quite the contrary. But also with a certain degree of autonomy. Italy must modify its industrial and trade structures but this can bring results only if Italy projects itself into world politics....We need an active and peaceful world presence.

Q: Have (Foreign Minister) Forlani and (Premier) Andreotti done something like that?

Cardia: Some things have been done, but more needs to be, for South Africa and Rhodesia. Italy has enormous interests in Africa, not imperialist interests, the interests of an industrialized nation. But we have to move politically. We have to move fast and hard, for Africa. For Palestine, yes, something has been done.

Q: Did Forlani reinforce the Italian delegation to Colombo?

Cardia: Yes, also because of PCI pressure around the Colombo meeting, but more must be done.

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U.S. Economic Report Figures Show Ford Can't Campaign On Recovery

Aug. 20 (NSIPS) — All signs point to a continuing decline in the U.S. economy straight up to the November election. President Ford must seize the opportunity of the dramatic developments at Colombo, Sri Lanka this week to abandon his present strategy, announced at the Republican national convention, of "running on the record" of his economic policy accomplishments. By seriously beginning the process of negotiations toward a new world economic order with the developing sector, Europe, Japan, and the Soviet bloc, Ford can quickly reverse the economic decline, and turn his weakest point into an unbeatable weapon against the zero-growth campaign of fascist Jimmy Carter.

The most sobering news on the economy this week were profit figures for the second quarter released by the Commerce Department Aug. 19. Adjusted for inflation, profits declined from the first quarter. A survey by Citibank showed its profit index, adjusted for inflation and seasonal variations, down from 146.4 to 144.5, well below its 1974 peak of 158.3. The news, combined with downward revision of the second quarter Gross National Production figures, sent the Dow Jones average tumbling nearly 21 points Thursday and Friday, to a new summer low. Bankstocks were particularly battered after the Federal Reserve warning to Bankers' Trust Aug. 19 — a clear signal that the banks are now in a battle for their lives.

Actual profit figures were considerably lower than most projections. Several well-known Wall St. economists, including Gary Shilling of White, Weld, and Gert von der Linde of Donaldson, Lufkin and Jenrette, are now warning their clients to expect a further decline in profits in the third quarter, while the Aug. 20, Wall Street Journal noted as a result of the poor profit picture that "in some circles...a slight but actual decline in "real" GNP during the current quarter is considered a possibility."

The implications of this news for the unemployment picture are ominous. It takes a substantial rise in production merely to keep the unemployment rate stable due to constant additions to the civilian labor force. The Labor Department's method of seasonally adjusting the unemployment figures is likely to play a factor in the upcoming months. Earlier in the year, the seasonal adjustment factor was used to minimize the official unemployment rate. Now, however, the seasonal adjustment will work the other way, increasing the number of unemployed

by about 400,000 per month since it is predicated on a seasonal pickup of business in the fall. If that pickup does not materialize, as now seems likely, the Ford Administration can expect bad news when unemployment rates are announced over coming months. Albert Sindlinger, the well-known economic consultant, noted this week that only a very strong production surge could prevent the unemployment rate from rising, and that instead his surveys show that people are being laid off.

Projections Unrealistic Under Current Policy

Official Administration projections on decreasing unemployment and rising GNP made by Council of Economic Advisors' Chairman Alan Greenspan July 16 are totally unrealistic without a drastic economic policy shift by Ford.

Second quarter GNP was revised slightly downward Aug. 19, while the inflation rate was revised upward. Inventory figures for the quarter were revised upward, following the reported 1.2 per cent rise in inventories in June, the largest since December, 1974. The jump in inventories is due to lagging retail sales, down 1.2 per cent in July to a level equal to last July after adjustment for 6 per cent inflation. Auto sales, formerly the bulwark of the so-called recovery, continued to fall in July to a seasonally adjusted annual rate of 8.6 million, down from the 9.4 million rate of March. In the other major "consumer durable" sector, appliances, the sales rate in July was the same as May, 1975.

Gert von Der Linde, one of few Wall St. economists to hit the second quarter profit figures correctly, believes there will be inventory liquidation in the months ahead, further depressing production figures. Shilling feels the recent lower inflation rates will lower inflation rates will lower inventory "book" profits, thereby further depressing corporate profits. Dr. Kurt Richebaecher of Dresdner Bank in an interview this week noted that the U.S. recovery was mainly based on inventory accumulation and that the most significant indicator, the ratio of final demand to capacity, has not changed dramatically.

The current quarter started miserably, with industrial production rising a meager 0.2 per cent in July, with auto assemblies declining, and business equipment production rising 0.3 per cent. Fantasies of a "capital goods" boon have been squashed. Nor do the most recent orders and shipments figures seem to offer much help for a substantial pickup in August. Cumulatively to date this year, such key indicators of basic

industrial activity as rail freight traffic ton-miles and production, adjusted for the effects of the coal strike, are a mere 4 per cent over last year. The American Iron and Steel Institute, the industry's spokesman, recently revised downward to 95 million tons its projections of steel shipped in 1976 due to the small increase in operating rates over last year. The depressed construction industry got more bad news this week, when it was announced that housing starts for July declined 9 per cent in one month, prompting Michael Sumichrast, the chief economist of the National Association of Home Builders to comment, "I can't describe it any way other than 'simply dreadful'."

New construction activity has been so depressed for the past two years that make-shift rehabilitation and additions to present housing stock are fast becoming equal in importance to new one-family home construction. A similar type of depression mentality exists in auto, where the market for retail auto parts is booming at unheard of levels as families try to save a buck by pushing the old jalopy a couple more miles.

The one area where Wall Street has expected some good news, a decline in price inflation due to the slow down of economic activity, has not yet materialized. Although the overall wholesale price index was held down to a seasonally adjusted 0.3 per cent rise in July, this was due to a seasonally adjusted 1.0 per cent drop in the prices of farm products and processed foods and feeds. The industrial commodities components of the index, considered the best indicator of the underlying price inflation trend in the economy due to the volatility of food and fuel prices, rose a substantial 0.7 per cent, following the 0.5 per cent rise in June. By processing components, intermediate materials, which includes such key items as steel, rose 0.8 per cent, following June's 0.7 per cent. Recently, another steel price hike effectively of 6-7 per cent was announced by U.S. Steel on flat-rolled and bar products to go into effect Oct. 1. Similarly, weak food prices kept the July Consumer Price Index increase announced today to 0.5 per cent.

Price Picture Foggy

The price picture is not clear at this point, since there are simultaneously inflationary and deflationary forces working in the economy. Food prices, for example, have been held down by the drastic turnaround in the commodities markets in early July. Agricultural commodities, which had been soaring at up to triple-digit rates since March 31, suddenly dove-tailed, fed by news of record corn crops and near-record grain crops. This rise was due to the "fence-to-fence" planting policy encouraged by the Ford Administration, which has refused to accept the Rockefeller-Carter demand that food be used as a weapon by restricting U.S. farmers access to international markets. This market turn around is being read as a signal that the economy is grinding to a deflationary halt.

(One of the effects of the earlier commodity speculation will be a sharp increase in the price of meat in the relatively short term however. Because of cost pressures on farmers, the U.S. cattle population is being reduced at the fastest rate since the turn of the century, which will inevitably result in meat shortages and higher prices.

Industrial producers are also under strong cost pressures to raise their prices. To the extent that unionized workforces in steel, rubber, trucking etc., have succeeded in protecting their standards of living, price increases have been imposed. In other industries, strong "productivity" increases, relative to the lack of investment in new equipment, combined with real earnings decline, has served to moderate cost and price hike pressures.

What is certain is that any increase in production can be accomplished only through inflationary "pump-priming." At this time, Wall St. is betting that Federal Reserve Chairman Arthur Burns will not tighten credit and will maintain an expansionary monetary policy.

As Citibank points out in its recent economic letter, no one is going to make much money with short-term rates at 5 and one half per cent and a basic inflation rate of 6 per cent.

In the very short-term, production may take a slight upward blip in August, based on such factors as hedge-buying to beat the steel price increase, slight pickup in auto sales due to widespread dealer promotion gimmicks, slight trickle effects from the recent Social Security boost, etc.

The fundamentals however remain that the recovery is a dead letter under current policy. The latest profit reports were the finishing blow for the "capital spending pickup" story. Now, if Burns feed price inflation by expanding the money supply, or alternatively pushes up short-term rates, thereby further depressing the bond market, there will be no capital spending recovery.

Increasingly, the threat of a Carter victory is becoming a factor in business pessimism. Many businessmen fear the inflationary explosion that Carter would likely produce, recognizing that he would quickly attempt to regiment business and labor through top-down wage-price controls. In these uncertain circumstances, where cost pressures are mounting and business is unable to generate sufficient funds to meet current expenses, no long-range capital spending programs can be initiated.

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USWA Paper Hits Victor Reuther

Aug. 21 (NSIPS) — The following is extracted from an article, "The Incredible Hypocrisy of Victor Reuther," which appeared as a feature editorial in this month's edition of *Steel Labor*, the Newspaper of the United Steel Workers of America (USWA). Reuther recently circulated a letter calling on other trade union leaders to support the "struggle" of Institute for Policy Studies operative Ed Sadlowski against USWA leadership.

Open season has been declared on the internal affairs of the USWA by a variety of people... The most well-known person mentioned is Victor Reuther, former employe of the United Auto Workers (UAW) whose major claim to fame is that he is the brother of Walter Reuther, late president of the UAW.

The June 23 edition of the *Detroit News*... reported that Victor Reuther "is making an unusual foray into the affairs of the United Steelworkers (USWA)."...

The *Detroit newspaper* and other publications refer to a letter that Victor Reuther released to the media over his own signature, in which he charged that the Steelworkers is run in "an autocratic manner" and that its policies will lead to "the destruction of democratic unionism." He and his associates sent thousands of copies of this letter out to the mailing lists of left-wing, liberal and academic groups — such as The Americans for Democratic Action (ADA) and a publication prepared by the Union for Radical Political Economics. The letter appealed for financial support for what the former UAW staffer describes as the "progressive" forces within the USWA.

Victor Reuther, who held a union job given to him by his brother until 1972, is considered... to have little if any influence inside the trade union movement. The media, however, gave substantial play to his attacks of the USWA....

The *Syracuse Post Standard*, for instance, welcomed Reuther's charges against the USWA in a June 17 editorial that equated the USWA with that of the Teamsters which is currently under investigation by government agencies.

One must wonder if the fine reputation of our officers and the outstanding record of our union has given Victor Reuther a guilt complex. ...He was quick to denounce other trade unionists as "CIA tools." However, in reviewing Reuther's recent book, "The Brothers Reuther," a columnist noted that "somewhat sheepishly Victor confirms that he himself was the dispenser of \$50,000 of CIA funds..."

Victor Reuther's antagonism toward Steelworkers and its current leadership, does not reflect the views of his deceased brother Walter... No public support for Mr. Victor Reuther's recent attacks on the Steelworkers or credence to any of his charges has been offered by any elected national leader of the UAW....

The backing for Victor Reuther's intervention in the Steelworkers comes from elsewhere, much of it from those outside the labor movement... Reuther candidly acknowledges that he faces great difficulty in raising any substantial funds

from the Steelworkers for what he calls his campaign to return the union to its membership.

Victor Reuther made not one public criticism of the Teamsters union during the entire period that it was joined with the Auto Workers in the ill-fated Alliance for Labor Action (ALA).

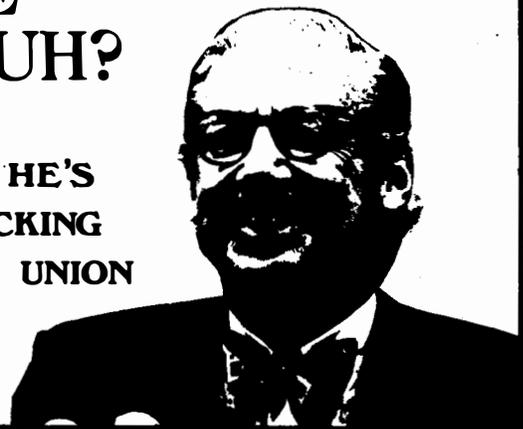
His claim that his sole concern is for "rank-and-file democracy" in the Steelworkers Union is painfully suspicious coming from one who was never elected to a union office. The pursuit of power rather than purity is believed to be Victor Reuther's motive. His self-proclaimed piety is a diversion from what many consider his real desire to continue an old feud with the AFL-CIO... Many see Victor Reuther's efforts being turned into a campaign to shape the labor movement as a political means to narrow ends as against those who seek to maintain it as an instrument for economic and social ends. He clearly reveals his objectives in his letter when he says: the Steelworkers hold the key to a "realignment of the AFL-CIO." Thus domination over the labor movement itself is a issue, they observe.

Looking at the sources of his support, Victor Reuther needs to be asked the basic question — "Transform the labor movement into what, by whom and for whom?"

IN NEXT WEEK'S NSIPS!

WHO
IS
JOE
RAUH?

AND
HOW HE'S
WRECKING
YOUR UNION





Special Reports

Exclusive Report On Colombo Conference

Non-Aligned Summit Adopts Debt Moratorium, Calls For New Monetary System

Aug. 20 (NSIPS) — Eighty-five non-aligned Third World nations representing two billion people have adopted a program for a New International Economic Order whose central proposal is debt moratoria and the establishment of a new world monetary and financial system to replace the International Monetary Fund and the Eurodollar market and provide capital for Third World development. The Economic Declaration which contained this proposal for a new institution very close to the U.S. Labor Party's proposed International Development bank, was voted up unanimously at the conclusion of the Fifth Summit of Non-Aligned Nations in Colombo, Sri Lanka, after a four-day Conference Aug. 16-19.

The document also stated that the existing \$200 billion debt burden of the Third World represents an intolerable barrier to Third World economic development. The document demanded measures to relieve that burden, called for the cancellation of the debts of least developed and most seriously affected countries, rejected irrevocably the existing international monetary system and all fragmented attempts to patch it up, and blasted the sabotage of the North-South talks and other recent conferences by some western powers who have effectively blocked the measures necessary for development of the underdeveloped world.

This clarion call for debt moratoria and a new monetary system-international development bank is the final blow to Atlanticist attempts to divide the Third World and sabotage decisive actions against Lower Manhattan's leading banks. The conference represents a complete and final break with all of Henry Kissinger's and Rockefeller's ploys, stalling tactics and stopgap gimmicks, and defines a new political universe which should see debt moratoria and the International Development Bank implemented in short order.

Lyndon LaRouche, Jr., U.S. Labor Party Presidential candidate and author of the original International Development Bank proposal in April, 1975, when reached for comment on his campaign tour through New England, expressed his profound

pleasure at the content of the Economic declaration issued at Colombo. In response, he issued a statement calling on the government of Premier Andreotti in Italy, which has already expressed and acted on its strong support for the Third World, to openly declare support for the Declaration and to take other measures that would lead to debt moratoria and the IDB.

