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TABLE OF CONTENTS**INTERNATIONAL**

- 2 Israel- S. Africa Axis Set For Schlesinger Doctrine Military Showdown
- 4 African Front-Line States Prepare For War
- 5 Europeans Dangerously Silent On Mideast
- 7 Hawks Have Free Rein In Israel
- 8 New Urgency For MBFR Agreement

NATIONAL

- 11 Carter To Kill Fusion Power
- 13 Carter's Congressional Energy Legislation
- 14 Carter Seeks "Pick and Shovel" Publicly-Funded Jobs
- 15 Senate Conservatives Position Themselves On Key Committees
- 16 Opposition To Warnke Mounts
- 17 Rostow: Soviet Weapons Strides Make Nuclear Ban "Only Meaningful Negotiations"
- 18 Korry: Chile Cover-Up Could Be Carter's Watergate
- 19 Harriman, IPS Push War And Warnke
- 20 Fusion Energy Foundation Tour Builds Alternative To No-Energy Program
- 21 Energy And Industrial Policy For The U.S.
- 24 California Industrialist Hits Delays In Natural Gas Development

ECONOMICS

- 26 Banking
- 27 Foreign Exchange
- 28 Special Report

SCIENCE AND TECHNOLOGY

- 31 U.S. Seeks Classification Of Soviet R and D
- 33 The Solar Energy Fraud

SOVIET SECTOR

- 36 E. Germans, Czechs Counter Soft Line On Carter
- 37 Triangular Trade Advocate Exposes Trilateral Commission Policies

MILITARY STRATEGY

- 40 Is Admiral Turner An Intelligence Incompetent?
- 42 Warnke Testimony Follows Trilateral Line

UNITED NATIONS

- 44 What Carter Is Up To On North-South Policy

EUROPE

- 46 Soviets Ask For "Feasibility Study" Of T-Ruble Convertibility
- 48 Confindustra Reports On The Transfer Ruble
- 49 West Germany
- 52 Britain
- 53 France

MIDEAST

- 55 Cyprus Talks Move Forward
- 55 Turkey: Demirel Forces Move Against NATO Destabilizations
- 56 Greece: Karamanlis Mops Up Interpol Terrorists

ASIA

- 57 Trials And Tribulations Of Japan's Fukuda
- 58 Korea's Park Counters U.S. Scandals

LATIN AMERICA

- 60 Brazilian Monetarists Oust Pro-Growth Industry Minister
- 62 Carter's Cuban Confrontation Policy
- 63 Venezuela's CAP Threatened With Coup
- 64 Third World Think-Tank Announces Study Of Debt Burden
- 65 Colombia — A Nation Of "Dead Cities?"
- 66 Mexican Chief Of State Slapped Around On Washington Visit

LAW

- 68 The Plot To Drug America
- 69 A Who's Who Of Carter's Drug Pushers
- 71 A Physiician Takes Aim At The Pot Lobby

PRESS

- 77 Behind The Bylines

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IN THIS WEEK'S ISSUE —

Two months before Carter's official announcement of his Rockefeller-scripted energy program for the USA, Washington sources have revealed the U.S. fusion research budget will be cut by 20 percent ... Carter spokesmen are promising publicly overall energy consumption will be chopped 30 percent. For a full report on the "energy conservation" drive to gut U.S. industry ... including a summary of the bills already lined up in Congress ... see **National Report**.

* * *

What about Carter's solar energy alternative? This week's **Science and Technology** section explains exactly what a solar-based economy would look like ... demonstrating with scientific precision why such approaches to the energy needs of the 1970s and beyond are **incompetent ... and treasonous**. ... Plus an analysis of the scientific implications of the USSR's "cooled protons" breakthrough described in last week's Executive Intelligence Review.

* * *

A national backlash against the Carter program is developing west of the Hudson. Included in the **National Report** are reprinted speeches by Joseph R. Rensch, president of the Pacific Lighting Corp. and Dr. Morris Levitt of the Fusion Energy Foundation given at **Sacramento's Comstock Club** ... plus a roundup of recent U.S. Labor Party organizing to put an alternative energy program before the U.S. population.

This week's special **EIR Supplement** (free to our subscribers) contains the full text of the U.S. Labor Party's proposal for the **Third National Bank** ... in the tradition of **Alexander Hamilton** and the American revolution ... the cornerstone of the **new credit system** the U.S. must have to effect a genuine economic recovery in the post-Rockefeller era.

* * *

Conservatives have dug into the Congressional committee structure and are well placed to give battle to Carter's Trilateral regime. A fight is shaping up over Carter's nomination of **Paul Warnke** as U.S. "arms control" czar ... and both "hawks" like **Eugene Rostow** and "doves" like **Averell Harriman** have rushed to **Warnke's defense**. For exclusive interviews with Rostow and others ... see **National Report**. For important background analysis on the national defense issues at stake, turn to **Military Strategy**....which also carries a profile of Carter's new choice to head up the Central Intelligence Agency.

* * *

Behind **South Africa's** veiled threat to use atomic weapons against her neighbors ... the result of technical assistance supplied by **Israel** ... behind the front-page "revelations" of **CIA funding for Jordan's King Hussein** ... is the Carter administration's determination to bluff Arab, European and Soviet opposition into submission with threats of "**blitzkrieg**" war in the **Middle East and Africa**. This week's **International Report** features complete news analysis of developments in the world's two major hotspots ... in the af-

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termath of trips to those regions by the Carter team's **Cyrus Vance** and **Andrew Young**.

* * *

What do Carter and the Trilateral Commission have to offer the world besides war? Our **United Nations** report analyses administration perspectives for the North-South dialogue ... and concludes they include nothing more than a refurbished version of **Henry Kissinger's** frequently rejected "International Resources Bank" scheme for a **world fascist economy**.

* * *

Our **Latin America** section illustrates Carter's Third World policy with an exclusive report on this week's **humiliation of Mexico's President Jose Lopez Portillo** in Washington ... Lopez Portillo found he couldn't crawl low enough for **Zbigniew Brzezinski**.

* * *

Although the **Soviet leadership** has so far played into Carter's hands with its **show of desperate anxiety** for an early SALT agreement ... it is clear that some Eastbloc policymakers are pushing for a **new political strategy ... an alternative to the nightmare choice of Soviet capitulation or Soviet preemptive military action against the USA**. Our **Soviet Sector** report contains excerpts from the relevant proposals fielded by the Eastbloc press.

* * *

Europe has the muscle to derail Carter ... if

European leaders find the guts to use it decisively. Our European survey includes Italian press reports on continuing European moves toward ... **dumping the dollar and a new monetary system** utilizing the Soviet transfer ruble. Collateral reports on West Germany, Britain, and France chronicle the continuing consolidation of factions **in revolt against Carter's global de-industrialization policy**. Included is an interview with West German Chancellor **Helmut Schmidt**.

* * *

Backing the European report, our **Economics** section details Europe's efforts to turn **Rockefeller currency warfare** against the dollar ... including further preparations to **remonetize gold**.

* * *

Even in Japan, now ruled by **Carter's loyal ally Fukuda**, opposition to Carter policies is running high. See our **Asia** report for a news analysis of **Fukuda's troubles ... and a new slant on the Korean CIA scandals** which the Park government in South Korea may turn against Carter and **Fukuda**.