The Andreotti government, which sent an emissary to Colombo, has been asked by leading Non-Aligned nations to mediate Third World interests in the rest of Europe, and Cuban Deputy Premier Carlos Rafael Rodriguez publicly defended Italy against the U.S. and West Germany, indicating Non-Aligned awareness of Italy's potential role. Favorable press coverage of the Summit and Italy's support for the Palestine Liberation Organization indicate Andreotti's readiness to move.

The driving force for and authorship of the strong economic document, and for an equally strong Political Declaration, came from Algeria, Vietnam, Cuba, Iraq, and Guyana, supported by India, Indonesia and others. The documents leave no doubt that their world will be backed with actions. The conference calls for another United Nations Special Session to implement the outlined program, preceded by a meeting of Finance Ministers of the Non-Aligned countries to work out the technical details of the new institutions to be proposed. Indonesian Foreign Minister Adam Malik called for convening a debtor-creditor conference to relieve the Third World's debt-burden.

The Non-Aligned intention to back words with action started immediately with the resolution for an oil embargo against France for its economic and nuclear aid to South Africa — a measure instantly supported by the French Communist Party.

Moreover, a high Ford Administration official yesterday told NSIPS that he believed the Administration would not retaliate against a Third World debt moratorium with trade embargoes or other punitive measures.

The stage is now set for the next steps toward the concrete realization of the New International Economic Order.

Final Resolution Of Non-Aligned Summit

Aug. 21 (NSIPS) — The following are excerpts of the final resolution adopted unanimously by the Non-Aligned summit in Colombo, Sri Lanka. The resolution was printed in yesterday's Algerian daily *Al Moujahid*.

Introduction

... The heads of state of the Non-Aligned countries consider that economic problems have become the most grave in international relations... The developing countries are victims of this world crisis... It becomes more and more evident that the present system cannot promote the development of the

developing countries nor hasten the elimination of hunger, disease, and illiteracy... Also, the institution of the new international economic order is of the highest political importance... The developing countries have as their primary task to break the resistance of those who oppose themselves to the struggle for the economies of the developing countries...

The struggle for liberation and independence — the present international economic situation and the perspectives for the developing countries

1) The heads of state are preoccupied by the flagrant

inequalities and disequilibrium which the international economic structure entail... Many resolutions have been adopted by diverse international organizations concerning the establishment of the new international economic order, but there is no visible sign of their implementation...

2) The developing countries must today face a crisis which concerns both the realization of and-or the maintenance of a minimal standard of living...

3) The currency receipts of the developing countries depend essentially on their exports of raw materials.

4)...

5) There has been phenomenal increase in the balance of payments deficit of the developing countries: 1973: \$12.2 billion; 1974: \$33.5 billion; 1975: \$40 billion. Estimates for 1980 put the figure at \$112 billion... The developing countries have exhausted their reserves and accumulated important foreign debts. It has been calculated that foreign indebtedness is more than \$100 billion in 1973 and will double by the end of 1976.

6) The fact that human and material resources continue to be diverted from economic and social activity towards an arms race... Also, the present crisis imperils world peace...

7) Industrialization is a dynamic instrument of development which concurs with the social and economic progress of the developing countries. It is linked to the promotion and expansion of exchanges between developing and developed countries... The redeployment of appropriate industry and the furnishing of cooperation for the construction of a healthy technical basis in our countries must be accelerated.

8) The insufficient implementation of political measures inscribed in the international strategy of development, which is due to the absence of political will among most of the developed countries, adds to the economic crisis... It is thus that famine, disease (etc.) constitute a perpetual problem in the Third World.

9) (Concerns the specific situation of the poorest countries which do not have any coastline)

10) The absence of an equitable international monetary system provokes profound concern and aggravates economic problems... The attempts to reform this system in the framework of existing monetary relations, which are under the control of a few capitalist countries, have resulted in failures. These countries have exerted undue influence on the decision-making process concerning the monetary systems and the solution to problems posed to the developing countries is sought according to temporary and inefficient arrangements. The heads of state... reaffirm that the solution to the economic problems of the developing countries demand the establishment of a universal and equitable new monetary system.

11) The efficiency and the equity of the system to be established will depend on the control (mastery) which the international community will be able to exert on the conditions of the creation of uses for additional liquidity, duly taking into account the interests of the developing countries. This is why we must urgently create liquidities (to be) automatically linked to the financing needs of development and ensure for these countries their legitimate part in the decision-making process.

12) (Attacks those countries who oppose the creation of such a system)

13) The conference notes with anxiety that no progress has been made at the Paris (so-called North-South) conference (the Conference on International Economic Cooperation —ed.). The developed countries will be held responsible for a failure in the Paris conference.

14) (Concerns the work of the United Nations Committee on Trade and Development — UNCTAD)

15) The heads of state... are strongly convinced that only a complete restructuring of international economic relations, thanks to the institution of a new world economic order, will put

the developing countries in a position to attain an acceptable level of development...

16) (Hopes that international cooperation will continue with the aim of) the universal realization of the new international economic order... The implementation of the decision adopted by common accord constitutes a major task in the international community.

17) The heads of state affirm anew that the struggle for political independence and the exercise of their sovereignty cannot be disconnected from the struggle for economic emancipation... It is the economic problems which will now constitute in international negotiations the major preoccupation of international politics. Durable peace and security are not possible internationally without the creation of a just and equitable society, which furnishes economic and social security to its members... For the developing countries this presupposes the following factors: A) individual autonomy... B) intensification of cooperation... C) reinforcement of solidarity...

The New World Economic Order

1) The heads of state... are strongly convinced that alone a complete restructuring of international economic relations will bring a solution to the world's economic problems. The weaknesses and repeated failures of the extant economic order have been demonstrated by the recent series of crises in the market economy countries: collapse of the monetary system, the appearance of restrictive and protectionist policies, recession, inflation, unemployment, etc... Notably, this state of crisis has also dramatically emphasized the fundamentally interdependent nature of the elements constituent of the world economy, and provided the necessary impetus leading towards conceiving a new world economic order.

2) The heads of state... demand the establishment of a new world economic order, which begs bold initiatives, demands concrete innovative and global solutions, and is not compatible with the fragmentary and improvised reforms designed to keep the current economic difficulties in check...

3) The heads of state denounce the unacceptable policy and practice of the transnational corporations...

4) They reiterate the right of every country to exert its sovereignty...

5) They reaffirm that alone such a complete restructuring of international economic relations will provide a durable solution... They reaffirm their resolute determination to obtain by collective action the establishment and implementation of a new world economic order, which is envisioned and enunciated in various resolutions. This order must among others include:

A) Fundamental restructuring of the whole apparatus of international trade so as to achieve an indexation, improve the terms of trade...

B) Deep restructuring of world production on the basis of a new international division of labor through the following means: improvement of the access of developing countries' manufactured products, transfers of technology...

C) A radical overhaul of international monetary arrangements in vigor, which are characterized by the lack of a rational equitable and universal system, the anarchy of floating, the growth of liquidity...inflation... The new system should abolish the dominant role of international currencies in decision-making, and forge a link between liquidity creation and development finance,

D) Guarantee for an adequate transfer of resources,

E) Urgently determine a satisfactory solution to the problem of public debt, especially for the least developed and most affected countries.

F) Input, at favorable conditions, or the desired resources and appropriate technology to permit investments ensuring growth of food production and means of agricultural production in the developing countries...

Collective autonomy

Stressing the fact that the principle of autonomy is not only compatible with the new world economic order, but also a factor of reinforcement between (developing) countries, in parallel with the intensification of (developing countries) mutual trade,

it is desirable that the non-aligned countries diversify their economic relations with other countries, capitalist as well as socialist.

Interdependence in the world economy

... international cooperation has today become an imperious necessity...

The heads of state recognize that the introduction of a new era of fair and balanced relations is the responsibility of all, but falls more particularly upon those who detain economic power. Furthermore, the creation of a new world economic order implies, on the part of the developed countries, resolute and efficient measures in all the main domains of international economic relations. The developed world as a whole cannot any longer escape their responsibility under any pretext whatsoever, and can no more afford to misinterpret the fundamentally indivisible nature of the world's prosperity.

The heads of state... therefore invite the developed world to convincingly express their faith in the principle of interdependence of the world, by adopting a series of measures that, alone, will permit to conduct to an authentic international cooperation and the creation of the new world economic order...

Conclusion

(This) announces a new step for the establishment of the new world economic order, and in particular, this essential element of such a new order, a new monetary and financial system...

Prensa Latina Report On Final Resolution

The following is the Aug. 20 report of the Non-Aligned Conference in Colombo, Sri Lanka from Prensa Latina, the Cuban news agency.

The Fifth Conference of the Non-Aligned reaffirmed today that the economic problems of the Non-Aligned countries demand the establishment of a New International Economic Order... The decision of the Non-Aligned group to create a new universal monetary system is the most significant element in the economic declaration that has just been adopted by the movement in this capital (Sri Lanka —ed.).

The initiative presented for the first time at the summit, draws the attention of experts to the repercussion on international economic relations that goes hand in hand with a measure of this type.

The document approved by the Colombo conference, points out that the lack of an equitable international monetary system has worsened the economic problems of the developing countries

and the attempts for reform within the framework of existing monetary relations (institutions) has resulted in failures.

This diplomatic affirmation, according to experts, signifies that the Non-Aligned movement, to which the major oil producers belong, have decided to turn its back on the International Monetary Fund.

During the discussion of this document in the economic commission, the participants insisted that a new universal monetary system be the base for implementing two fundamental principles of the movement, equity and universality.

According to the approved document, what is understood by this is the need to establish liquidity that is automatically linked to the needs of financing development and providing for those countries a legitimate and equitable part of decision making in monetary questions.

At the moment that the initiative was formulated, the political

commission named this the universal monetary system. What is understood by "universal" is that in the manner that it is proposed, the Non-Aligned countries wish to open such an institution to all nations of the international community who desire to participate.

These two principles — equity and universality — contrast with the functioning and structure of the International Monetary Fund, an institution in which a limited number of countries participate with a voting power proportional to their economic power.

According to opinions here this economic initiative coincides with pointing out that the present document constitutes a step in advance from the declarations adopted at the Algiers summit (1973).

After the proposal for a universal monetary system the experts' attention is most caught by a new concept of economic cooperation that appears in the final part of the declarations from the summit.

Economic autonomy implies a firm determination on the part of the developing nations to protect their legitimate rights to their natural resources through utilizing their power of collective negotiations, according to the declaration of heads of state. This is to say that also for the first time, the Non-Aligned do not limit themselves to the traditional reciprocal support measures in economic, technical, commercial, industrial, and scientific spheres. According to some analysts, this is the product of an evolving process in the Third World to conceive of new and dynamic development in economic, political and cultural relations between the developed sector and the exploited sector.

This is also the first time that a conference of this type, in generalized form, has expressed its deception with the resistance of some developed countries in creating a New International Economic Order, pushed by the movement. The Non-Aligned document states, "... The lack of political will by the majority of the developed countries on the New International Economic Order and the persistent economic crisis that gravely affects the developing countries due to their greater vulnerability to economic fluctuations, has produced results that are extremely discouraging."

But the general discouragement, according to experts, no longer remains only words, for in another passage of the document, it affirms that the developed countries will be held responsible for the failure of the Paris Conference. In that case, add the heads of state, the developing countries may revive their attitudes.

The economic declaration also ratifies the earlier anti-imperialist and anti-colonialist formulations that have characterized all the Non-Aligned countries. The elimination of foreign aggression, colonialism, and neo-colonialism are pointed out as the areas for struggle with which the Non-Aligned will have to deal with in creating a New International Economic Order.

The Colombo document "denounces once again the unacceptable policies and practices of the U.S. multinational corporations." The document also denounces the persistent deviation of human and material resources toward the unproductive and destructive arms race. "This situation (arms race) is contrary to the purpose and objectives of the first and second decades of disarmament of the United Nations which have foreseen as a result of disarmament, the considerable transference of resources to developing nations," states the document.

Statements Of Third World Leaders At Colombo

Aug. 20 (NSIPS) — This section includes excerpts from some of the major speeches at the Non-Aligned summit meeting in Colombo, Sri Lanka Aug. 16-19.

Sirimavo Bandaranaike, Sri Lankan Prime Minister, in the keynote summit address Aug. 16.

The role of mercenaries in Angola, and of multinational corporations in subverting lawfully constituted governments, techniques of destabilization, ... the use of systematic corruption and bribery on a massive scale to influence and interfere with the internal affairs of independent nations are some of the weapons to which we have to find answers.

In this new phase of our endeavors for a system of world economic relations based on an equal partnership of nations, the most indispensable element would be greater solidarity among the non-aligned and other Third World nations. We do stand united in our search for more equitable relationship between the developed and developing countries. That search is global and its emphasis on cooperation, not confrontation. Confrontation is a negative concept. It is not in keeping with the fundamental principle of nonalignment which is the pursuit of peace and the peaceful coexistence of all nations and states and the cooperation of all human beings.

The developing countries are consistently denied the true value of their output by the vagaries of the international market and the manipulations of international finance. Our terms of trade are declining. We have little influence over the world's financial and monetary systems. We are denied the benefits of new international liquidity. With every new proposals for reform, whether it be SDR's or the revaluation of gold, the larger benefits have always accrued to the richer and not to the poorer. The developed countries have shaped the international financial system to suit their interests. Through reserve currencies they have built up a capacity to export their inflation to the developing countries.

Should we in the developing world sustain such a system? Should we not, instead, attempt to develop a system all our own?

Today, as we meet at Colombo for this Fifth Summit, we have to deal with the subtler forms of imperialism... I would... like to draw attention to the serious problems of economic domination through the ever-widening gap between prices of manufactures and of raw materials. The principle weapon used against us today is the strength of the currencies of the developed world, and in particular, the reserve currencies. It seems to me, that these reserve currencies themselves heavily depend not only upon the strength of the developed world in economic terms, but also upon the support which we in the developing countries give them through our own acceptance of these currencies as reserve currencies.

If we really and truly want to blunt the weapons of imperialism and colonialism, we must surely fashion countervailing weapons, in the form of a currency backed by the immense economic potential of the non-aligned and other developing countries. The strength of that currency will grow as we proceed to form new producer associations of strategic raw materials such as oil, copper, bauxite, uranium... If we have the solidarity and the will to succeed, there is no force strong enough to frustrate us.

I can see limitless possibilities for a countervailing currency with Third World backing. The financial centers of the world will no longer be limited to New York, London, Zurich, and Paris. New centers of economic power would rise in the non-aligned and the Third World. The developing world would be strong enough to think in terms of a merchant shipping fleet, to carry its import and export cargo...

One area of great promise, if we accept the general principle of a countervailing currency, would be the establishment of a commercial bank — a bank for the Third World — the bank of Asia, Africa, and Latin America. This would not be another non-aligned solidarity fund. It will be a genuine commercial bank and a truly multinational enterprise. It will undertake functions like merchant banking.

I would like to take this opportunity to address a brief message to the developed nations. At non-aligned gatherings we have often tended to concentrate our attention on our own problems. This is only natural as the strands that bind us together are our common problems and our common search for solutions to them — shared aspirations and the recognition of the value of cooperation in the realization of those aspirations.

The non-aligned movement does not constitute a new bloc. It is an atmosphere of fear and distrust that the system of power blocs took root, and the distinguishing feature of nonalignment is its rejection of such concepts. The determination that the non-aligned will not become a new bloc was reiterated by practically every leader at the very first (Non-Aligned) summit in Belgrade... Perhaps the sole reason for the existence of the movement and its growing vitality is that it answers some compelling needs of peoples all over the world for a new outlook on life, for a new set of values based on mutual understanding and social awareness, equity and justice, in place of the old values which enthroned a ruthless and competitive individualism. If anything, nonalignment is a creative, constructive philosophy and the world is all the better for it.

I declare most emphatically that the non-aligned do not consider any nation or any people as their enemy. Their fight has always been, and always will be against injustice, intolerance, inequity, and old concepts of empire, intervention, and dominance, all theories which would attribute to any nation, however powerful it may be, exclusive authority or responsibility for peace and stability in the world. Such concepts are irrelevant as we approach the 21st century and therefore we shall continue to oppose them. Peace is a universal right, and the responsibility for it, too, must be universal.

If the non-aligned have shown great cohesion and unity in their search for this new world order, it was not a unity forged for the purpose of confrontation, but to reach across oceans and national and ideological barriers in a spirit of international understanding, cooperation, and mutual help.

Algerian Premier Houari Boumediene, Aug. 17.

Nonalignment offers to humanity today a renovated and coherent vision of its reality and its future and proposes the means for a global debate in view of a constructive alternative which must necessarily put into question the old structures...

Other than armed aggression and total disdain for the rules of conduct between states, imperialism mobilizes all means to throw suspicion and distrust in our ranks. To mask the loss of its supremacy and its hegemony, it attempts to undermine our movement from the inside by trying to provoke at all costs ideological splits and thus pit the members our movement one against the other to the detriment of the superior interests of our community... They are hell-bent on pitting Arabs against other Arabs, Africans against other Africans...

The most tragic episode has for its theater Lebanon. The present evolution of the situation in this region confirms the urgency of making a global solution prevail in the Middle East...

The domain of international economic relations has become the principle terrain for the confrontation between the tenants of the out-of-date order, heir of colonial domination and the peoples

who aspire to build their own path for progress and prosperity through dignity and liberty. This anachronistic situation calls for changes not only because it constitutes an intolerable injustice towards the developing countries, but also because it is the very source of the crisis of the present world economic system whose present jolts threaten to compromise the future of the developed economies themselves... It is thus at the level of this system whose bankruptcy threatens the stability and growth of the industrialized countries themselves that the center of the crisis is located... The institution of the new international economic order... constitutes the sole way to reconcile the legitimate interests of the one with the other by mobilizing the potentialities of the planet and the immense capital of scientific and technological knowledge accumulated over centuries for the well-being of all... .

The reservations with which certain industrial countries continue to oppose the effective implementation of this program manifests their reluctance to go beyond the status quo. The Paris conference (the North-South conference) confirms this attitude on the part of the same powers. The constructive proposals of the developing countries on the rescheduling of debt and the protection of the buying power of export receipts from raw materials have not received their expected echo... . Thus, while proclaiming their will for dialogue, certain developed countries act as though their real intentions were limited to gaining time to try to recoup the ground conceded at the moment when the crisis of their economies was at its peak...

Cuban Foreign Minister Carlos Rafael Rodriguez, Aug. 18

Membership in the nonaligned movement is not accomplished through a simple absence of commitment to military blocs. It implies an adhesion to a program of change that permits populations to leave behind colonial and neocolonial slavery... (They cannot be members) who impose upon their populations neofascist violence and crime... Neither is the nonaligned movement for those who hide their service to imperialism in the fierce repression of their own people behind the cloak of nonalignment... It is the quality and not the quantity which is important to the movement...

It becomes more and more clear to understand the concept of the movement as a unity of progressive principles that make the denomination 'non-aligned' something very different from the pretended neutrality between imperialism and socialism.

... History does not offer an immediate alternative to cutting the bonds with capitalist economics in order to entrust development to cooperation with the socialist countries. The socialist countries cannot assume by themselves the obligation to draw the people out of their backwardness (despite the fact that... the basis of cooperation offered by them, particularly by the USSR, is in just norms and everything else antagonistic to colonial exploitation.

Some, like Kissinger, pretend that detente implies a freeze of the status quo, but today the idea becomes more and more prevalent of a universal peace... This peace is equally directed toward preventing nuclear catastrophe as it is toward preventing local wars of aggression... Cuba is beginning to hear again the brutal threats it knew before the Bay of Pigs and the October (Missile) Crisis.

Pham Van Dong, Premier of the Socialist Republic of Vietnam, Aug. 17

On the international plane, it is necessary to establish, maintain and diversify out relations with all countries, primarily intensifying those among developing countries... The big capitalist countries have shifted on our backs the disastrous consequence of the economic crisis inherent to their nature...

Old colonialism with its brutal methods has been replaced by neocolonialism which is more subtle, less conspicuous, but more enterprising, more destructive of our material and spiritual riches, and therefore more dangerous and more difficult to expose, combat, and defeat...

In the world as it is we should develop economic relations with developed capitalist countries provided that these relations conform to our independence, sovereignty, and needs for development...

(The United States must) honor its commitment under the Paris agreement regarding U.S. contributions to healing the wounds of war and postwar reconstruction in Vietnam. For the United States, with whom we are prepared, however, to normalize relations, this is a question of conscience, responsibility, and honor, that it can by no means elude.

Indian Prime Minister Indira Gandhi, Aug. 17

We must not accept that differences on specific subjects affect our unity with so many leaders. The conference is too important to waste time on bilateral affairs. There are risks when national goals are victorious over collective objectives. India has always abstained from raising the bilateral problems at the tribune of the Non-Aligned or at any other international tribune... Internal problems must be dealt with through bilateral negotiations, without external complications.

In the 1950s and 1960s, the rallying cry of oppressed people was independence. It must be self-sufficiency today... We are not a bloc, nor are we the Third World. We are part of the entire world, a world where confrontation must be replaced by productive dialogue.

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Yugoslav President Josip Broz Tito, Aug. 16

The Non-Aligned countries have always attached exceptional importance to economic problems which have come to the forefront of overall international relations. The constant widening of the gap in world economic development and the steady deterioration of the position of the developing countries constitutes today one of the most dangerous sources of tension and conflicts in the world. Even more serious is the fact that the consequences of the deep economic crisis that has spread over many areas of the world economy are being transferred to the developing countries, thereby rendering their position even more difficult.

The struggle for the establishment of a new international economic order has today become a component of almost all activities, regardless of the opposition of individual developed countries. Changes in this sphere are a historical imperative, because they are in accord with present-day needs and reflect the interests not only of the developing but also of the developed countries — in other words, the entire world economy.

Anwar Sadat, Egyptian President (as reported in *Le Monde*, Aug. 18)

... Mr. Sadat did not mince words ... in regards to his main rival in the Arab world: "Lebanon has suffered for over one year from a foreign intervention which has suppressed any

vestige of stability and security and now plunges the country into limitless chaos. Those who meddled with the internal affairs of Lebanon should cease this interference against a brother country, so the Lebanese can solve their problems by themselves."

If Mr. Sadat made no allusion to the Western Sahara problem, on the other hand he proposed "collective political, military or economic sanction" by the Non-Aligned, so "no one takes their resolution lightly" on the question of Israel and the occupied territories on the one hand, the struggle of southern African people on the other. After recalling that the 1973 war was started one month after the fourth summit conference of Non-Aligned countries in Algiers stated its support for him, Sadat deemed that Israel needed a new lesson to dissipate its last illusions of superiority or domination. He also denounced what he calls the Tel Aviv-Pretoria axis. Enough slogans, we need concrete action, he repeated, otherwise our inaction "would be taken by the aggressors to mean that they are allowed to continue their occupation without paying the price."

Finally, the Egyptian head of state, visibly disappointed by the Americans as well as the Soviets, deemed that relations between the superpowers are based on peaceful coexistence and détente, and on compromise solutions to the problems which divide them. "Each side makes concessions. Everything is settled between the two of them, alone, on the basis of their own greatest profit."

World Press Comments On Non-Aligned Meeting

Aug. 20 (NSIPS) — The following is a partial grid of significant responses and coverage of the Colombo, Sri Lanka meeting of the non-aligned countries and related developments.

Paolo Bonaiuti in the Italian daily *Il Giorno* Aug. 19 on the Colombo Summit

The political commission (of the Non-Aligned Group) has a difficult life...Perhaps the economic commission sails on calmer waters. The projects which the experts are studying (at the Non-Aligned conference) are three:

- 1) The large Third World bank of which (Sri Lanka Prime Minister) Mrs. Bandaranaike spoke...: 'Let's put our resources in motion to make room for investments, the programs of development and the technical aid without having to knock on the rich's door.' Some 30 countries are said to have already committed themselves for one half million Special Drawing Rights (about \$500,000) each.
- 2) (A general council for the raw materials....)
- 3) (A general postponement for the Third World debts which have reached the incredible level of \$150 billion....)

The Italian daily *La Repubblica* Aug. 19 on the Colombo Conference

...Carlos Rodriguez (the Cuban representative) also made a reference to Italy: 'We see with great preoccupation the economic threats announced by the U.S. and the other capitalist countries against the democratic results of the Italian people during the last election.' Meanwhile, rumors are circulating around the conference on the manner in which the grave problem of the foreign indebtedness of the Third World is being faced.

After the failure of the International Monetary Fund Nairobi meeting last year, many countries attempted to make counterproposals at the UNCTAD (Nairobi) conference this year.

But still without success. Thus, today, for most of these countries the payment of even the matured interest is already a commitment which goes above their actual capacity.

This is the reason for the demand at the conference to approve a plan that includes a moratorium on foreign debts. Such a moratorium would consist substantially in the abolition of the maturing of interests for a certain number of years.

Emilio Sarzi Amade in the Aug. 15 *L'Unita*, newspaper of the Italian Communist Party on the "summit of the Non-Aligned at Colombo"

...the problems on the table, in their details and in their mere general context, are still under discussion at the conference of foreign ministers...and which confronts in two commissions — the political commission and the economic commission — the task of the editing of the texts which will come under discussion and then be approved by the summit. The general principle — said a diplomat from a non-aligned socialist country — is to work while keeping in mind the unity of principles and to set aside what divides us.

...The ongoing discussion on questions (admission of new member countries — ed.) is perhaps the most sticky, while the discussion of economic questions is perhaps the most complex. The first involves the examination of, beside the principles (of nonalignment) that is, bilateral or regional questions which bring the non-aligned countries to the edge of armed conflict. The closed-door discussion (on the military) nevertheless reached a consensus on the reaffirmation of the denial of the unavoidability of a general conflict and of the conception according to which the peace in the world can only be safeguarded by an equilibrium of forces and security is only attainable through adherence to the military blocs. Instead, they state the need to widen that co-existence which today is still seen as too limited in its solidity and its geographical extension...

The need to widen that co-existence which today is still seen as too limited in its solidity and its geographical extension....

The most common field of action is on the economic level...In fact, here are represented the countries that include the 50 per cent of the world's population which produces only 7 per cent of its industrial production, (the countries) that supply the industrialized countries with the raw materials they need and which in the next 25 years period will have 1 billion people seeking employment; (these are) countries whose accumulated debt — because of the inequality of the international economic relations — would throw the economies of the advanced countries into chaos, if these debts were not to be paid....

The aspirations for a New International Economic Order are therefore taking on more precise configuration, and the summit will have to necessarily get out of the field of the pronouncement of principles in order to take more concrete measures. The agreement that is being shaped on the creation of the Common Fund financed by the non-aligned plus the rich countries (for example the OPEC countries) will be an important step in this direction. The world reality is not idyllic and neither is the non-aligned sector,...and the test that is awaiting it beginning next Monday (Aug. 16) is extremely important. The attempt to sabotage or to break up the non-aligned on the large issues, denounced by different sources in the past days, takes, on the other hand, seemingly curious and substantially grave forms....After Monday however, we will know how the non-aligned countries intend to react to the challenge which the world situation presents to them.

Demario V. Galarza in the Mexican daily El Dia Aug. 13, on "Colombo, Center of Anti-Colonialism"

The summit conference of the non-aligned countries, held in Colombo, capital of the socialist republic of Sri Lanka...holds particular importance for all the countries struggling for a new international economic order, given the circumstance of the sharp refusal by the highly industrialized world capitalist forces.

tempting to prevent the economic and political resurgence of the Third World nations, which they are threatening with divisionist maneuvers, attempting to set them against one another, causing them to lose their perspective of the objectives of the non-aligned movement.

Asutae observers of the scene show present international relations have verified that in recent government-level conferences, the industrial powers have been working overtime to divide the Third World with pressures of all sorts, in order to debilitate the United Nations and cause the failure of the adopted resolutions which would eliminate colonialism in all its forms. For example, the story has come out of Washington that the Latin American countries that regularly attend the non-aligned meetings as observers have received veiled warnings that if they continue to belong to or in any way support the movement of the non-aligned countries, economic and military aid will be suspended through the freezing of their credits.

Militant and combative participation in the non-aligned nations movement requires the growth and fortification of Latin American nationalism and unity of the peoples of the Third World in the struggle against imperialism, to achieve national liberation, independence, and world peace based on understanding and cooperation. Progress in these objectives will be a reality when the new international economic order stops forever the abuse and exploitation of the weak by the strong, when the armaments race is definitively ended and humanity is liberated from nuclear terror and when colonialism and dependency in all its forms cease to exist.

The following dispatch was carried by Prensa Latina the Cuban news agency on Aug. 19 The call for debt moratorium referred to was initiated by the Latin American Labor Committees.

The Unified Council of Union Organizations (in Peru) expressed its full solidarity with the demands for moratoria on the foreign debts of the countries of the so-called Third World.

In a communique distributed today, the Council notes that the Summit Meeting of the Non-Aligned Countries in Colombo has proposed debt moratorium as "an urgent necessity to liberate our countries from imperialism."

The Council takes its position during "moments in which the international crisis of imperialism is demanding greater sacrifices from the Peruvian people."