* * *

And EIR exclusive ... the low down on the **plot to drug America** through **decriminalization** of narcotics use. Includes a **who's who of the dope pushers** inside and outside the Carter administration ... plus an exclusive interview with a nationally recognized medical expert on the effects of marijuana usage ... which explodes the myth that "pot is harmless" (see **Law**).

Israel-South Africa Axis Set For Schlesinger Doctrine Military Showdown

by Bob Dreyfuss

The Schlesinger Doctrine for limited nuclear war has become an active and operational policy in the Middle East and Southern Africa, where the twin nuclear outlaws — Israel and South Africa — are gearing up for a military showdown with their neighbors in support of the Trilateral Commission's strategic policy.

The military power of Israel and South Africa, who are working in close cooperation with each other on all aspects of the coming confrontation, is the key element in the Carter Administration's bluff to blackmail the Arabs and Africans, and their allies in Western Europe and the Soviet Union, into backing down from a policy commitment to a system of trade based on the Comecon transfer-ruble, and to force their submission to the genocidal aims of the bankrupt Chase Manhattan Bank.

At issue throughout the Middle East and Africa is whether or not the Carter regime, whose day-to-day actions rest not with the President but with his National Security Adviser Zbigniew Brzezinski, can achieve virtual NATO military control over the developing sector. The traditional African and Arab regimes, even the more Western leaning among them, are absolutely not capable of instituting the sort of austerity required by the immense debt service owed principally to the New York banks, and the threat — or actual application — of Israeli and South African armed force is the Carter-Trilateral vehicle to achieve that. Such an eventuality depends on winning a conscious Soviet capitulation, which, despite the soft-sounding rhetoric from the pages of Pravda and Izvestia, is most emphatically not within the realm of possibility.

Middle East, Africa Aflame

To set the stage for Carter's brinkmanship and intended crisis-management negotiations, the entire corridor from the Middle East and the Persian Gulf through East Africa and the Red Sea to Southern Africa has been heated up to the brink of confrontation. The outlaw regimes in Israel and South Africa are preparing themselves for a nuclear "blitzkrieg" against the Arab and African states, with possible supplementary action from U.S. client regimes in Ethiopia, Kenya, and Iran.

President Carter's clumsy efforts this week to link any improvement in U.S.-Cuban relations to the situation in Southern Africa adds the Caribbean region to the growing crisis in the Middle East and Africa.

According to reports this week in the *Washington Post* and *Newsweek*, Israeli military and technical aid has now succeeded in giving the South Africans a capability to launch a nuclear strike. The *Post* reported that scores

of Israeli physicists have been streaming into South Africa in the past 18 months to complete the process of developing South Africa's nuclear arsenal, fueled by South Africa's production of uranium. Israel, which has had at least 12 to 20 atomic weapons since at least the early 1970s, targeted against Egyptian population centers and oil fields in Iraq and Saudi Arabia, in turn receives fissionable material from South Africa for its secret atomic reactor at Dimona.

The presence of a confirmed nuclear capability in both the Southern Africa and Middle East hotspots obviously heightens the dangers of the rapidly deteriorating situations in both areas.

In the Middle East, the start of Secretary of State Cyrus Vance's shuttle diplomacy Feb. 14 put that region closer to a confrontation. The Vance shuttle has as its explicit purpose an effort to derail the growing motion for the Geneva Conference on peace in the Middle East. Behind the soft-spoken style of Mr. Vance lies a brutal threat: Unless the international forces that now support the Geneva Conference — primarily the Europeans, the Soviets, and Egypt and Saudi Arabia — backdown and accept a resumption of Kissinger-style shuttle diplomacy which would give the U.S. unchallenged political hegemony in the region, they will face a mounting Arab-Israeli war crisis fueled by Israel's hawks by early March 1977.

In Southern Africa, the Pretoria regime is fast preparing to back up its Rhodesian ally in a precipitous crisis aimed at Mozambique, Tanzania, Angola, Zambia, and the Rhodesian Patriotic Front. The Rhodesian military is on full mobilization, with reserves called up and men from 38 to 50 recently mobilized, and Rhodesian raids against neighboring Mozambique have become almost a daily occurrence. Rhodesian Defense Minister Reg Cowper, who was under tremendous pressure from that country's businessmen and industrialists to ease the mobilization because of the strain it placed on the Rhodesian economy, resigned this week, apparently to be replaced by a hardliner who can enforce the suicidal military buildup over growing opposition from Rhodesian whites. According to informed African sources, the Smith regime in Rhodesia is getting its orders direct from Washington.

A series of smaller disturbances have also been provoked up and down the coast of East Africa.

One scenario involves the long-standing dispute between Ethiopia and Somalia, the latter a close ally of the socialist countries. U.S. Ambassador to the United Nations Andrew Young, back in Washington from his visit to Africa, announced suddenly this week that the

Soviet Union "is playing games in Northeast Africa." Young's provocative remarks feed into the danger that unstable Ethiopia, recently the scene of a bloody shoot-out among rival ruling factions that has left the country almost ungovernable, may choose to pick a conflict with neighboring Somalia and Sudan. Several Arab states have charged that the Israelis have set up a secret air force base in Ethiopia, and according to *Le Point*, a French magazine, have warned Egypt's President Sadat about the existence of the base.

In addition, tensions within the East African Community — comprising Tanzania, Uganda, and Kenya — have risen again, with Tanzania and Kenya embroiled in a border dispute after a Kenyan seizure of community assets, and Uganda again driven with bloody tribal disputes under dictator General Idi Amin.

The Question of European Intervention

The critical intervention to halt one or more of these intersecting crises from triggering a U.S.-Soviet showdown must come from Western Europe, which has so far shown a continuing failure to make the proper sort of move to intervene. Although behind the scenes there is considerable quiet diplomacy — for instance, the British have taken an extremely active role in Southern Africa on a *bilateral* basis — there is a complete refusal by the European Community (EEC) to take a stand contrary to the line from Washington.

This was painfully in evidence during the recently concluded session of the European-Arab Dialogue in Tunisia, where the EEC wavered and refused to issue any declarations in support of Arab proposals to settle the conflict in the Middle East, despite what amounted to virtual political ultimatums from the Arab League during the meeting.

The European ambivalence, if continued, will make a confrontation between the U.S. and the USSR a virtual certainty. This was the content of a series of declaration from the Arab states both before and after the Tunis meeting, warning Europe of the dangers of their continued toleration of U.S. provocations in defense of Israel and South Africa. Italy, in particular, has shown tremendous courage so far, both in endorsing the Palestine Liberation Organization and the creation of an independent Palestinian state, and in starting to make official contacts with the Rhodesian Patriotic Front via the meeting this week between Joshua Nkomo, the leader of one of the Front's two main factions, and an official of the Italian foreign ministry in Rome.

But it is only when the Carter regime is certain that the slightest military action by either South Africa or Israel will result in a total break by Western Europe with the NATO command structure and the U.S. dollar that war will become a remote possibility. As it is, neither Israel nor the South Africa-Rhodesia alliance has the capability to fight a sustained war in either region. Instead, both countries are basing their military "strategy" on the insane threat that their nuclear arsenal might be deployed as part of a Samson-like scenario in which an entire region of the globe would be devastated in a holocaust. Despite the fantasies of the Rand Corporation and James Schlesinger, architect of the "limited nuclear war" scenario, any use by Israel or South Africa of its nuclear arsenal would result in the immediate and total

destruction of the aggressor by the Warsaw Pact.

But the Carter bluff is to wield such threats despite the Armageddon-like end result of their use.

Vance, Washington Post Provoke War

Cyrus Vance's shuttle, unless it is derailed, will place the National Security Council in a highly advantageous position to extend its ability to manipulate tensions in the Middle East to their own ends.

The dangers implicit in the Vance mission were shown most clearly today when one possible formula for Middle East settlement, proposed by Egypt's President Anwar Sadat, was wrecked before it got off the ground by a planted story in the *Washington Post*. Sadat, treading carefully amid the minefield of Middle East politics, proposed that Jordan and the PLO negotiate a solution to the primary problem of the Geneva Conference — the question of Palestine — by establishing an agreed-upon confederation, or "an official and declared link," between Jordan and the occupied West Bank, to be ruled by the PLO. As Sadat, with Vance at his side, set out this proposal, the *Washington Post* ran a front-page story that revealed publicly that Jordan's King Hussein has received money from the CIA over a 20-year period. This exposé, which dramatically undercuts the remaining prestige of the hated King, can only impede possible talks between the PLO and King Hussein, and sets back the Sadat proposal.

What Sadat suggested is in fact the outlines of a proposal that could lead to a détente of sorts in the Middle East, between capitalist stability and the socialist states of the region, such as Iraq, Libya, and Algeria, who strongly denounced the Vance mission this week.

Highly informed sources reported that the *Washington Post* article was planted on direct orders from the NSC. This action reveals in sharp fashion that the Rockefeller forces who control the NSC are not interested in any form of capitalist stability in the Middle East, but instead, as monetarists, intend to provoke a confrontation even at the risk — or probable certainty — that the moderate, Western-leaning regimes cannot survive such a fight.

Adding to the dangers in the situation, as Vance left Israel there was little doubt that the Defense Minister, Shimon Peres, the leader of Israel's hawks, would oust Rabin at the Feb. 22 convention of the Israel Labour Party. A Peres takeover would place the entire country in the control of the NSC, since Peres and his mentor, Defense Minister Moshe Dayan, are the closest Israeli collaborators of the Rockefeller faction.

Israel this week set the fuse burning on the crisis by refusing, under any circumstances, to undertake negotiations with the PLO, even under a Jordanian umbrella. The Israeli hardline won the full support of Cyrus Vance during his visit there. Vance is travelling on to Egypt, Lebanon, Jordan, Saudi Arabia, and Syria.

His trip to Saudi Arabia will be crucial because the U.S. is exercising every muscle it has to prevent the impending takeover of Aramco, the giant Rockefeller-owned oil company, by the Saudi government, an action that would free the immense Saudi production to fuel development outside the control of the Exxon group. The NSC has created a special task force for preventing the Saudi nationalization of Aramco, and is set to use force if necessary.

African Front-Line States Prepare For War; Will Europe Intervene?

The presidents of the front-line states facing white-ruled Africa, led by Tanzania's Julius Nyerere, have arrived at the conclusion that unless Britain intervenes to remove Ian Smith, and resolve the Rhodesia crisis, war is inevitable and immediately imminent. In response, the front-line is now making the political and economic preparations for the conflict.

The Tanzanian government arrived at this determination, according to a reliable source, in the aftermath of the African trip of Jimmy Carter's United Nations Representative Andrew Young. Young's statements and actions were designed to undo the Africans' political accomplishments of the last four months, their creation of the Patriotic Front coalition of Rhodesian nationalists and their own commitment to unified action against the Smith regime. Young's proposal to convene a "unity" meeting of the various black Rhodesian nationalist factions — including both agents and honest nationalists — would in effect destroy the Patriotic Front, refactionalizing the Zimbabwe nationalist movement.

The seeming naiveté of Young's proposal has not deceived Tanzanian analysts, who have also determined that Rhodesian Prime Minister Ian Smith is taking his orders directly from the Trilateral Administration and is not the independent lunatic he pretends to be.

African Disruptions

Washington is also attempting to split up the front-line and other African states, such as Nigeria where Young had some small success in peddling his negotiating wares with Nigerian President Olusegun Obasanjo. Particular emphasis is being placed on isolating Tanzania, both politically and economically.

The government of Kenya has nationalized without compensation assets owned by the East African Community (EAC), of which Kenya, Uganda, and Tanzania are the members. This action, peculiar on the part of the capitalist Kenyan government which constantly scorns Tanzania's socialism, deprives Tanzania of airline service and a good part of their railway rolling stock. President Nyerere this week finally retaliated by closing his country's border with Kenya. From Uganda, Idi Amin on Feb. 14 accused Nyerere of "subverting" his dishevelled kingdom and threatened to invade Tanzania. Zambian President Kaunda — whose country's strategy position bordering Rhodesia is crucial to the front-line's success — is showing signs of wavering from the front-line states' solid front. To top it off, the Carter regime has decided to sink to the level of gunboat diplomacy, scheduling a visit to Kenya from the nuclear powered aircraft carrier, USS Enterprise and its accompanying missile-studded flotilla, which are now patrolling the Indian Ocean.

Front-Line Preparations for War

As the Tanzanians see it, they may be able to depend on

the British and the rest of Europe to call Carter's war bluff and resolve this situation by force. Barring that, they know they can depend on the Soviets if they are forced into war. With this much maneuvering room, the five front-line states — Angola, Botswana, Mozambique, Tanzania and Zambia — have scheduled a strategy session for later this week to coordinate their preparations. The agenda includes military preparations and the general political and economic coordination of policy. Nigerian External Affairs Commissioner Col. Joseph Garba will also be at the meeting, and it is expected that despite Young's trip, he will reaffirm his government's pledge to dispatch troops from the 150,000-man Nigerian army to help defend the front-line states from Rhodesian attack, already at high levels of combat against neighboring Mozambique.

Tanzania has already undertaken to streamline for war, with a reshuffling of the Cabinet — a reshuffling which extended into the Army as well — to place Nyerere's closest lieutenants in the proverbial battle stations. Prime Minister Rashidi Kawawa, a national *political* organizer, has been appointed Defense Minister; Nyerere's former press secretary Ben Mkapa has been recalled from the Ambassadorship to Nigeria to take over the Foreign Ministry. Mkapa is also a close personal friend of Mozambique's President Samora Machel. Nyerere has also dispatched additional troops to Mozambique to reinforce the Tanzanian units already there trying to prevent the almost daily Rhodesian raids on that country.

A third ministerial shift in Tanzania portends what the *London Observer* Feb. 13 approvingly described as the "beginnings of a new and more powerful economic and political bloc in Central Africa," the appointment of Edwin Mtei as Finance Minister. Until his appointment, Mtei was Secretary-General of the East African Community. With the EAC probably defunct, Mtei is the logical choice to supervise the already begun political-economic integration of the front-line states, a precondition for their success in facing the Rhodesia and South Africa. Tanzania has concluded currency agreements with Mozambique and the nearby island nation of Madagascar whereby they will accept each other's currencies for trade. A similar arrangement is expected soon between Tanzania and Zambia.

The other politically solid front-line presidents, Mozambique and Angola's Agostinho Neto, have paralleled the Tanzanian war preparations in their own countries. The ruling Front for the Liberation of Mozambique (FRELIMO) has just completed its third party congress where the party was reorganized as a disciplined cadre organization rather than the politically nebulous united front it had been before independence. Angolan President Neto, immediately after meeting and clashing with Young in Nigeria, met with Patriotic Front leaders Robert Mugabe and Joshua Nkomo, pledging them his support in the Rhodesian armed struggle.