The following excerpted summary of a statement by the World Federation of Trade Unions to the Colombo Non-Aligned meeting was published in the Aug. 15 edition of the Soviet trade union daily, Trud, under the title "To Strengthen the Forces in the Struggle Against Imperialism."

"In the non-aligned countries, unity of the patriotic forces is strengthening in the struggle against imperialism and neo-colonialism, for peace and security of all peoples, for a new international economic order and a better life for all workers..."

"The World Federation of Trade Unions (WFTU) supports the demand to make the Indian Ocean a zone of peace, and calls the attention of the participants in the Colombo Conference to the aggressive plots of imperialism to build a nuclear base on Diego Garcia in this region.

"The statement expresses hope that the conference in Colombo will support the demand for liquidation of all foreign military bases in the Indian Ocean, and also for rapid withdrawal of American troops from South Korea.

"The WFTU highly values the support of the non-aligned countries for the struggle of the Arab peoples for an end to Israeli occupation of their land, against Zionism, for the legal national rights of the Palestinian people..."

"The WFTU reaffirms its position concerning urgent economic problems, stating that their solution must be guided by the documents passed by the United Nations, especially the Charter of Rights and Economic Obligations of States, which defined principles of international cooperation, based on justice, equality, mutual interest and cooperation between states of different social-economic systems. In the "Strategy for Social Progress," which the WFTU proposed at the June World Conference on Employment, a program was put forward for concrete actions in this direction.

"(The members of the WFTU) supported the demand for convening a World Disarmament Conference with the goal of general and full disarmament; and as a first step, they supported the demand for a rapid cut in military budgets (for example, the UN resolution to cut by 10 per cent the military budgets of standing members of the UN Security Council) and using the funds freed up in this way for economic progress, especially of the developing countries....

Aug. 21 (NSIPS) — The following is excerpted from a page one article appearing in today's L'Unita, the newspaper of the Italian Communist Party (PCI).The summit foresees measures for the creation of mechanisms which regulate the trade of raw materials, with the constitution of associations of producers, and of a fund for the financing for regulatory stocks of raw materials...

The reform of the international monetary system is among the objectives indicated by the summit while, the suspension of

trade barriers was asked for by the developing countries. Finally there was a request made to the conference on the international economic cooperation to resolve within this year the problem of frightening dimensions, of the debts of the developing countries, through the conversion of the debts into gifts, through moratorium on payments, through the protection of exports of raw materials. The summit asked the developed countries moreover to immediately cancel the debts contracted by the less developed countries and the more gravely economically hit countries, and especially those countries who have suffered occupation and foreign aggression.

Another Sri Lanka proposal, as was announced in the opening address given by Signora Bandaranaike, within the framework of the creation of a new international monetary order approved at the summit, asks for the seeking of the most useful means to the creation of a currency which must be supported by the economic potential of the Non-Aligned countries and by the other developing countries. Another resolution, in the same framework, asks for the examination of the realizability of a bank of the non-developed countries, based on national banking systems of the developing countries.

The New York Times editorial Aug. 17 on "Colombo Rhetoric"

"It would be easy to be cynical about the fifth summit meeting of so-called nonaligned nations in Colombo this week. As usual, the "nonaligned" will include Fidel Castro's Cuba and Kim Il Sung's North Korea, among other dubious claimants. The rhetoric and resolutions are likely to be excessive, one-sided, all too familiar. The demands on the richer nations will be the same

as those made at every meeting of the poorer countries, whether they convene as the Non-Aligned, the Group of 77 (now 112) or the Third world.

"Critics will say that the host, Sri Lanka (formerly Ceylon), could have put to better use the \$50 million spent just to prepare for the assembly of 4,000 delegates from 85 member and 25 observer nations. It might have used a \$280,000 Parliamentary appropriation to provide care and housing for Colombo's army of cripples and beggars, rather than to move them temporarily out of sight into "rehabilitation" camps outside the capital.

"And yet, much of the discussion at Colombo will undoubtedly transcend the hypocrisies and focus on real problems that, in an increasingly interdependent world, inevitably affect the prosperity and well-being of the richer as well as the poorer countries: control and pricing of raw materials; conditions of trade; the necessity for rescheduling debt service for developing countries whose balance-of-payments deficits reached \$40 billion last year; the crisis confronting the World Bank's International Development Association, mostly because the United States, by far its biggest contributor, is now seriously in default on its pledges.

"It is clearly impossible to meet all of the demands of the developing countries. But neither can the richer countries, in light of their own long-run interests and their stake in international peace and stability, ignore those demands. The rhetoric of Colombo will be heard again at the United Nations General Assembly next month. The task for the United States and other industrialized nations is to help sort out what is reasonable and give it more serious attention than in the past.

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Warsaw Pact Prepares For War; Warns Of Stench Of Fascism Over W. Germany

by Susan Welsh

Aug. 18 (NSIPS)—The German Democratic Republic (DDR) today announced maneuvers involving 50,000 workers in the district of Karl-Marx-Stadt. The announcement of these exercises was timed to coincide with an escalated series of warnings on the danger of war in the press of every Warsaw Pact nation and through all available diplomatic channels. The maneuvers serve to reiterate in the clearest terms that the warnings are for real.

The Soviet press has identified NATO's push for unilateral military gains—"to the detriment of Soviet strategic interests"—as a tripwire condition intolerable to the Warsaw Pact states.

Looking at the map and assessing the strategic balance of forces in the world and the moves of the Atlanticists, the Soviets have come out this week with statements denouncing Rockefeller's and Kissinger's actions in Europe, Africa, and the Mideast.

The most chilling warnings are being issued to West Germany, which the East block press is more and more frequently likening to Hitler's Third Reich. This is a comparison the leaders of the socialist countries do not make lightly, and have been reluctant to make in the past because of the effect it would have on the citizens of their countries. Every Soviet family today honors its men, women and children that lost their lives in the last war; 20 million Soviet citizens died. Now, the socialist press reports, the stench of fascism is rising again over Germany, and "Comrades,

we may have to go through it all again," is the message broadcast daily.

— German Democratic Republic radio today ran a round-up of comments from the Warsaw Pact countries' military press. The increasing activity of neo-fascists in West Germany, said the Bulgarian army paper, represents "a danger for peace in the world." The Polish army paper called it "frightening" that many youth in West Germany today are not even taught about the horror of Hitler's concentration camps, while the West German press praises the Nazi regime and "neo-Nazism is returning to the barracks of the West German army."

— The current issue of the German Democratic Republic's military journal *Armeerundschau* brings up a nasty bit of post-war German history to comment on the present politics of the Social Democracy (SPD), supposedly the party of detente. In 1959, the journal reports, the SPD "fully committed itself to the imperialist nuclear war policy of the (right-wing) CDU-CSU, to increase the attack capabilities of the Federal Army and NATO... The SPD behaved as if it wanted to outflank the CDU on the right." *Armeerundschau* calls the SPD's opposition to NATO's rearmament in the early 1950's "a phony battle."

— Radio Moscow yesterday likened the right-wing West German press today to the role of the Hugenberg press in Nazi Germany. Supposedly independent papers, the broadcast charged, are "acting as defenders of the West against the Communist danger—like Hitler did."

Pravda Warns Israel On Lebanese Blockade

Aug. 20 (NSIPS) — The following is the full text of an article by Yuri Glukhov appearing in the Aug. 17 *Pravda*, the official paper of the Soviet Communist Party.

According to reports by foreign press agencies, the Israeli navy has imposed a broad blockade on the Lebanese coast. Access is blocked to the country's two most important ports — Sidon and Tyre. All ships headed there are detained or destroyed by Israeli patrol ships.

The pirate actions of Tel Aviv are directed at cutting off the struggling national patriotic forces of Lebanon from the outside world, cutting off transport to them of the most necessary goods — food and medicines — and preventing them from receiving arms and ammunition.

Striking a blow in the back of the Lebanese patriots and the Palestinian resistance movement, the Israeli military is trying to weaken their ranks in the face of the frontal offensive of the rightist forces in Lebanon. Not limiting itself to a blockade of the regions held by the patriotic forces, Tel Aviv is directly encouraging the anti-national Lebanese circles, who are moving to partition the country. As the *Daily Telegraph* indicates, Israel, counting on the continuation of the war in Lebanon, is giving secret aid to the right, steadily supplying them with new types of weapons.

The naval blockade of Lebanon and the open interference in the affairs of that country is a new scandalous act of aggression by Tel Aviv against the Arab countries. Making use of the situation — in which Lebanon is torn by bloody discord, and the united front of the Arab states is split — the Israeli military evidently is once again counting on satisfying its voracious

appetites at the expense of its neighbors. Its actions are closely linked with the intrigues of other imperialist forces in the Middle East.

The blowing up of internecine bloodshed in the long-suffering land of Lebanon is one link in a plot by imperialism, Zionism and reactionary Arab circles against the peoples of the Middle East. The goal of this plot is to strike a blow against the forces of the national-liberation movement in that region, to bleed the Palestinian resistance movement white, to sow discord between Arab countries, to detract the attention of world public opinion from the initial cause of the Mideast tension — the continuing aggression of Israel and its occupation of Arab territories.

The Soviet Union has already warned that the situation in Lebanon and in the whole Middle East may become even worse if no end is put to the attempts at foreign interference in Lebanese affairs. Those who are blatantly interfering in the internal affairs of Lebanon only pour oil on the fire of the Middle East crisis.

Stimme Comments On Lebanese Crisis

Aug. 20 (NSIPS) — The following commentary was broadcast yesterday over the official German Democratic Republic radio station, *Stimme der DDR*.

The Palestine Liberation Organization representative in Moscow, Al Yaier, delivered an urgent appeal to the Soviet Afro-Asian Solidarity Committee, calling on all the world public to stop the conspiracy against Lebanon and the Palestinian movement. Soviet commentators say that the crisis in Lebanon is reaching a culmination point. This coincides with the capture of Tal Zaatar (refugee camp) and the launching of the offensive against the leftist positions in the mountain region (of Lebanon).

An immediate establishment of a separate state by the right appears to be imminent. The 54th cease-fire accord worked out between the PLO and Syria has not been maintained. Thus the two forces who in the past waged a joint fight against Israeli aggression are battling each other. The Israeli naval blockade represents an especially dangerous aspect, making any supplies to the Palestinians impossible.

Yesterday a declaration was published in Moscow by the Lebanese Communist Party and the Communist Party of the Soviet Union on the preconditions for a solution of the Lebanese crisis.

Soviets Point To Role Of Saudis

Aug. 20 (NSIPS) — The following are excerpts from an article by V. Vinogradov which appeared in the Aug. 12 Red Star, the Soviet Army newspaper.

... Oil, hidden in enormous deposits beneath the sands of the Arabian deserts, and generally extracted by American companies, seals close ties between the feudal Saudi Arabian leaders and the imperialist circles of the U.S. This alliance, like the closest cooperation with Israel, has been and remains the cornerstone of U.S. policy in the Middle East. Colossal currency resources, rendered into the hands of the feudal nobility thanks to oil, are used by Riyadh (capital of Saudi Arabia — ed.) to exert political and economic pressure against other Arab countries. In particular, the Saudi rulers opposed the independent anti-imperialist policies of Egyptian President G. A. Nasser in his day.

Today Saudi Arabia is striving to play the role of "banker" of the Arab world. But its loans are granted with definite political and economic conditions. Thus the agreement on credit to the current Egyptian leadership was made dependent on how far it would go to liquidate the progressive achievements of the Egyptian people, how far it would cooperate with foreign capital and curtail its ties with the socialist countries.

To stop the upsurge of the national liberation movement in the Middle East, to strengthen the position of conservative, reactionary forces in the Arab countries — such are the goals of the feudal Saudi clique. They fully serve the interests of the imperialist circles of the U.S. It is no coincidence therefore that Saudi Arabia along with Israel are the largest clients of American arms-producing companies in the Middle East. . . .

"Shadows of the Past"

The West Germans Must Stop Fascism

Aug. 20 (NSIPS) — What follows are excerpts from a page one article by M. Mikhailov which appeared in the Aug. 18 Izvestia, the official paper of the government of the Soviet Union.

There is a direct tie between the activation of the forces of reaction and militarism, alarmed by the successes of the policies of international detente, and the attempts to galvanize various neofascist groups and organizations. In some cases, these ominous shadows of the past are terrorist bands operating in broad daylight, while in others, they are even camouflaged as political parties. But the essence remains the same — hatred towards democratic movements, racism, and neo-fascism. . . .

Those who would like to turn Europe and the whole world back to the times of the "cold war" are ready to use any rightist group for their goals, including neo-fascist ones. In fact, it can be stated that the neo-fascists enjoy the special patronage of the enemies of the peaceful life of peoples. Under these conditions the connivance of the official organs of some western states with

the neo-fascists, their minimization of the danger which these groups represent, can in no way be justified. . . .

Bewilderment and indignation have been evoked by the report that a congregation of West European neo-fascists was held in Hamburg at the beginning of August. Its organizers from the West German NDP (New German Party — ed.) conferred upon it the high-sounding name of "Congress of National Forces." Besides the leaders of the NDP, their co-thinkers from Austria, France, Belgium, Great Britain and Norway participated in the "Congress." It should come as no surprise that the fascist gathering was in the style peculiar to Hitler's meetings. Pogrom speeches rang out in the hall given over by the Hamburg Senate for the "Congress." A Hitler-style torch-light procession was even contemplated. . . .

As for the federal government organs, they took a position of non-interference. While the FRG (West Germany — ed.) has the juridical obligation not to permit the rebirth of fascism in any form, an obligation deriving from the rout of Hitlerism, from the joint decisions of the powers of the Anti-Hitler coalition, from the agreements concluded by the FRG with the Soviet Union and the other socialist countries. The obligation to eradicate fascism is inseparable from the spirit of the Final Act of the All-European Conference (in Helsinki last year — ed.).

BRD-Is It Really Possible?

Soviets Comment On The "Stern Scenario"

Aug. 20 (NSIPS) — The following is excerpted from an article by E. Mykhin appearing in the Aug. 7 Soviet Army weekly, Red Star.

... "Draconian measures" are discussed in an article in (the West German — ed.) Stern magazine — "Playing With Fire," by P. Koch and R. Oltmans. Writing in the genre of political fantasy, relating the tragic events which led to a military putsch in the Federal Republic of Germany, what story do they tell?