Angola is also in the middle of a political tightening-up process similar to Mozambique's, exemplified by the founding of a national cadre school early this month.

It is now assured that the southern African delegations to the first Afro-Arab summit meeting in Cairo March 7 will go there as a united body. This will enable them to lay out one political strategy for the liberation of southern Africa and demand support on that basis.

Unconditional political, military, and economic support is already forthcoming from several key non-aligned countries and the socialist bloc. Soviet President Podgorny has scheduled a tour of the region for the second week in March, during which he will be briefed on the front-line strategy and their aid requirements to carry it out. Podgorny's visit follows visits by Yugoslavian Politburo member and Foreign Minister Mil Minić and East German SED politburo member Werner Lamberz, who reiterated the "unbreakable alliance" between the SED and FRELIMO. Cuban Premier Fidel Castro has increased military support to the Namibian liberation movement SWAPO and has offered to send troops to defend Mozambique if this becomes necessary.

The European Factor

The determining variable in the situation is the political will of Britain — and other European countries. If they decide to move, then a catastrophic war, probably leading to World War III, can be avoided. If they don't, then the Africans will be forced into a war which they must fight, not over the moral issue alone, but because they cannot survive if they continue to tolerate the

constant military threat and economic domination by South Africa.

This realization appears to have sunk in in Europe, which can afford the war no more than the Africans. The British have, according to an informed source, drastically increased their pressure on South African Prime Minister Vorster to the point where observers feel he is no longer willing to support Rhodesia all the way. Discussions have also quietly been resumed on the possibility of sending in Commonwealth troops to remove the Smith clique. Britons are apologetic about their failure to defy Carter so far and will certainly refuse to be a party to any redbaiting crisis-mongering if the front-line is forced to call on the socialist bloc for assistance. Reporting on the incessant Rhodesian raids on Mozambique, the *London Times* Feb. 10 almost encouraged the Cubans to intervene. "No country can allow itself to go on being raped like this," said the *Times*. "Eventually Mozambique will have to seek outside help."

Important political forces in the rest of Europe are lining up solidly behind the front-line states, in defiance of the U.S. The West German daily *Suddeutsche Zeitung* Feb. 15 charged that South Africa is preparing a blitzkrieg into neighboring Mozambique and stated that European intervention in southern Africa as in the Middle East is "crucial." Going one step further, Italian Deputy Foreign Minister Ratti met with Joshua Nkomo Feb. 16 and in a communiqué endorsed the Patriotic Front and called for a *rapid* peaceful installment of majority rule in Rhodesia.

Europeans Maintain Dangerous Silence On Mideast

The European Economic Community group failed to assert a political policy independent of the U.S. Carter Administration at the conclusion of the Euro-Arab dialogue meeting in Tunisia Feb. 14. The final EEC communiqué neglected any mention of the Geneva Peace Conference, the Palestine Liberation Organization's (PLO) legitimacy to represent the Palestinians' right to statehood. The EEC statement also refrained from endorsing broader Arab political positions, including Arab-sector representation at this year's Belgrade Mediterranean Security Conference, the setting of a date for a meeting of the Foreign Ministers of both sides, and the establishment of a "Euro-Arab institution" at the United Nations.

The EEC statement only went so far as to recognize the "danger resulting from persistence of the present impasse" in the Middle East and the "legitimate rights" of the Palestinians to "express their national identity." As expected, it called for the establishment of institutions to study the "transfer of technology" to the Arab sector, and for the establishment of large-scale agricultural development projects in Somalia and Sudan with European technological assistance.

According to a highly-placed banking source in Vienna, the Arab states were "deeply-disappointed" by the European lack of resolve in Tunis and are increasingly convinced that the Middle East is a consequence plunging unavoidably toward war. The source warned, for example, that from here on, the Saudi Arabians will use the oil weapon in a limited way, "tailoring oil price rise decisions to European political decisions in respect to the Mideast — a "nice warning to Europe." In interviews, with the Saudi press last weekend, Saudi Foreign Minister Saud el-Faisal affirmed this intention, declaring that the Saudis intend to use oil "in the service of the Arab cause."

In its government newspaper *El Moudjahid* Feb. 14-15, Algeria castigated "certain European countries" for refusing to do anything that would "indispose or upset" the U.S.

A related PLO document, issued immediately prior to the Tunis meeting, which called upon Western Europe to play an independent, constructive role in the Middle East situation, was published by Austria's *Arbeiter Zeitung* newspaper.

Austrian Chancellor Bruno Kreisky, otherwise at the

center of efforts to integrate the various Arab socialist parties into the Second Socialist International, is only one key figure in a Europe-wide battle, raging on an intense level between those forces eager to formulate a common development strategy with the Arab states and those forces who insist on buckling under to the Carter Administration.

PLO: Need A Clear Voice From Europe For Peace

The following are excerpts from the PLO Document published in Austria's Arbeiter Zeitung newspaper. The following summary follows the account of the document in France's Le Monde Feb. 15:

The document stresses that "the commitment of the Palestinians to achieve peace is very serious, rests on reciprocity, and is part of a veritable desire to attack the problems that must lead toward peace." That implies that "all the questions whose solution is absolutely necessary" must also be discussed among them "in any case the restitution by Israel of the West Bank, of the Gaza Strip, and the enclaves of Hamma and Auja," as well as the elaboration of an accord of non-belligerency between "the future sovereign State of Palestine" and the State of Israel.

The PLO stresses that the Palestinians are engaged in an "interesting process of maturity and of political evolution favorable to the guarantee of peace in the Middle East." This evolution must be considered as an "historic progression," which must be "put to advantage with eagerness by all the parties interested that the dream of peace be translated into reality."

But in a "surprising enough" manner, the Palestinian leaders note that "instead of being supported in their constructive attitude, they have been repulsed by the United States, attacked by the Israeli leaders, and barred by certain Arab states. The political myopia that these reactions convey is dangerous for it could convince the Palestinian leaders of the vanity of any moderate attitude, and force them to adopt a hard position which, without any doubt, could lead to a new military confrontation." This is why, "specifically, the role of Western Europe is largely necessary... The Palestinian position is still positive and it will remain so at least during the next month. But it is difficult to predict for how long the Palestinian leaders will continue to adopt this constructive attitude."

The PLO estimates that an assumption of a "clear" position on the part of Western Europe "could truly consolidate the moderation of the Palestinians, and contribute towards exercising a positive pressure on the negative attitude of the Americans, the Israelis, and of certain Arab countries."

El Moudjahid:

When Will Europe Take International Responsibility?

Algeria's government newspaper El Moudjahid Feb. 13-14 criticizes European policy toward the Arab sector and the Third World for continued stalling and postponing decisions until later in the year. Moudjahid then continued:

Relations between the United States and Europe are the key to the problem, and we can ask ourselves if the European Economic Community (EEC) has decided to take any international responsibility, when certain European countries have said they will not take any action that could indispose or upset the U.S. Both the North-South talks and the Euro-Arab dialogue have not escaped this contradiction....

We have just learned that the Group of 19 have decided that the final round of North-South talks should be held no later than the end of May. A special United Nations session is already being planned. Now it's only necessary to wait for a positive answer from the West.

While we are waiting, it's not useless to remember that the economic development of the state has become...the cornerstone of international economic relations and also the nerves of war. What is at stake in the North-South talks, aiming to prepare a new international economic order and mutually advantageous cooperation, is a source of development and progress indispensable to security and international peace.

Financial Times:

PLO Document Opens Way For Negotiations

In a Feb. 15 editorial entitled "The Palestinians Point the Way," the Financial Times of London finds the PLO document to be a solid basis for moving the Middle East towards peace.

The document handed to Dr. Bruno Kreisky, the Austrian Chancellor, by a member of the Palestinian Liberation Organization (PLO) is by no means a first sign, but it is one of the strongest so far, of a new readiness among Palestinians and among key Arab leaders to negotiate a Middle East settlement that goes to the heart of the Middle East problem, namely the lack of a home for the Palestinian people. As such, it potentially transforms the whole Middle East situation.

What the document says is that the PLO would be prepared to establish a state on a basis of non-belligerency in territory evacuated by Israel as part of a Middle East settlement....What it does not say outright, but which is at least as important, is that such a statement constitutes an implicit recognition of the State of Israel. It is this recognition which fundamentally changes the situation.

The Israeli refusal to negotiate with the PLO, and even to let the PLO sit at the negotiating table as a separate entity, has been based on the belief that the Organization

did not accept the right of the State of Israel to exist. Negotiations with the PLO therefore would have been tantamount to national suicide. Once this obstacle is removed, however, the whole Israeli argument is undermined.

The predictable Israeli reaction has been to say that they are not convinced and that any change in PLO policy must be confirmed by the Palestinian leadership as a whole. Yet it is now very likely that such confirmation will be given when the Palestinian National Council meets in Cairo next month. Certainly this is what the key Arab leaders have been pressing the Palestinians

to do. Assuming this happens, it will be very difficult indeed even for the Israelis to argue that the PLO must be outlawed.

Much of course would remain to be negotiated...But what is new is that the obstacles to negotiations taking place are falling away. It would be ironic indeed if the principal obstacle remained an Israeli refusal to recognize that things have changed. The Arabs and Palestinians have already made more concessions than many would have believed possible. It is time for the Israelis to begin to meet them, for the opportunity may not easily arise again.

Hawks Now Have Free Rein In Israel

Disclosures this week in a Tel Aviv court by a high ranking Israeli Labour Party figure that he funneled kickback money into party coffers has sealed the fate of Israeli Prime Minister Yitzhak Rabin. Rabin's chances of winning the Labour Party candidacy for premiership are now next to nothing. That, combined with the extreme weakening of the Labour Party, which has been wracked by a series of scandals, has given the Israeli hawks tied to the Carter Administration — Defense Minister Shimon Peres, Gen. Yigal Yadin, and Likud opposition leader Menachem Begin — an open field to impose a war policy on Israel.

The disclosures on the kickback scandal were made by Asher Yadlin, nominated last year by Rabin to the post of governor of the Bank of Israel. When brought to trial last week, Yadlin collapsed in tears on the witness stand, pleaded guilty to several bribery charges connected with his tenure as head of the General Labor Federation's health fund, and proceeded to finger a number of important Labour Party leaders close to Rabin — Finance Minister Yehoshua Rabinowitz, Agriculture Bank head David Kalderon, and his cousin, Aharon Yadlin, Minister of Education. Aharon Yadlin is expected to resign from his post as a result of the testimony, according to rumors in Tel Aviv.

The Yadlin scandal follows the suicide last month of one of Israel's most prominent doves and a close ally of Rabin, Housing Minister Avraham Ofer, who reportedly shot himself after his name was linked to another kickback affair involving a Labour Party-connected construction firm.

Encouraged by Carter's backing and dismayed with Rabin's failure to provide firm leadership, dozens of Rabin supporters are breaking from the Prime Minister's camp and pledging allegiance to Peres. Among the latest defections are Jerusalem Mayor Teddy Kollek, and Yossi Sarid, the leader of the New Guard faction of the Labour Party and an important Israeli dove.

Several weeks ago, erstwhile dove Abba Eban joined up with Peres, abandoning his peace rhetoric for the stated aim of "changing the party from within." Last week Eban declared, "With me on the team, nobody can accuse Peres of being a hawk."

Rabin is also losing people to the recently formed opposition group called the Democratic Movement for Change headed by Gen. Yigal Yadin, whose grab-bag "quality of life" program is attracting both doves and hawks alike.

A former member of the Israeli Knesset warned this week that if Peres wins the May 17 general elections, there will be little chance of his forming a viable government. The former Knesset member predicted that a weak Peres-Yadin coalition will take over, putting an end to the traditional Israeli political institutions. As a result of this leadership vacuum, there will be a sharp swing to the right and a military coup, with war inevitable by summer, he noted. (See interview below.)

"A Very Dangerous" Period

Spurring the hawks on in their push for war is the devastated Israeli economy. With its \$10 billion debt, and a population of only 3 million, Israel has the highest per capita income in the world. In the past year, the Israeli pound has been devalued by 24 percent, while inflation has soared at 35 percent. Aggravating the situation is labor unrest. More than 70,000 workers in various professional groups and unions are scheduled to strike in the coming days, with reports that 200,000 civil servants are engaged in labor disputes with their employers.

Addressing the Labour Party members of the General Labour Confederation (Histadrut) last week, Rabin warned of a recurrence of the 1966 recession that eventually led into the 1967 Arab-Israeli war, and noted that the convergence of the elections and the skyrocketing inflation had made the current period "a very dangerous one," Histadrut General Secretary Yeruham Meshel likewise warned that unless drastic steps were taken soon, "we may arrive at a situation where we will no longer be able to cope with the problem."

Meshel's drastic measures include a Histadrut proposal for a wage-price tax freeze, to remain in effect until June. The proposal was accepted last week by the government, but was denounced by such labor leaders as Gustav Badian, head of the 15,000-man engineer's union, which is scheduled to go out on strike. Badian charged that the deal is nothing but "a sad joke" which would solve nothing.

Ben-Aharon Scores Peres Putsch

Although the peace faction in Israel is resigned to the likelihood of a Peres victory there is still opposition to the adoption of a military solution. Last week Yitzhak Ben-Aharon, leader of the traditionalist Ahdut Haavoda faction in the Labor Party, labeled the Peres consolidation against Rabin as a "Rafi putsch," a reference to the hawk Rafi faction in the Labour Party led by former defense minister Moshe Dayan. Ben-Aharon also denounced the Peres campaign as a "conspiracy" against Rabin, and charged Abba Eban with complicity. The confrontation between Peres and Rabin is undemocratic, he charged, since the Labour Party constitution provides no objective criteria to choose between Rabin, a member of the core Mapai bloc of the Labour Party, and a member of a Labour Party faction, such as Peres, who is a member of the Rafi bloc.

Israeli Predicts Military Coup In Israel In Summer 1977

The following is an interview concerning the current political crisis in Israel with a former member of the Israeli Knesset (Parliament) who now resides in the United States:

Q: We've just received information that a Middle East war could erupt as early as March, in part because of the deep political crisis in Israel. What do you think?

A: Your timetable is wrong. There will be no crisis until June. A real crisis will develop then, because Israel will find itself without any political leadership whatsoever, not even the phony leadership it has now. The new party of Yigal Yadin will be victorious, not in terms of a majority, but in terms of putting an end to the old, traditional system of Israeli politics, which is weak anyhow.

After the elections, the government will be like the emperor in his 'new clothes' — naked. There will be a collapse of morale. So far, there has always been some kind of leadership in Israel, maybe crazy, maybe wrong, and ridden with complexes — but it will be far worse after the May elections than France in the Fourth Republic. How will they put Humpty-Dumpty together again? God knows. I would not rule out the very real possibility of a shift to the right, and a sort of Jewish-Yiddish military coup.