In West Germany the electoral campaign is in full swing. Suddenly the country is shaken by a report from Lower Saxony: the director of a large industrial consortium, proclaiming his ties to the reactionary Christian Democratic-Christian Social Union (CDU-CSU) bloc, has been kidnapped by four unknown persons. His representatives immediately accuse the Social Democratic Chancellor of a "secret plot with the Communists." While the skirmish proceeds between the ruling coalition and its political rivals, searches are conducted by the police and plant authorities lay off leftist workers in the factories. However, despite official claims, it turns out that the traces of the kidnapping lead, not to the left, but to the neo-fascists. The agitated workers in many Lower Saxony plants announce a protest strike. The authorities decide to resort to the assistance of the border troops and sections of the Bundeswehr (the West German army — ed.). Under right-wing opposition pressure the Bundestag declares a state of emergency in the Federal Republic. The country is split into two camps and seems on the threshold of civil war. Finally the commanders of three of the armed forces remove the Chancellor, accusing him of trying to establish a "dictatorship of the proletariat."

In West Germany there has been a military putsch. . . .

The authors stress that the present situation in the Federal Republic does not yet resemble their "bad dream" But that's precisely it — not yet. The situation they have thought up has a real basis in the relevant articles of the West German constitution. Koch and Oltmans use quotations from laws and juridical decisions according to which the authorities can arrest striking workers, the army and police can shoot demonstrators, impose a curfew and even. . . sanction the seizure of power by the

Bundeswehr.

"Playing With Fire" is just the fruit of the authors' fantasies. But isn't what they describe turning into reality? This question does not trouble the West German public alone.

• "The Provocations Of The Racists"

Aug. 20 (NSIPS) — The following are excerpts from an article by Leonid Kuznetsov appearing in the Aug. 16 Pravda, the official paper of the Soviet Communist Party.

Rhodesian troops have added to the list of aggressive actions against Mozambique. News agencies report that they crossed the border of the republic and attacked a Rhodesian refugee camp, near the population center of Vila di Katandique. 618 innocent, defenseless elderly people, women and children perished under the fire of the bandits.

The racists and their patrons are trying with all their might to justify the robbers, to cover up the true goals of their actions. They are spreading the story that (Rhodesian Premier Ian) Smith's cut-throats supposedly have to carry out attacks on the territory of Mozambique against the actions of "terrorists" (this is what the reactionaries call patriots fighting for the national liberation of Zimbabwe). . . .

The acts of direct aggression against Mozambique by the Salisbury (Rhodesia) regime are in pursuit of long-sought goals. Nourishing hatred towards the Peoples Republic of Mozambique's course of carrying out profound social reforms and strengthening its independence, the racists are trying to create instability in Mozambique, to whip up internal counterrevolutionaries to action. . . .

Western propaganda, commenting on the recent events on the Mozambique border, keeps silent about the indisputable fact that what is at issue here is a previously planned plot by the "Devil's Union," as they call the alliance between Salisbury and Pretoria (South Africa) in Africa. In the words of the London Financial Times, Smith would never have undertaken such an attack without obtaining agreement for his actions beforehand from the South African Republic. And, as is known, (South African Prime Minister) Vorster's generals coordinate their plans with NATO's strategists.

Thus the Rhodesian raids on the Peoples Republic of Mozambique are directed by an imperialist hand. All of this demands an increase in vigilance from the African people, unifying all progressive forces in the struggle against racism.

Soviets Attack Rockefeller And Kissinger

• *Aug. 20 (NSIPS) — Following are excerpts from an article in the Czechoslovak Communist Party daily Rude Právo Aug. 12, entitled "Kissinger's Speculations":*

Not for a long time have the French feared so much for the fate of their currency as in the past weeks. Since the beginning of summer its value has been declining, and it has reached the point where no one knows when the decline will definitely be stopped. . . .

The search for a scapegoat is on the agenda in France. Economic and financial experts consider that it is a question of dirty speculation and currency diversion, for which the U.S. is responsible. But France's own EEC (European Economic Community — ed.) partners are also not blameless, as they have apparently taken part in the speculation.

There is also another simultaneous maneuver of Washington — the attempt to make gold worthless as a basis for currencies. One Paris bourgeois paper calls (Secretary of State) Henry

Kissinger "the initiator of these plans." The apparent goal is to annul the worth of gold reserves, turn gold into an ordinary commodity and organize an international currency system based solely on the dollar. These American moves are directed (according to observers) against countries with their own gold reserves, especially the developing countries. It is necessary to add that this view is by no means naive.

The following are excerpts from an article entitled "NATO in the Role of Gendarme," in the Soviet military daily Red Star of Aug. 13:

The answers of General Secretary of the Central Committee of the Communist Party of the Soviet Union L. I. Brezhnev to questions of a Pravda correspondent (on July 30—ed.) prompted world society to look all the more carefully at the alarming phenomenon which culminated in the "Puerto Rico Pact" — the secret agreement of the four leading powers of the West to take economic sanctions against Italy if communists enter the government of that country. The observation that this issue has in general gone beyond the bounds of Italy itself is especially significant, if one recalls certain events of the last year and a half which show that it is not a matter of individual actions, but of a carefully thought out political course. This course clearly reflects the "Atlantic" strategy of the struggle against communism in all its orientations, for the sake of which the NATO bloc was created. . . .

Then came the cantonal elections in France, which brought significant success to the Union of the Left forces, including the Communist Party. Exactly at that time was issued the well-known statement by the Supreme Commander of the Allied Armed Forces of NATO in Europe, the American General A. Haig, who expressed himself absolutely unambiguously: "The most serious problem before NATO today is the question of participation of Marxists in the governments of the countries of Europe." Soon Vice President of the U.S. N. Rockefeller — who called such statements "completely appropriate" — visited France, and called on Frenchmen to "exhibit the necessary discipline" in the name of. . . but of course — "Atlantic solidarity." . . .

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Pushes For Confrontation On All Fronts

Aug. 21 (NSIPS) — Faced with the prospect of rapidly losing their control over international political and financial developments as an outcome of the Colombo Non-Aligned meeting, Atlanticist circles have given the go-ahead to heat up all the world's existing "hot spots" and where possible to create new ones. Up until the point at which debt moratoria are declared on a portion of the debts owed to New York banks and related financial institutions and until Secretary of State Kissinger, Vice President Rockefeller and the head of their domestic gestapo, Attorney General Edward Levi et al. are removed from office, their drive toward a certain nuclear Armageddon will continue.

Last week, a top State Department source said that Kissinger was "very much concerned" about the prospect of a generalized debt moratorium being the outcome of the Colombo Non-Aligned summit, and that he was prepared to "play all his cards" to sabotage such an outcome. While the source specifically talked about the mad Secretary's plans to stir up Third World disunity around any number of issues, other correlative information obtained from Atlanticist circles has revealed that Kissinger intends to go full throttle for confrontation with the Soviets wherever possible.

It is from this perspective that one must view developments this week in Kissinger's various "war zones:"

In the Mideast, the Israeli navy was ordered to conduct an illegal blockade of Lebanon, while the Nazi Falange and their Syrian allies prepared for "the final" offensive against the Lebanese left. While that offensive has been expected since last week's Syrian-Falange butchery at Tal Zataar, it has thus far failed to materialize. As one source indicated, the stakes for such a move are high — it would likely cause the fall of Kissinger-ally Assad in Syria. Meanwhile, Kissinger terrorists have helped stir up tensions between Egypt and Libya.

In Africa, Kissinger has set a torch to the southern tier using his racist butchers in Rhodesia and South Africa to get things going.

In the center of Europe, the Secretary and his NATO

assistants continue their drive for a showdown with the loyal West German press cranking out reams of anti-GDR provocations that pass for journalism in that unfortunate country and NATO beginning a series of provocative maneuvers. But as the Soviets have indicated, it is the fascist West German state that is itself the biggest "war provocation" on the European continent.

In the Aegean, a wholly concocted crisis between Greece and Turkey leaves both countries on the brink of war.

In Mexico, Kissinger has ordered another step-function escalation in his campaign to destabilize the government of Third World leader and Mexican President Luis Echeverria with the publication of a hoax letter allegedly by 76 Congressmen to President Ford by Institute for Policy Studies-linked operative Rep. McDonald (D-Ga.).

And finally, the Secretary succeeded — after weeks of trying — in creating a crisis where there hadn't been one, ordering the U.S. Army to stage a provocation in the Korean DMZ.

Each of these areas has the potential to flash into a major confrontation. More significantly the cumulative effect of these operations has the potential to escalate any one of the areas into a confrontation leading to a nuclear showdown. It should be clear from the warnings broadcast from the Soviet Union this week concerning these "hotspots" (see other section), that this is precisely how they read the situation.

But Kissinger finds himself operating in a new political universe. His attempted destabilizations and war confrontations in the Third World are beginning to produce the kind of agitated anti-Atlanticist response that he and his ilk fear the most; his offensive is stiffening the spine of the Third World leadership, pushing them to "call the question" on the new world economic order. The Secretary's policies are even having a backfire effect in the citadel of servile Atlanticism, West Germany, where saner heads are beginning to realize that if a confrontation in Europe does indeed take place, they will be the first to be turned into nuclear rubble.

Mideast

Syria In State Of Seige As Lebanese Left, PLO Take Offensive

The war in Lebanon began to take a decisive turn this week as growing international support for the coalition of leftists and Palestinians and strong Soviet, Arab, and Italian pressure against the Syrian regime of president Hafez Assad forced a shift in the strategic balance in Lebanon. The hideous Aug. 12 massacre at the Tal Zaatar Palestinian refugee camp failed to win its chief objective: a demoralization in Palestinian ranks; and the expected fascist offensive against leftist-Palestinian positions in the mountains east of Beirut failed to materialize despite repeated threats from the right. Instead, the Central Command of the Left and the Palestine Liberation Organization has gone over to the offensive.

The chief weakness of the Rockefeller forces in the unreliability of the Syrian army, which has 20,000 troops inside Lebanon. For political reasons — namely, the growing danger of

an anti-Assad revolt in the Syrian militaty — Assad cannot afford to risk a heavy involvement in the actual fighting in Lebanon because of the danger of heavy casualties and loss of equipment. Thus, Syria's strategy has been to use the fanatic Lebanese right as a battering ram, by which the Falangists suffer the casualties and the Syrian army is used only to hold positions already taken; this policy is referred to as the "hammer and the anvil." But the battered Falangists, who have suffered heavy losses, cannot sustain such a war. Already, NATO mercenaries and technicians make up a substantial force in the Lebanese Front, the coalition of fascists.

The left in Lebanon is fully aware of the weakness of its enemy. For this reason, leftist leader Kamal Jumblatt urged his partisans to fight to the death "for every inch" of liberated land. "If this enemy loses 1000 or 2000 men, he will be finished," said Jumblatt.

Steps were also taken to carry the war into the Syrian-occupied territory in Lebanon, where a strategy of guerrilla attacks has severely damaged Syrian prestige and led to substantial casualties on the Syrian side.

Syria itself is in a virtual state of siege. The border with Lebanon has been closed down tight and ruthless military searches are being conducted by the Syrian police and army of all Palestinians inside Syria, including several hundred thousand refugees of the civil war in Lebanon. Dozens of Syrian military personnel have died in bomb explosions and guerrilla attacks on military post inside Syria itself.

Perhaps the first sign of Syria's official recognition of its weakened state came yesterday with the announcement that Syria had issued an ultimatum for Sept. 15 to the leftists and the PLO. The time until then will be used by Assad to seek to strengthen his control over the military. According to the New York Times, the expected fascist attack on the mountain areas has been officially called off.

Further, there were unconfirmed reports this week that the Israeli naval blockade of Southern Lebanese ports was called off after strong Soviet diplomatic protests to the U.S. and Israel. If so, the supply lines to the left and the PLO have been reopened, easing the crisis in food, fuel, and weapons.

Soviets, Libya To Sign Defense Treaty As Sadat Pushes War Scare

Aug. 21 (NSIPS) — The Aug. 19 French daily *Le Figaro* quotes the Libyan weekly *Al Oubouh*, as reporting that a Soviet-Libya friendship and defence treaty will be soon signed. A Soviet delegation was recently in Tripoli discussing details of the treaty. *Le Figaro* also reports that a Libyan delegation possibly led by the Libyan President Muammar Qaddafi, would soon go to the Soviet Union for the final signing of the treaty.

These latest Soviet-Libyan developments take place at a time that the Egyptian President Anwar Sadat, an opportunist who is presently toeing the IMF's line, has launched a full psywar operation against the Egyptian population built around the alleged Libyan threat to the Egyptian government. Anwar Sadat and his police force are accusing the Libyan government mar Qaddafi of ordering "Libyan agents" to plant bombs in Cairo in the last few weeks.

However the real danger for Sadat is the Egyptian working class which is opposing the stringent terms laid down by the IMF, the Aug. 6 Middle East Economic Digest reports. Not having the political power or the social base to carry out the IMF austerity demands, Sadat is attempting to impose police measures against the trade unions through new security laws enacted to deal with the Libyan conspiracy. According to the Aug. 6 British Daily Financial Times, Egyptian police forces are now guarding public buildings while Sadat is demanding that there be no strikes by the Egyptian workers and Egyptian troops are reportedly advancing towards the country's western borders with Libya. The Egyptian government also decided this week to ask Libya to close the Alexandria branch of the Libyan Relations Office, following staged protest demonstrations outside the office.

In this police-state atmosphere, Sadat continues what some

observers regard as a futile — and likely fatal effort — to carry out the IMF's austerity programs to the letter and meet his debt payments to Western banks starting November of this year.

According to Middle East Economic Digest, credit "is drying up" for Sadat's government because the Egyptian population and anti-austerity forces are "unprepared (to meet) the stringent terms" required by the IMF — especially the reduction of government subsidies to 18 essential commodities necessary for the biological survival of the working class. The only way that Sadat can push the IMF's demands is by "actively engaging the people" as he "...did in the October (1973) war," the Digest reports. "It would involve fairly drastic action calling for really stringent controls on consumption and the end of the cosmetic and divisive effects of the present open door policy," — a signal that Sadat is going to start a bloody clean up operation against his opponents. This becomes clear from a speech given by the Minister of Economy and Economic Cooperation, Mohammad Zaki Shafei, who said this week "Egypt has faced a number of years when sacrifices would be required from all sections of society, and for that reason Egypt must face belt tightening...."

The Sadat regime, however, is facing isolation from all levels of the Egyptian society. According to one Western commercial attache, quoted in the Digest, the Egyptian people are not ready to accept any more sacrifices because they see "little chance of change" under Sadat's rule.

At the same time, the pro-development Libyan government is moving to neutralize Sadat on an international level. According to *Le Figaro* the Libyan government has issued a note to United Nations members about Sadat's threats to invade Libya a few days ago carried in Kuwaiti newspapers, saying it was the first time a head-of-state openly planned terrorism against another.

Mideast Expert:

If Assad Fights In Lebanon He's Finished At Home

expert on Mideast affairs with the American Enterprise Institute in Washington, D.C. outlined the following steps Syrian president Hafez Assad will take to destroy the Lebanese left on orders from Henry Kissinger:

The Syrians want to isolate the Palestinians in several strategic areas and thus create a balance between the Christians and the Palestine Liberation Organization.