Q: Can Prime Minister Rabin survive the challenge and make peace?

A: The problem with Israel is that nobody in Israel speaks a language that other people understand. They don't make sense. For everyone except the real hawks, the slogan in Israel is: "Both a Jewish and a Democratic State." This is the slogan of Yadin, of Allon, of Eshkol, of Rabin and Meir. For this, they know they cannot keep the West Bank, since it is populated by Arabs.

But their other slogan — and this is the hawks as well — is: "Our military frontier is the Jordan River." Nobody, especially the Arabs, can agree with that.

Israel needs outside intervention. In 1948 and in 1956, the U.S. told Israel to get out, and they got out. In 1956, it took one phone call to Ben Gurion. He was mad, but he could do nothing.

The Israelis, however, will try to convince Vance that he should leave them alone for six weeks, for three months — but in June, after the elections, there will be no government to talk to. Nobody. Israel will refuse to enter into any new agreements.

After that there will be war.

You know, the Trilateral Commission does not care about the Middle East; they care about Russia. They want Russia, and Europe, out of the Middle East, period. But Europe is at a turning point. Brzezinski and his men will try to figure something out to stop them.

EXCLUSIVE New Urgency For MBFR Agreement

*by Lyndon H. LaRouche, Jr.
Chairman, U.S. Labor Party*

Reported new progress in Mutual Balanced Force Reduction (MBFR) discussions could not be occurring at a more appropriate time. Outrageous blunders in the Soviet Politburo's public profile concerning "SALT II" agreements have already proven themselves an incitement for the Carter administration to step up its attacks against Saudi Arabia and Europe's imported energy supplies. Early ministerial-level agreements concerning MBFR are, at the moment, the best available means for preventing Brezhnev blunders from leading into an early thermonuclear confrontation.

We do not wish to encourage pacifist sorts of delusions concerning the value of disarmament and related agreements in themselves. In and of themselves "SALT II" and MBFR agreements are worse than useless diplomatic charades. At the present moment the Carter administration is committed to an *operational* policy

leading toward early general confrontation. (Some leading circles deny this, but such denials are without basis in any fact by the denier's need for consoling delusions of that sort.) Under these circumstances, the Carter administration (i.e., the Chase Manhattan Bank-IMF administration) has a fundamental, irrepressible conflict with Western Europe and most of the developing sector — as the case of the West Germany-Brazil nuclear energy development agreement illustrates. That conflict between Chase Manhattan and those nations is unavoidably translated into an irrepressible military conflict between the Carter administration and the Soviet leadership, *which Soviet concessions would merely aggravate, not lessen. Under these conditions any "SALT II" or MBFR agreement acceptable to the Carter administration is a preparation for and acceleration of early thermonuclear confrontations.*

However, just because Europe's self-interests are now directly opposite to all the main policies of the Carter ad-

ministration, it is feasible for Western Europe to utilize the context of the MBFR negotiations for quickly establishing broad and durable conditions of European security in concert with the CMEA nations. Although the Trilateral Carter Administration would make great howls and threats against such a European security agreement, Western Europe would win such a showdown with Carter *in the U.S. Congress* and among major industrialist and trade union forces in the USA generally.

Western European fundamental self-interests in maintaining anti-Carter industrial development and energy policies provide the premise for agreements based on the most fundamental mutual self-interests of the Western European and CMEA nations. The acceleration of the convertible Transferable-ruble program, one leg of the new Euro-Arab, three-way, gold-based monetary system now emerging, provides the political-economic basis for a self-interested demilitarization of the borders between Western Europe and the CMEA countries. With such political-economic agreements placed on the lead of the MBFR agenda, an MBFR agreement would provide a durable basis for European security on terms absolutely acceptable to both principal European sets of parties.

Such an MBFR agreement will, at the same time, pull the plug on Chase Manhattan Bank and Carter administration military and energy policies.

The Cruc: Soviet R and D

At this moment, the Soviet leadership has two vital levers for preventing general war. As long as the Soviet leadership presents the world with its open commitment to accelerate research and development around breakthrough areas of plasma physics, and pushes aggressively toward economic partnership with Western Europe and sections of the developing sector, these two indispensable pillars of a self-interested Soviet policy provide the essential pre-conditions for stopping the war drive of the Carter administration. Conversely, any retreat by the Soviet leadership on either point quickly makes thermonuclear war an irreversible inevitability.

The leading political forces in the USA, of which the U.S. Labor Party has been a recognized part since its Nov. 1, 1976 election-eve nationwide television broadcast, are all acutely sensible of these connections. The case of the February 1977 report of Chief of Staff General George Brown underscores the crucial role of highly-visible Soviet R and D in this connection.

As long as the issue of Soviet R and D is prominent in U.S. strategic policy discussions the Carter administration dares not go ahead full steam with its "deindustrialization" and "deenergizing" policies. If Carter et al. are thus forced to make grudging concessions to U.S. industrialist and trade-union factions, the administration is hampered in its efforts to impose an inflationary austerity package of the C. Fred Bergsten-type upon Europe and Japan.

We of the USA's conservative-labor pro-industrial progress faction are acutely sensible of such connections. So are our enemies, the Trilateral apostles of rapine and Fuggery generally.

Carter administration sensitivity to this issue is openly expressed by such confrontationists as Paul Nitze and Bradshaw of the Committee on the Present Danger. At

present, the Carter administration believes gloatingly it has "helped" Soviet Secretary Brezhnev to turn Soviet strategic policy back to the Khrushchev era, and to reach agreement with Brezhnev in concealing and preparing to abort Soviet R and D. Obviously, if Brezhnev were to commit such treachery in fact, and to compound that by slowing down monetary cooperation efforts with Western Europe and the Arabs, such treachery would virtually throw Europe and the Non-Aligned nations to the Trilateral rapists, and create exactly the "geopolitical" combination which Rockefeller's strategic utopians prescribe for conquest of the Soviet Union itself.

The Countdown to War

If one believed that that notorious, lying "Euro-Communist," Arbatov, or Bovin (*bovine?*) represented the balance of Soviet leadership forces, one would have to conclude that Carter did in fact succeed in prompting Brezhnev to make a total capitulation to Rockefeller forces shortly after the Jan. 20, 1977 inauguration. The outrageous lying concerning the identities of "peace-lovers" and "war-mongers" by Soviet "Euro-Communist" contributors to Pravda, Izvestia and Krasnaya Zvezda would indeed suggest that Brezhnev has already agreed to Carter's "SALT II" terms.

However, even if a temporary Politburo majority were to have made such a monstrously stupid agreement, it could not last much longer than a few weeks longer now. By the end of March, inevitable developments in the Middle East and elsewhere would put the Soviet leadership on an operational war-preparations basis.

Whatever either Carter or the Politburo imagines or does not imagine has been agreed around the "SALT II" charade, the public policy-profile offered by Pravda and Izvestia articles is already a monstrous Soviet leadership blunder, which has incited the Trilateraloids to accelerate their already operational confrontation policy (with heavy emphasis on the Middle East and Cyrus Vance's Israeli client-factions), and Saudi Arabia the most prominent immediate target of Carterite aggressions. It is the show of fear (by the Soviet leadership in this case) which incites Carter's mad dog to hasten its aggression.