The Christians are using tanks given to them by the Syrians and others from the Lebanese Army. The Palestinians do not know how to use tanks and thus may be forced to concentrate on the mountains. In such a situation they may force the Syrians to use their air force.

That's Assad's main problem. It is out of the question for him to use the airforce in an open attack on the PLO. That would bring a coup in Syria. That's why Assad is trying to isolate certain Palestinian forces and hope the Falange can do the rest.

Another Mideast affairs specialist concurred:

At this point Assad is not going to open an all-out war against the Palestinians since that would mean an instant Syrian revolt against him. His army wouldn't obey orders if they were sent on an all-out war against the PLO. Assad's plan is to localize his army hoping that the Palestinians are tied down in fighting with the Christians and an informal partition is set up.

NATO Maneuvers Are War Provocations

Aug. 20 (NSIPS) — The series of NATO autumn war maneuvers that began this week is a covert mobilization for war against the Soviet Bloc by 1977.

The 27 maneuvers collectively called "Autumn Forge" peak in early September and stretch from Northern Norway to the straits of Gibraltar to Turkey. Autumn Forge is not only the largest package of simultaneous NATO maneuvers in that organization's history, it is also the largest overall maneuver ever in Central Europe, involving 250,000 NATO troops, and includes amphibious exercises and airlifts. The latter, called "Reforger 76," involves the airlift of minimally one, and maximally seven U.S. continental divisions, to Europe. Writing on the maneuvers in Aug. 19 Frankfurter Allgemeine Zeitung, former Nazi general staff Major Adelbert Weinstein described them as "putting military power into effect... a policy of heightened mobility."

Autumn Forge is part war provocation, part war preparation. NATO's war plan, reflected in the maneuvers, is a one shot troop and arms build up in width for conventional warfare. As NATO Supreme Commander Gen. Alexander Haig told the West German daily Die Welt yesterday, "We will match the Warsaw Pact man for man, tank for tank."

The insanity of Haig's and Weinstein's conventional warfare reaction formation is that the Warsaw Pact strategy, as less incompetent NATO figures know, does not conform to NATO's fantasies. The Soviet Union would go for a first strike nuclear sanitizing hit against Central Europe, Britain, and North America, and then send its motorized troops, protected from radiation by their armor, through what rubble is left of West Germany. The Warsaw Pact is also already adopting concrete measures against Autumn Forge — massive civil defense exercises in the German Democratic Republic, and land maneuvers in Poland. Meanwhile GDR party head Eric Honecker and Soviet Party leader Leonid Brezhnev met in the Crimea this week to discuss West Germany, and peace and security in Europe.

Despite Western press bluster about NATO's vaunted "wonder weapons" such as anti-tank rockets, the August 16 Der Spiegel, the West German news weekly, documents the complete paralysis of defeatism that is pervading NATO, and NATO's knowledge of such paralysis. Spiegel covers the controversy in NATO over a war scenario by one NATO General who predicts that the Warsaw Pact will be on the Rhine 48 hours after they cross the West German border.

"A New Policy Of Mobility"

by Adelbert Weinstein

The following are excerpts from an editorial in the Frankfurter Allgemeine Zeitung Aug. 19 on a series of 27 NATO maneuvers this fall in West Germany called "Autumn Forge:"

The great military demonstration has already begun. The Atlantic allies' tanks are rolling on the roads of the Federal Republic...the possibility arises for bringing national tactical doctrines into agreement with one another. The integrated leadership apparatus has to prove itself in practice...If it is desired, such exercises of camouflaged mobilization serve the purpose of raising the credibility of our strategy of deterrence through intimidation. Not that a war danger exists this fall. But, according to General Haig (NATO Commander-in-chief), a military instrument only makes sense when it can be politically used...The American brigade in Bremerhaven is intended to be conceptualized as the vanguard of an American corps that has to intervene before the first shot comes, so that the first shot never hits.

All this is still planning. Its realization will partly depend on who becomes President in America. Yet "Autumn Forge" can contribute to the acceleration of the development of the policy of "reinforcement". The strategy analyzed by General Haig is, for the rest, new only for the Western world. The Soviets have been conducting it for years. With their strategic nuclear weapons the Russians maintain the balance of terror. Like the Americans, they calculate that this will preserve a state of non-war. With conventional weapons, however, whether on land or sea, they exert regional political pressure. The Kremlin is thus, under the protection of an atomic shield borne by both superpowers, the only beneficiary of the non-war. The East will have to share these benefits with the West, if only we are, in the opinion of General Haig, consistent.

Is The West Strong Enough

The following are excerpts from an article in the West German news magazine Der Spiegel Aug. 16 entitled "Is the West Strong Enough?" in which a scenario by Belgian NATO General Robert Close, commander of the 16th Belgian division in the BRD, was outlined:

On the Friday before All Saint's-All Souls Day (November 1-2),...the Bundeswehr is on weekend leave. Why not? Detente between East and West is developing positively. Two border guards, who go on patrol every night around 3:00 Saturday morning in Lauenberg along the western bank of the Elbe thus have little cause for special concern. However, they strain attentively: in the howl of the storm and the beat of the rain, the motors of heavy vehicles can be distinguished undeniably

Through their sights the border guards see — hardly believable — a pontoon bridge being shifted to the western bank of the Elbe. Pounding clatter leaves no further doubt that Soviet tanks are ready to march on the West.

...Three hours after the start of the attack, the report of the two border guards is only one of many. And on Saturday morning around 8:00 the NATO soliders, according to General Close, have to report the worst in their first comprehensive situation report.

The Soviet Union and its Warsaw Pact allies have gone on the attack on a broad front. Five divisions, the majority of them tank groupings, are rolling into Hamburg and Bremen. A further army group of six divisions is pushing in the direction of the Ruhr and with its northern wing takes Hannover; the goal of the southern flank is Bonn. Six divisions march on Frankfurt...A further six divisions, evidently aiming at the Nuernberg area, are supposed to block off a possible counterattack from the south.

...The airplanes and their weapons, which could be deployed against the attacking tanks, have no effect on the front. The

Starfighter, Phantom and Mirage cannot be navigated through to target in this kind of bad weather. Nothing in the conventional arsenal of the NATO forces enables the Eastern attackers to be stopped...Only one thing still looks as if it could break the Soviet wave of attack — tactical nuclear weapons.. In Washington, the advisors to the President, whose word holds the sole key to the use of U.S. nuclear weapons, cannot recommend the atomic strike against the attacker; shortly before, the Soviet government has declared that its war aims in Western Europe are

limited. A nuclear attack on the Soviet Union, however, would provoke immediate Soviet retaliation. ...U.S. weapons, deployed against Soviet troops in Hamburg, Hannover, or Frankfurt, would kill far more Germans than Soviets.

Forty-eight hours after the strike across the Elbe, Moscow's tanks prepare for a new river crossing: the vanguard of the invasion army from the East is standing on the Rhine. The Russians on the Rhine in two days — is that at all possible?....

Korea

Kissinger Stages Korea Crisis

Aug. 20 (NSIPS) - Information that has been available less than 48 hours after the Aug. 18 U.S.-North Korean clash in the Demilitarized Zone in Korea demonstrates that the incident was provoked by Secretary of State Henry Kissinger and that Kissinger hoped to escalate the incident to the point of war on the Korean peninsula. The escalation has not taken place due to the intervention of the Ford Administration via Defense Secretary Donald Rumsfeld, CIA Director George Bush, and the Pentagon. However, the crisis is not resolved yet.

The incident began when a U.S.-South Korean team went to trim trees in a jointly administered section of Panmunjom in the DMZ. After a North Korean patrol told the Americans to stop, a fight broke out with clubs and pipes, and 2 Americans; 3 North Koreans were killed. The Americans were the 46th and 47th to have died since the end of the Korean War in the DMZ and the first within the joint security area of Panmunjom. The incident is one of many over the past 22 years, which in the past have not led to major crises.

The Korean incident occurred when President Ford was occupied in Kansas City, leaving Kissinger in charge of Washington. Before any investigation was even begun, Kissinger immediately called the fight an act of unprovoked brutality, placed U.S. troops in Korea on alert status U.S. troops assumed during the 1973 Middle East crisis, and sent in two squadrons of F-111's and Phantoms. North Korea responded by placing its troops in a state of combat readiness — but made no troop movements that could have been interpreted by the U.S. as preparations for an offensive action.

Kissinger pushed for U.S. troop movements, which could threaten North Korea with invasion, and would have likely triggered a necessary preemptive move by North Korea. Rep. John Murphy (Dem.-N.Y.) declared on CBS radio news Aug. 19 that "Secretary of State Henry Kissinger wanted a major response. He wanted to start moving troops around...Fortunately, calmer and cooler heads prevailed" in the Pentagon, where Murphy is known to have close contacts. Several newspapers in West Germany also reported that the Defense Department had quashed a demand by Kissinger for "retaliatory action" which would surely have quickly escalated toward war. In short, there is now doubt that Kissinger sought a "shoot first, investigate later" "Mayaguez"-type incident.

The "unprovoked" nature of the incident was belied within 24 hours by U.S. military sources. An AP dispatch — blacked out of the New York Times and Washington Post and carried only in the New York Post — said: "The North Koreans blocked an attempt to trim the tree 10 days ago." The U.S. therefore knew that a response was highly likely if the attempt was renewed. Manchester Guardian writer John Gittings in an article reprinted in the Washington Post, reported that North Korea had complained that operations such as tree trimming should only be done by "joint agreement" and said that "the North Koreans are quite likely in the right to claim that their agreement should have been sought in an area that is supposed to be jointly administered" before taking action.

Nonetheless, the State Department has pushed the theory that the incident is part of some wider North Korean design, in part intended to "raise tension" at the Non-Aligned Summit in Colombo, Sri Lanka, which was in session when the incident occurred. A State Dept. spokesman told NSIPS that the tone of North Korean rhetoric at Colombo was significantly heightened since the purported North Korean escalation, although no other observers noted this heightening. Even the South Koreans refused to buy the U.S. line; the Washington Post of Aug. 19 quoted a South Korean government spokesman saying that the incident "was a case of overreaction from lower echelon North Korean military men," a fact that if true would dictate an entirely different U.S. course.

The motivation for the incident stemmed, apart from Kissinger's general push for nuclear war, from Kissinger's desperation over Third World moves for debt moratorium at the Colombo Summit. Atlanticist press outlets in West Germany immediately demanded that Ford take a "tough stand" against the Third World in the aftermath of the incident.

Greece-Turkey

Trouble For Kissinger Brewing In Aegean

Aug. 20 (NSIPS) — Turkey and Greece remained locked this week in a bitter, NATO-concocted dispute over a Turkish oil survey ship now sailing in contested Aegean Sea waters. The dispute, which is being personally orchestrated by U.S. Secretary of State Henry Kissinger and his handful of collaborators in both countries, has kept Greece and Turkey poised on the brink of war since the beginning of July.

Threatened by growing leftist strength in both countries as well as by the growth of pro-development forces in the Greek and Turkish military, business, and government circles who favor closer ties with the Non-Aligned sector, Kissinger has set into motion a regional war scenario designed to break the anti-NATO ferment in the area. Without the militarization of the region and a crisis to "manage," Kissinger would have little leverage to crush the left, block increasing Soviet influence in the area, and to impose austerity. More explicitly, the Aegean crisis was expressly designed to prevent Greece and Turkey from declaring debt moratoria against the New York banks and from moving into a working alliance with Italy's anti-Atlanticist Andreotti government and the Non-Aligned bloc.

The Secretary of State's attempts to stir up nationalist hysteria around the Aegean issue have met considerable resistance in both countries. The pro-Moscow Greek Communist Party (KKE) press has charged that "Kissinger is the architect of the present crisis," and has denounced him for sabotaging this week's U.N. Security Council sessions on the matter which

were called on the request of the Greek government. Both the KKE and socialist leader Andreas Papandreu are demanding Greece's immediate withdrawal from NATO and the expulsion of all U.S. bases from the country. These forces have criticized Greek Prime Minister Constantine Karamanlis for his "blind attachment" to NATO and his reluctance to be more flexible in his foreign policy.

In Turkey

In Turkey, resistance comes from the highest levels of the Turkish government. Prime Minister Suleyman Demirel is himself trying to defuse the crisis. He is however, under extreme pressure from Kissinger operative and former Prime Minister Bulent Ecevit, who returned two weeks ago to Turkey following ten days of meetings in the U.S. with Kissinger and other Wall Street representatives, who instructed Ecevit, among other things, to prevent Demirel from declaring a debt moratorium. Ecevit has been the prime proponent in Turkey of sending the oil exploration vessel into the disputed waters. In late June, the head of the Council of Foreign Relations and Kissinger adviser Sygnumt Nagorski, visited Turkey and predicted that the Aegean and not Cyprus constituted the main source of tension between that country and Greece. Immediately following that pronouncement Ecevit, backed by the Turkish National Security Council and the newly formed "Fourth Aegean Army," began issuing provocative, public demands that Demirel launch the oil ship. Unwilling to move against Ecevit and Turkey's invisible government, Demirel launched the ship, and thereby triggered the present crisis between Greece and Turkey.

Ecevit's destabilization maneuvers are aimed at breaking Demirel's drift toward the Non-Aligned and socialist sector. Faced with record low foreign reserves that are plunging by \$160 million every week, Demirel is looking to the Non-Aligned bloc, the Soviet Union, and Japan for a way out.

Prior to the opening of the nonaligned conference in Sri Lanka, Demirel was actively trying to get Turkey admitted to the conference. Last week, the Swiss bankers' daily *Neue Zuercher Zeitung* sounded the alarm that "anti-Russian sentiment has begun to diminish in Turkey," — long a bastion of anti-Communism. According to the Turkish press, the CIA-controlled Turkish Intelligence Agency has warned Demirel against expanding economic cooperation with the socialist sector following the recent signing of several trade deals between Turkey and Bulgaria.

Alternatives

As bonapartists, neither Karamanlis nor Demirel wants a war or a "managed crisis." Nor do they want their countries destroyed by Wall Street's austerity schemes. Yet neither has been willing to forcefully dismantle NATO's invisible government in his respective country and move ahead with implementing a Soviet-backed regional peace-and-development program. Such a program is the only means of permanently defusing tensions in the eastern Mediterranean.

But despite the presence in both countries of a coalition of forces who would support moves towards the socialist bloc and the non-aligned, who would support the dismantling of the NATO apparatus, neither Demirel and Karamanlis have moved. They have refused because these leaders fail to understand the present global correlation of forces, — not comprehending that developments in Colombo, in Italy and the socialist sector mean that they will have powerful allies should they chose to make a political fight against Kissinger and NATO. Instead they remain timid, attempting to maneuver to prevent war within the limits defined by the Atlanticists' game.

In Turkey, the situation is ripe for Demirel to break with NATO. As the leader of a large, bonapartist political machine backed up by large numbers of Turkish businessmen and in-

dustrialists who strongly oppose the credit and import restrictions imposed by the IMF and the EEC, Demirel also enjoys support from the more traditionalist elements in Turkey's pro-development military. These latter layers are a major force in Turkey as the largest shareholder in one of the country's biggest shareholding companies. Should Demirel declare a debt moratorium and move toward the socialist and Non-aligned blocs for trade and credit, he will not only be backed up Turkey's industrial and military layers, but also by a large working class movement organized around the Turkish Communist Party-backed trade union confederation DISK, which has recruited hundreds of thousands of workers over the past several months alone. Already, key leftist leaders have signaled their approval of Demirel's willingness to expand trade deals with the Soviets and have criticized Ecevit for his empty "social democratic" rhetoric.

While Karamanlis' political machine is not nearly as extensive as that of Demirel, any move on his part toward closer cooperation with Andreotti in Italy and the Non-aligned bloc would receive the firm backing of the KKE and Papandreu's broad-based socialist party, PASOK. Farmers and peasants organized by the KKE and PASOK, as well as industrial and financial circles organized around one of Greece's most powerful bankers, Stratis Andreadis, have been strongly critical of the EEC's policies toward Greece, policies which threaten to destroy much of Greek agriculture and industry in the name of "integration into the Common Market."

Greek shippers have been especially adamant in their refusal to accept the EEC plans for the destruction of the European ship-building and shipping industries. Pressured by these shipowners, the Greek government this week revolted for the first time since Greece was admitted earlier this year as a full member of the EEC and informed the Community that it opposes its attempts to undermine the shipping industry. In addition, Karamanlis renewed his call to reconvene the Balkan Conference in an effort to defuse tension in the region.

However, unless these initiatives are linked to an overall development plan for the entire region, Karamanlis is only setting up himself, the Greek left, and other pro-development forces in the country, for further NATO-backed provocations — and eventually his own elimination.

Africa

Crises Create Conditions For Military Takeover In South Africa

Aug. 20 (NSIPS) — U.S. Secretary of State Henry Kissinger is making a last stand in southern Africa. In the last week, Kissinger has coordinated murderous raids by Rhodesia into pro-socialist Mozambique and internal strife in South Africa. The object of this violence is to create the conditions for the South African Army to seize control of the government and proceed to carry out the Atlanticist policy of war and genocide against nations in the southern African region. Gen. Magnus Malan, new Chief of the South African Defense Force, along with South African fascists including leading Atlanticist ally Harry Oppenheimer of Anglo-American Corp. are working behind the scenes with Kissinger to set up the army takeover. An army "cold coup" would impose martial law on the population and indefinitely suspend the nation's all-white parliament, thus turning South Africa into an outlaw state at the fingertip control of Kissinger. Kissinger could then dispatch this outlaw

force against any state opposing the Atlanticist policy, especially Angola and Mozambique, and against the population inside South Africa, transforming the entire region into a genocide slave-labor camp.

The two-fold trigger for this move by Malan and the army is the widespread unrest inside South Africa provoked by police repression of student demonstrations, including flogging of peaceful but illegal demonstrators, and the region-wide crisis created by the NATO-coordinated terror raids by the Rhodesian military into Mozambique. The Atlanticist press has loudly advertised the murderous Rhodesian raids as inviting Soviet or Cuban intervention. The spectre of Soviet or Cuban intervention into Mozambique on the side of Zimbabwe (Rhodesian) guerrillas fighting for majority rule is inducing maximum hysteria among southern Africa's white population.

The Rhodesian raid was made against a camp of 8,000 civilians, refugees from Zimbabwe. The Rhodesian forces entered the camp and mowed down anyone who couldn't get out of the way fast enough. The death toll is well over 670, and may reach 1,000 as more bodies are uncovered from ditches where they were thrown, or the mass graves and buildings into which victims were piled up, which were then burned.

South Africa is going for a similar crisis between Namibia and neighboring Angola to set up Angola for attack by South African military forces. South Africa is required by the United Nations to present a proposal by the end of the month which will satisfactorily lead to Namibia's independence. Namibia is now controlled by South Africa. This week South Africa advanced a proposal which advocated turning Namibia into a bantustan (concentration camp) region under South African control. This proposal has been rejected as a fraud by Swapo, the Namibian liberation group.

Any civil strife resulting from continued South African repression in Namibia will be blamed on forces "aided and abetted" by Angola, to establish the pretext for South African military attacks on Angola. Malan is warning of guerrilla war: "I am prepared to predict that our country can soon expect the possibility of a terrorist war. I believe it will be of low intensity and an unconventional war." This "terrorist war of low intensity" is Atlanticist jargon for the unleashing of their black terrorist gangs against their own white regimes, providing the justification for a South African war against any country that Malan and Kissinger want to charge with "harboring" the terrorists.

Internal Maneuvers

Inside South Africa Fabian liberals, typified by the United Party's Sir De Villiers Graaff, who have in the past offered only token criticism of apartheid, are taking their cue from the riots provoked by the police and the implementation of preventive detention on a nationwide scale to call for a moderate government which would improve the status of blacks. The liberal call is fueling the backlash among Afrikaners, who would welcome an army takeover to rid the nation of apartheid by eliminating blacks entirely. The ruling pro-apartheid National Party is now talking of dumping the parliamentary system and replacing it with a federated system of local-control work camps and bantustans secured by the military.

To keep moderates in line, white terrorists organized into revived Nazi gangs have been let loose upon progressive anti-apartheid whites. In late July, the hoodlums of the pro-Hitler Ossewa Brandwag gang set fire to the offices of De Beeld, an Afrikaner newspaper with a liberal line, according to the Soviet news agency Tass.

CounterSpy's Winslow Peck On South Africa Violence

Aug. 18 (NSIPS) — The following interview on South Africa with Institute for Policy Studies operative Winslow Peck was made available today to New Solidarity by an independent reporter. Peck serves as an international terrorist controller and is one of the editors of the Institute's publication CounterSpy. He previously told another journalist that the Institute intended to expand its international work, sending its "Fellows" to new areas including southern Africa.

Q: Can you comment on your recent article in CounterSpy about South Africa totally leaving the control of the CIA and U.S. State Department.

A: ...What I'm expecting is that South Africa will move more and more independently, making policy decisions more and more out of line with what Washington wants — more in terms of foreign policy than in terms of internal structure. It would then be likely for South Africa to declare war on Angola and Mozambique....

The real thing is the formation of a new international alliance between South Africa, Israel, Iran, possibly West Germany, Malawi, maybe India, and the Philippines. First you'll see the alliance economically, and then you'll see mutual defense pacts. ...The new power bloc economically and politically...has learned the lesson of Vietnam that the U.S. will not support its own clients. Therefore they are forming a bloc to rely on each other. The corporations are the primary influences on all policy in this bloc...like Angloamerican (Corporation) that really runs much of South Africa's policy. It has its own private intelligence and security, but it's all very complicated and runs in a closed, secret atmosphere. It's impossible to tell where Angloamerican ends and BOSS (the South African Bureau of State Security-Ed.) begins. At times, I doubt that individuals who work in it (Angloamerican) are sure whom they are working for. You should read an article by Norman Mailer in New York Magazine on ITT and the CIA. Their relationship is similar to that of Angloamerican and South Africa.

Q: How will NATO react to this new alliance?

A: For all practical purposes South Africa is in NATO....But the real story is Soweto and the black liberation movement....It's fantastic and astonishing — it's like the student movement here in the 1960s. There'll be more riots....

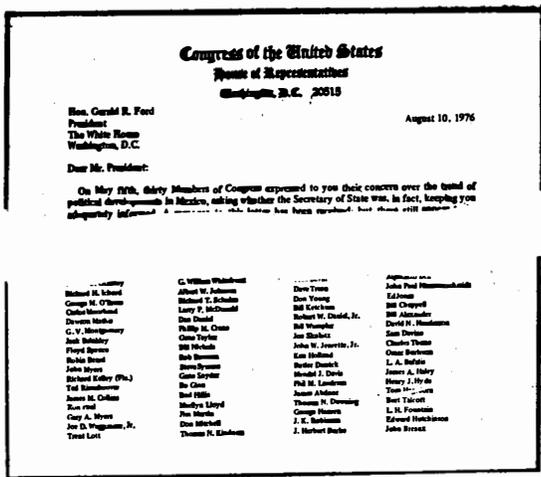
Q: How will this affect the government?

A: This will push them further and further to the right. They will become more repressive, both in foreign policy and internally. A lot of security activity is now being directed against the student movements, particularly to prevent the black and white student movements from hooking up, but security is also directed against the extreme right wing.

Q: Doesn't the government want the right wing?

A: There are two right wings. One is people like Oppenheimer (the Rockefeller-linked diamond magnate-Ed.) and Vorster (Prime Minister). They are smart, on top of things financially, and more outward oriented. Then there is the extreme right, the Afrikaners. They are adventurist; they want a war with Black Africa, and they have stupid actions, and politically. The government (the Oppenheimer-Vorster right) keeps the extreme right under control by spying on it, organizing sabotage and murder, just the normal political processes, the same way they do in this country....But it is only a matter of time until South Africa is destroyed.

McDonald Hoax Aims Red Scare At Mexico



NEW YORK, Aug. 18 (NSIPS) — A U.S. Labor Party preliminary investigation of an "Open Letter to President Ford from 76 United States Congressmen of Both Parties Denouncing Mexico's Slide to Communism Under President Echeverria" published as a paid political advertisement in the Aug. 16 New York Times and Washington Post, reveals that the letter is a hoax. According to the offices of the first nine Congressmen contacted by U.S. Labor Party representatives in Washington, D.C., the so-called "open letter" was presented to the Congressmen under false pretenses, or the Congressmen did not sign the letter at all.

The letter was circulated by Rep. Larry McDonald (D-Ga.), who is connected to the Institute for Policy Studies. The letter was written on his letterhead (which did not appear in the advertisement) and was paid for and placed by the Rockefeller-connected American Security Council.

As one Congressional source remarked, "This was an international destabilization operation."

Congressional offices charged that the letter had been presented to the Congressmen who signed it, merely as a request from McDonald for aid in getting information from the President. In the wake of its publication, the various Congressional spokesmen charged that McDonald's actions were "deceptive," "suspicious," and "irregular."

The McDonald letter is part of a broad attack launched by Rockefeller-controlled Wall Street forces whose ultimate aim is the "Chileanization" of Mexico and the extermination of more than 30 million Mexicans. This genocidal policy, supported by Wall Street Presidential candidate Jimmy Carter and being implemented through a network that involves his top advisors, is already in the first phases of implementation, a fact we have documented in previous issues.

To the extent that such IPS-linked networks are successful in spreading lies about the Mexican "Red Menace" they will have an important secondary effect — the destabilization of President Ford's moves toward building world peace. Seen in that light, the McDonald letter moves the world closer to nuclear confrontation.

We print below excerpts from a series of columns on the McDonald provocation which appeared this week in the progressive Mexican daily *El Dia*. In addition we also print excerpts from a speech given this week by Mexican President Luis Echeverria, the leading Third World spokesman for the new world economic order. It is his policies that Wall Street seeks to eliminate as the principle obstacles to their genocidal plans for Mexico and the Third World.

Jorge Aymami, in an article entitled "The Big Lie" describes the McDonald letter as very "dangerous and alarming."

With lies, Hitler tried to justify invasions and institutionalized genocide. With lies (remember the 'Gulf of Tonkin' incident?) the North American intervention into Vietnam and Indochina was consummated. With lies were perpetrated the doomed actions against the Cuban revolution and were created the conditions for the military coup in Chile... The (Big) lie has a purpose. In the case of the letter that concerns us, it pursues the intention of preparing the North American public opinion for whatever might happen in Mexico, predisposing, with the decoy of "Communist Threat", the acceptance of not very pleasing solutions. It has besides the intention of 'alerting' public opinion internationally and of encouraging those small but select economic groupings who are (adversely) affected by the politics of social democracy, that the government of (Mexican President) Echeverria has adopted. Finally, by its threatening tone, the proposal (intends) to pressure the future governments of Mexico, particularly the elected Lopez Portillo, to change the domestic and foreign policy of Mexico."

Columnist Tellez Giron writes the following in reaction to the McDonald letter to Ford.

Labor leader Angel Olivo Solis is not deceived when he affirms that behind the acts of terrorism, and specifically behind the intention to assassinate (the sister of Mexican President elect Lopez Portillo) Margarita Lopez Portillo, one will find the CIA: that is to say, the government of the United States.

It is the most direct and insolent aggression that the U.S. has launched against Mexico in recent years. Except in declarations that are made prior to breaking off relations, it would be difficult to find other comparable terms. Few times have we been assaulted and insulted so gravely by the North American government.... The (ring) leader of the 76 congressmen is only one of the top leaders of the John Birch Society, ultra-right wing terrorist organization. What is the extraordinary importance of this fact?... an alliance (exists) between the John Birch Society and the most violent neo-fascist groups in Mexico that have perpetrated diverse crimes — including assassinations and kidnappings....

The agents of the North American government as their allies in Mexico are trying to open the way to a Chilean coup....

Columnist Socorro Diaz offered the following comments:

... It is worth noting that the opening of the hostilities was carried out by mouthpieces of the old imperial inner circles such as U.S. News and World Report and Time, specialists in cooking up tendentious stories and veiled editorial threats. From these trenches, the true holders of power in the U.S. broadcast the model — tailored to their wishes — that the next government of Mexico was supposed to back — not without committing the offense, incidentally of denying Lopez Portillo his own nationalist political path...

But knowing the details of how these routines operate makes it clear that the network in which this global campaign of pressure takes shape has its headquarters in Washington. Only in this way can it be explained how the tall stories and warnings of the best-known U.S. magazines have followed on the heels of the apocalyptic reports of those publications specializing in economics and ready-made scandals, such as the New York Times and the Washington Post, self-proclaimed defenders of freedom of expression, in clear mockery of the facts and in open parroting of their economic and political connections ...

And now that the campaign of threats is being into direct

action, one of the most arrogant and offensive documents ever concocted by U.S. expansionist and interventionist policy is revealed in the United States — a document signed by 76 U.S. Congressmen noteworthy for their ignorance and insolence.

...The fact that a cynical part of the U.S. Congress is using the same arguments as Mexican private enterprise and the right-wing party shows the closeness of the connections and affinities. To try to argue back would be merely useless, since these Congressmen have not jumped into the arena to stir up polemics, but to seek the direct intervention of their country in Mexico. They forgot to mention, however — perhaps for "strategic" reasons — if they prefer an invasion by the Marines, an economic blockade, or an internal collapse.