Although the March date for a Middle East outbreak is only tentative — to the best of our present information, everything is going into place for such an Israeli launching of war. (The pretexts will be, as usual, manufactured as the occasion requires.) That outbreak either deliberately (or, by unforeseen chain-reactions) starts the hard confrontation with the Soviet leadership. Hence, we must proceed on the assumption that we have only a very brief "safe" interval in which to neutralize confrontation configuration.

An MBFR agreement based on economic and related agreements would disrupt the present confrontation configuration.

Tactics For Fast Agreement

Naive people could, of course, recite many reasons why such an MBFR agreement could not possibly be reached by so early a date. Such objections fall into two classes: (1) an obsessive fetishism toward diplomatic formalities, and (2) childish misconceptions of political processes.

The fact that certain negotiations have been tentatively scheduled for certain advanced dates is really of little fundamental relevance. Western European leaders can reach one another by telephone within an hour; signals can be exchanged with the Soviet leadership in time-periods of the same order of magnitude. Granted, the grand diplomatic formalities have some uses, just as great circuses have their entertainment value; however, in an urgent situation chancellors and foreign ministers use more direct and efficient means to predetermine what will be formally institutionalized later on.

It is merely necessary to say to the Politburo through appropriate, non-compromising exploratory channels, "Let's pull the plug on our common problem with the Carter administration," and the appropriate initiatives can proceed as rapidly as the parties desire this to occur.

Naturally, Messrs. Schmidt and Genscher could give us useful instruction from experience in such technicalities; we report such facts here not for their edification, but to correct popular illusions among leading journalists, parliamentarians generally, and so forth.

The useless politician is the cautious fellow who waits until a favorable correlation of forces is acknowledged in his breakfast newspaper before launching enterprises of importance. The competent political leader determines public opinion and other essential conditions for an operation by acting in such a preemptive way as to mold public opinion and so forth. This does not suggest that any bold effort will succeed on that account; it merely emphasizes that *where a favorable correlation of forces potentially exists*, such forces become actualized by appropriate initiatives.

What is wanted in Western Europe is a bold initiative by key leaders which actualizes industrialist and trade-union active support for policies which are already visibly in the urgent self-interest of those broader social forces. It is the oppressive stink of vacillation and inaction under conditions of crisis which threatens to turn a potentially favorable correlation of forces into the atomized victims of defeat.

The projected Naderite obscenity for Brockdorf is a case in point. A mass of supporters of Carter's Trilateral policies wish to turn the clock back in Europe. If the action were successful, it would gut European industry and bring the full weight of a global economic collapse down upon European trade-unionists. Then, where are the masses of trade-unionists mobilized to defend their most vital interests against the Zero Growth-shouting beggars'-opera rabble? The social potential for a mass trade-union force to crush Naderism in the BRD exists; why has it not already been realized? Simply: the workers need a leading initiative, to give an institutional form to the further expression of their urgent self-interests in this matter. It is in this way that leadership initiative is decisive in shaping history.

This principle applies to the MBFR and related measures. If Europe publicly slaps David Rockefeller in the face, in sensuous expression of its vital self-interests, such leadership action will decide the political opinion of Europe.

Can MBFR Succeed?

Muddleheads who have read too many think-tank papers shake their head over MBFR, muttering such

terrifying words as "Finlandization!" What nonsense! Putting the worst construction upon some future Politburo leadership, a Soviet intervention into Western Europe has a high threshold — as General de Gaulle tried to explain with his "Force de Frappe" policy. If the CMEA countries have a vital economic interest in a rational international division of labor involving Western Europe and key parts of the developing sector, Warsaw Pact troop movements in Western Europe would be limited to invited parade-duties at major international sports events and such festivities.

It is not weapons and armies that cause wars, but the deployment of military force as an instrument of a major conflict of vital interests. It happens to be in the most vital interest of both European OECD and CMEA countries to establish a joint new monetary system. Once that interest becomes fully actual, rather than chiefly potential, the internal peace of Europe is easily secured.

It might be objected: Does not the USA as an industrial nation, have the same major potential interest in a new monetary system? The answer is "Yes, absolutely." However, the executive branch of the U.S. government is not presently governed by USA national interest as an *industrial power*. The USA's executive branch is presently occupied by the common enemies of the USA, Western Europe, the developing sector, and the CMEA countries. Until we USA patriots, with aid of your concerned cooperation, rid ourselves of the traitors occupying the U.S. executive branch, the world is not safe. Whereas, in Western Europe, the coalition around the Andreotti government, the Schmidt government, the Callaghan government, the Gaullists in France, and so forth, are governments responsive to the vital industrial and related interests of their nations.

On strategic economic and related political policies the fundamental interests of Western Europe and the CMEA countries coincide. It is merely necessary to transform this potential reality into an institutionalized actuality — and then MBFR becomes a mere certification and administrative fulfilment of an established political-economic reality.

Moreover, the early establishment of steps toward such a political-economic reality takes Western Europe out of the theater of general war, and strengthens the developing sector. It also breaks the will of the Trilateral Washington administration, to the point that a combination of conservative Republican and Democratic forces, allied with industrialists and main bodies of traditionalist trade-unionists, farmers, and others, will then be able to quickly clean up the mess in the U.S. Executive Branch, and join Western Europe in the new reality under way.

There is no guarantee of victory, of course. Too many have vacillated too long. The danger of war could have been absolutely prevented had the developing sector, for example, nations not been predominantly guilty of foolish vacillation on the debt issue at the United Nations during September of last year. Now, we have only good probabilities. Yet, if we experience more flinching and vacillation because of such admitted risks, we shall, most of us, be radioactively dead in a short time. A 1977 thermonuclear war is one of those horrors, which, like World War I and World War II, "absolutely could not occur." At the moment, the MBFR tactic by Europe is the world's best chance of preventing war.

Carter To Kill Fusion Power; Cut Energy Consumption 30%

by Carol Lerner

President Jimmy Carter will institute 20 percent across-the-board cuts in next year's fusion research budget, three separate high-level Washington sources have revealed. When Carter announces his energy program before Congress April 20, the sources said he will propose cuts which will make the development of fusion power in the U.S. impossible.

John O'Leary, head of the Federal Energy Administration (FEA) made clear on the Feb. 13 "Issues and Answers" television program that this destruction of the U.S. research-and-development capability is part of a "negative growth" energy policy. O'Leary, an aide to Presidential Adviser James Schlesinger when he headed the Atomic Energy Commission, called for a "30 percent cutback in U.S. energy consumption" backed up by high energy taxes, a phaseout of natural gas for industrial use, and mandatory "conservation." The FEA has already set up a national committee to "monitor" the fifty most energy-intensive industries in the U.S.

The Carter administration's plan to bury all high-technology energy production follows line-for-line the script laid out in "The Unfinished Agenda," a report commissioned by the Rockefeller family and funded by the Rockefeller Brothers Fund. Issued Feb. 2 by the Fund's Environmental Agenda Task Force, the report is a blueprint for destroying the nation's industries by eliminating nuclear energy and instituting fivefold increases in energy prices — converting wealth into debt service.

"Dr. Schlesinger has currently assigned one of his staffers to thoroughly study the Rockefeller Brothers Fund report," a spokesman for the FEA has said. Presidential Adviser James Schlesinger found the report's recommendations "right on target," the official added.

Fusion Scrapped

The cuts in fusion will destroy overnight every important U.S. fusion research center and send hundreds of the world's most advanced scientific cadre to the unemployment lines.