The following are excerpts from a speech made by President Luis Echeverria on Aug. 15 in Tijuana.

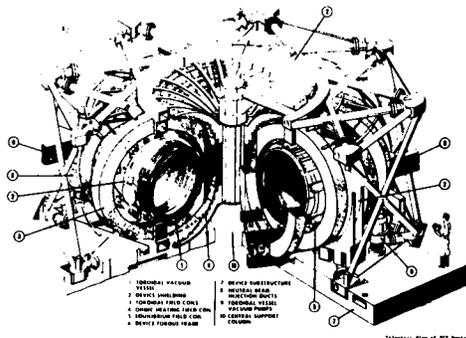
— We form part of the poor countries of the world. As in Central America, as in the Caribbean, as in South America, as in Africa, as in many Asian countries, and as is occurring in some European countries — notwithstanding the astonishing growth of contemporary civilization and the scientific discoveries and progress of industrialization in some countries — poverty has not disappeared in the world. Therefore we have approached nations with the same problems

as ourselves, to propose that we fight in the world for a more just order, for an order in which each country can offer its natural and human resources, to harmonize with the possibilities of other countries and to find for all better conditions and norms of justice

When we have asserted "The Charter of War," (i.e. the Charter of the Rights of Nations, a principal document of the new world economic order - ed.) we have stated in reality that either a new international economic order is established or there will be the greatest of wars in comparison to that which has occurred until now.

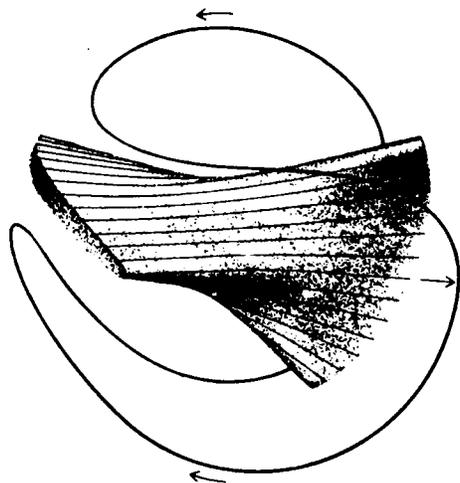
When we speak of countries in the process of development, we are saying that the majority of these countries are in reality in a process of agony and that this is very serious for humanity which should have, above all in the most rich and powerful countries, the best information of what is going on in the world and in the U.S. above all, what is happening with its neighboring countries... (what) we need to construct (is) an international democratic society with respect for the dignity of man, respect for all his liberties. In Mexico we are, through our Revolution, in a hand-to-hand struggle for the defense of our liberties in the face of all the foreign ambushes, from wherever they come, respecting and defending our home, although it is very modest, thinking of a better world for our sons...

Fusion Energy Foundation



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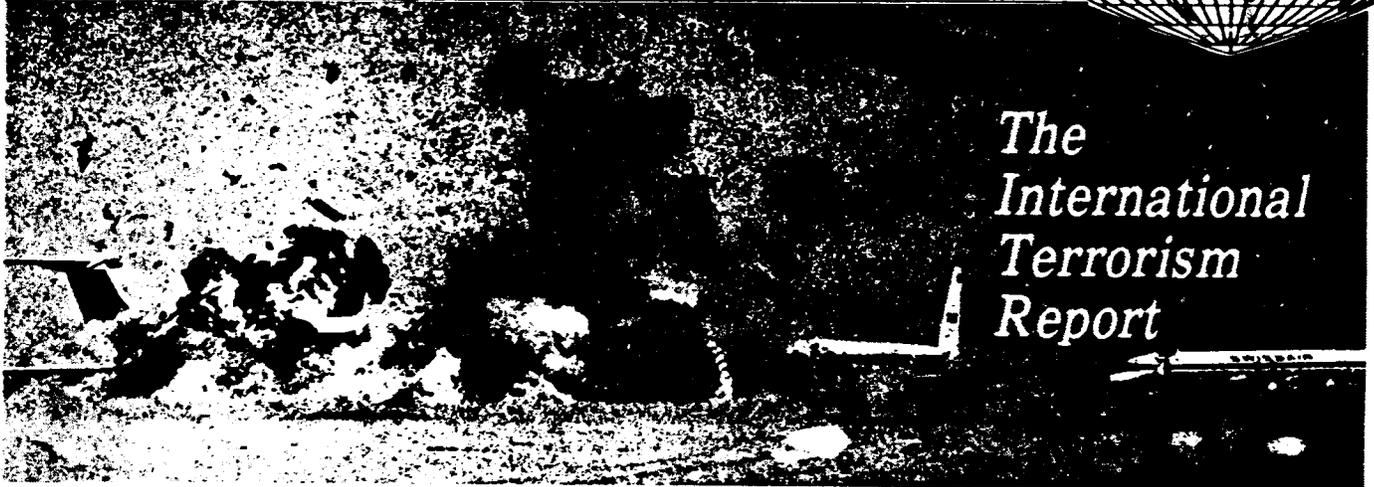
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The International Terrorism Report

IPS Terrorist Convicted In Seattle

Trial Proves Conspiracy Against Labor Party

SEATTLE, Aug. 17 (NSIPS) — Paul Zinsel, the local controller of Institute for Policy Studies terrorist field hands in this area was found guilty by a jury in city court Aug. 15 of having menaced U.S. Labor Party members during a 15-man goon attack on a USLP rally May 26. The judge sentenced Zinsel to a \$100 fine and a 10 day suspended jail sentence for actions which city prosecutor David Admire termed "strikingly similar to Hitler's."

The IPS terrorist Zinsel, who has been called to testify before a grand jury investigation of the recent spate of bombings in the Seattle area by the IPS-created George Jackson Brigade announced that he would appeal the verdict.

Information which emerged during the testimony of Zinsel and several of his zombie associates, provides hard evidence of the IPS conspiracy to disrupt the constitutionally guaranteed rights of the Labor Party as charged in the party's suit against Counterspy-IPS. Under cross examination by Admire and often "volunteering" their own testimony, Zinsel and his cohorts admitted that they had formed a "disorganized organized" coalition called the "Committee Against Right-Wing Attacks" for the express purpose of "educating people about the dangers of the fascist LP"; that they had participated in numerous instances of "counterleafleting" against the Labor Party; that Zinsel himself was involved in an anti-Labor Party meeting minutes prior to his attack on the Labor Party rally; that they had no intention of upholding the Labor Party's Constitutional rights; and finally that Zinsel had assaulted Labor Party candidate for State School Superintendent Steven Kane. If that were not enough, the defendant and his supporters conspicuously fanned themselves with copies of the CounterSpy Terrorist Information Project (TIP) brief on the Labor Committees that provides guidelines for the disruption of USLP activities.

As Zinsel and Company were admitting their conspiracy against the Labor Party, a parallel IPS operation in the Portland area was ordered into action. Twenty members of the Institute-controlled Revolutionary Union yesterday attacked USLP organizers at a pre-announced party rally to kick off

USLP electoral petitioning in the state. In an attack similar to the Zinsel assault, the RU goons charged a Party literature table, beating organizers with sticks, and then quickly dispersing. There were no severe injuries. Charges will be filed by the police.

The Trial

An independent witness subpoenaed by the city who had observed Zinsel physically preventing Kane from entering a phone booth at the May 26 USLP rally failed to appear; hence the city's case relied upon the testimony of USLP members Steve Kane and Bob Turney. Zinsel had four witnesses: Fred Diamondstone (National Lawyers Guild member and defendant in the USLP's CounterSpy suit), Lynn Thorndycraft, Zinsel's lesbian girlfriend, Susan Laughlan, an associate member of the Committee Against Right-Wing Attacks, and Zinsel himself.

City Prosecutor Admire began his presentation in a manner which led observers to believe that he would shy away from serious constitutional and political issues and allow the case to be reduced to a feud between two groups of different political orientation. But with Zinsel and his witnesses flaunting their total disregard for the Constitution, the prosecutor moved to sharply focus the case on constitutional grounds.

In stark contrast to the show put on by Zinsel and his band of zombies, the USLP members straightforwardly and honestly presented the facts of the incidents of the day, which culminated in the descent upon a USLP campaign rally by Zinsel and 15 others, during which Kane was repeatedly assaulted by Zinsel.

Zinsel served as his own attorney, with help from Seattle lawyer Jim Vonasch who served as the defense attorney for Zinsel associate John Van Veenendaal in a case involving Van Veenendaal's assault on U.S. Labor Party Senatorial candidate Will Wertz. In his cross examination of Kane, he committed his first blunder by technically making Kane his witness, by using Kane to introduce evidence. Hence Zinsel could not, as he later wished, impeach Kane, and so had to be bailed out by arguments from Vonasch.

After the city presented its witnesses, Zinsel opened his defense with an opening statement. Failing to state how he would show the city lacked evidence upon which to convict him, Zinsel openly stated to the jury "yes, I kicked Kane" and then complemented his remarks with a physical demonstration of a karate kick he used on Kane. What Zinsel claimed he sought to demonstrate to the jury was how, through a series of provocations directed against him and his associates by the USLP over a period of several months, his mind had been in a state of "slow boil". On the day of the incident, he claimed, he unexpectedly "lost his cool" and struck Kane.

From that point on, Zinsel and his witnesses went into a circus routine of long and windy statements and epithets in an attempt to prove the USLP a "splinter group, fascists, Nazis, who were extremely insignificant, yet somehow mysteriously very dangerous, somehow funded by the CIA, whose sole purpose of existence was to give the left a bad name, and to harass, intimidate, provoke people on the street with their paranoid literature and to coerce them into buying their newspaper."

Zinsel's witnesses desperately attempted to portray the USLP as a band of rowdy thugs, who have savagely assaulted Zinsel et al. with the most "insulting" array of sexual, etc. insults and attempted to develop this "history" beginning with a rendition of the USLP's Operation Mop Up and events of 1971-73. Their first major upset occurred through damaging testimony by Diamondstone, which decisively turned the interest of the prosecutor in the Labor Party's direction. Diamondstone's testimony will be put to valuable use in the CounterSpy suit, as he clearly developed for the audience and the jury, the conspiracy to "drive the USLP off the streets." He not only admitted to being a part of the "coalition" to "educate people about the Labor Party," but he also admitted to having participated in at least six "counterleafleting events" whenever the Labor Party was spotted on the streets. In describing the chronological events of the day of the assault, he described his actions the first time encountering the Labor Party on University Avenue as "having driven them off that site." This caused the prosecutor's hair to stand on end. As all throughout his testimony and the court session, Diamondstone was portraying himself in the most degrading, propitiatory manner, as being the perfect law student who is about to embark upon a big career. After letting Diamondstone ramble, the prosecutor began a series of questions that caught Diamondstone completely off guard, and in the process, he hung himself with his remarks.

The prosecutor asked "So you will soon be taking the bar exams, is that correct?"

Diamondstone: "Yes sir."

Prosecutor: "That means you will be sworn in before the Supreme Court?"

Diamondstone: "That's correct."

Prosecutor: "And you will swear to uphold the Constitution?"

Diamondstone: "Yes."

Prosecutor: "And you would uphold the USLP's right to free speech?"

At this point, Diamondstone became destabilized and tried to answer the question by qualifying his remarks, which the prosecutor refused to allow him to do, and said "Answer the question, yes or no."

Capitulating to his terrorist peer group, Diamondstone replied: "No."

After Diamondstone, Zinsel called Laughlan and a video segment which showed Kane walking up to Diamondstone and hitting him in the face on the day of the incident. Laughlan claimed that she and all her videotape equipment "just happened" to be on University Avenue on May 26 during the scuffle. The segment was short, the person supposedly Diamondstone hardly looked like him, and the witness herself was very un-

credible. It was clear to the prosecutor and evident to the jury that the whole incident itself was an obvious set up by Laughlan and Diamondstone and that the tape was edited. The circus atmosphere was increasingly becoming more and more transparent, accentuated through the sharpening edge of the prosecutor.

Zinsel was his last witness, after Thorndycraft. All three in their testimony heaped a strong emphasis on remarks made to them by the USLP. The witnesses reduced their "evidence" to recounting all the particularly nasty things said to them. Diamondstone was angry that the USLP had told him that he had a beard because he wanted to be in his mother's womb; Zinsel was distraught over being called a "50 year old hippy pervert" and that nasty things were said about the sexual peculiarities of his relationship with Thorndycraft; Thorndycraft bemoaned the USLP calling Zinsel a kangaroo because he carried a purse and that by association with him, it implied that she slept with kangaroos; calling her a lesbian and screaming obscenities about her over a bullhorn that could be heard three blocks away from the scene.

Zinsel's testimony was particularly damaging, not only in his admission of kicking Kane several times, while compulsively demonstrating to the jury again his karate kick as he sat in the witness booth, but also, significantly, in establishing and revealing for the first time the IPS-CIA interface connecting his operation. Zinsel was ranting about the Labor Party's CIA connections, the Labor Party's calling him a terrorist, FBI agent and supporter of the George Jackson Brigade. In a startling development, Admire asked Zinsel if he knew Phil Sherburne (a CIA operative in the Seattle Office of Policy Planning). Zinsel replied that he knew of Sherburne, and "I know his wife very well." The prosecutor then noted that the Labor Party has been known for a long time as having consistently attacked Sherburne as a CIA operative, given his position as former head of the National Students Association. Admire then developed that the National Students Association has been exposed as being a CIA conduit and essentially said that Sherburne is a CIA agent. He then asked Zinsel: "Are you asking me to believe that the CIA attacks and goes after the CIA?" This both exposed Zinsel's idiotic logic and totally destabilized him. Zinsel was flabbergasted and limply defended Sherburne by stating "But he was in the LEAA" as though that was supposed to be a rallying sign for Admire to come to his senses. The prosecutor ignored him and Zinsel continued, "You really want me to get into all this here?" With the damage to Zinsel done, the prosecutor retracted his question and moved into another area.

Zinsel had taken great pains to recount a specialty of his: growing up under the Nazis in Austria. He tried to graphically portray the USLP as being potentially of the same dangerous caliber. After letting him ramble on under questioning by Vonasch, under cross examination, Admire said to Zinsel: "I have only one question or remark to make, Mr. Zinsel, and that is that what I find the most shocking and horrifying about Hitler was how whenever anyone disagreed with Hitler, he moved to wipe that person out...to drive them off...to silence them...It is this similarity between Hitler and your actions that I find the most striking...No further questions."

In his summation, Prosecutor Admire specified that he had clearly shown that Zinsel — by his own admission — was guilty of menacing. He reminded the jury that there is a clear line between the First Amendment and those actions which clearly over the bounds of protected actions and become violations of the law.

The jury was out only 40 minutes. When Zinsel was asked by the judge whether he had anything to say before he was sentenced, the IPS operative reflected a minute and replied, "I think I've already said too much."

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