Funding has been cut so severely that even by the federal Energy Research and Development Administration's (ERDA) own projections, the U.S. could never develop fusion power. The Ford Administration's fusion budget was already so low that ERDA estimated that fusion could not be achieved until well into the next century. The new budget will slash \$60 million from the magnetic confinement program and over \$25 million in the laser fusion area out of current programs of \$304 million and \$127 million respectively. The fast breeder fission reactor program aimed at building a prototype commercial reactor will be entirely scrapped, and breeder

reactor plants, like the Clinch River Plant in Oak Ridge, Tenn., will be crippled by a reduced budget.

Carter officials initially proposed to salvage the Princeton Tokamak (TFTR) fusion project, now in an engineering stage, at the expense of other basic research programs, but ERDA officials, the sources said, are now considering an across-the-board approach. Either way the fusion program is down the drain. A top official from EBASCO, the prime contractor of the Princeton Tokamak, warned that any delay in the program may force them to abandon it.

Beginning an effort to win Congress to the "scrap fusion" perspective, the House Science and Technology Subcommittee held a briefing this week where fusion was roundly condemned. Princeton University physicist Dr. Frank Van Hoppel, addressing the Energy Subcommittee, attacked the fast breeder reactor as "unnecessary" and "unsafe." Energy Subcommittee member Rep. Thomas Harkin (D-Iowa) endorsed Van Hoppel's comments and suggested that fusion development be postponed until 2040 or 2050 so that funding can be diverted to solar power development. Only Dr. Norman Rasmussen, Chairman of the Nuclear Energy Department at the Massachusetts Institute of Technology, defended nuclear energy. Rasmussen said that those who attack nuclear energy as "unsafe" are using the same logic as those who centuries earlier attacked the use of iron because it produced the spear.

The Alliance to Save Energy

The progressive elimination of advanced technology is to be sold to the American population in the guise of "conservation" by the newly formed Alliance to Save Energy (ASE), in a statement issued for an ASE press conference Feb. 10. President Carter welcomed the "timely creation of ASE" and announced that conservation — whose initiators include Schlesinger, Henry Kissinger, Sens. Hubert Humphrey and Charles Percy, and David and Laurence Rockefeller.

The ASE program, like that of the Trilateral Commission, demands that the U.S. reduce its "vulnerability to the (OPEC) oil cartel" and calls for an end to investments in energy development, particularly "heat-wasting" nuclear power. Instead the ASE posits the notion that energy can be produced through energy conservation. Following this same logic, ASE spokesman and aide to Sen. Percy, Christopher Palmer complained, "One of the main problems has been to find a way to raise the price of energy."

The ASE also urges the development of solar energy and similar "soft energies" and calls for an "energy

bank" to finance the insulation of old houses in order to make solar power feasible.

Although not serving in any official capacity, Ralph Nader profusely congratulated Senators Percy and Humphrey at the ASE press conference for "launching this major national effort," and four days later, met privately with Jimmy Carter to map out a national conservation campaign. "I need your advice. I will welcome and use it," Carter told Nader, according to the Baltimore Sun. In return Nader graciously noted that this was the first

time that an administration had ever listened to him.

It is thought that Nader will be used to bring congressional conservatives into the conservative campaign. Of 30 congressmen on the ASE advisory board, nearly a dozen, including its honorary co-chairman Rep. John J. Rhodes (R-Ariz.), are from conservative circles not aligned with the Rockefeller interests. These congressmen, including Sens. S.I. Hayakawa (R-Cal.) and Dewey Bartlett (R-Okla.), joined the advisory board on the basis of an innocuous "Dear Colleague" letter, according to an aide Sen. Lawton Chiles.

"To Convince Every American"

The following are excerpts from a press release issued by Senator Charles Percy and Hubert Humphrey at the Feb. 10 press conference held to announce the formation of the Alliance to Save Energy.

...If we are to have an effective national energy conservation effort, there must be a different approach and a new definition, one which could capture widespread popular support.

Economic facts are a compelling argument for energy conservation. "Conservation energy" — based on more efficient and economical use of the energy we have now — is an enormous, untapped alternative energy source that can reduce our dependence on expensive foreign oil and dwindling domestic energy supplies....

...One of our chief tasks is to convince every American — homeowners, apartment-dwellers, motorists, business leaders, labor union officials, government officials — that it is actually far less expensive in the long run to invest to save energy than it is to purchase energy....

We believe that about 35 Quads of "conservation energy," which equals about 16 million barrels of oil a day, can be "produced" by 1985. This would provide for an average energy growth of about 3.5 per cent per year over the next ten years....

These 35 Quads of "conservation energy" represent the largest and least expensive source of new energy in the United States. It is time to make this a national goal, and to seek it as aggressively as we seek more expensive energy sources...

Nader Endorses ASE

The following statement was made by Ralph Nader at the Feb. 10 press conference announcing the formation of the Alliance to Save Energy.

Senators Percy and Humphrey should be congratulated for launching this major national effort for energy efficiency in all sectors of the economy. Energy efficiency is our greatest immediate source of energy. We can reduce inflation, diminish pollution, defend the consumer and make our economy more efficient and competitive overseas. Mobilizing the public to secure more efficient automobiles, building operation and construction, industrial processes and consumer technologies will relieve greatly the pressures that are placed on our society by an energy scarcity based on waste. For this group to succeed requires the support and attention of many Americans.

Carter Welcomes ASE, "Permanent Sabotage"

The following are excerpts of a statement issued by Jimmy Carter at the Feb. 10 press conference announcing the formation of the Alliance to Save Energy.

Saving energy must be a major national priority. It is one of America's greatest challenges.

I want to welcome the timely creation of the private, non-profit Alliance to Save Energy which is being announced today. This organization is dedicated to the concept that there is a new, inexpensive and accessible resource: conservation energy...

I have asked Vice President Mondale to serve as honorary co-chairman of the Alliance to save Energy ... As I said in my address to the nation last week, we must face the fact that the energy shortage is permanent ... Conservation will be the centerpiece of our national energy policy ... I'm confident that the Alliance to Save Energy will play a significant role in implementing our national energy policy...

Who's In ASE

The following is a listing of the officers of the ASE. A partial listing of Board and Advisory Board members follows.

Chairman: Senator Charles H. Percy

Co-Chairman: Senator Hubert H. Humphrey

Honorary Chairmen: Former President Gerald R. Ford;
Vice President Walter F. Mondale

Honorary Advisor: The Honorable James R. Schlesinger

Advisory Board:

Chairman: Dr. Henry A. Kissinger

Honorary Chairman: Representative Thomas P. O'Neill, Jr.

Honorary Co-Chairman: Representative John J. Rhodes

Honorary Chairwoman for Industry and Commerce: Secretary Juanita Kreps

Honorary Chairman for Labor: Secretary F. Ray Marshall

Honorary Chairwoman for Housing: Secretary Patricia Harris

Honorary Chairman for Transportation: Secretary Brock Adams

Members of Advisory Board:

Ambassador Anne Armstrong*, *Ambassador to Great Britain*
Lester Brown, *President, Worldwatch Institute*
John Gardner, *Chairman, Common Cause*
Senator Henry M. Jackson, *Chairman, Senate Energy and Natural Resources Committee*
Ambassador Sol Linowitz
George Meany*, *President, AFL-CIO*
Peter Peterson, *Chairman of the Board, Lehman Brothers*
Russell Peterson*, *President, New Directions*

Eugene Pokorny*, *Vice President of Cambridge Reports*
David Rockefeller, *Chairman, Chase Manhattan Bank*
Laurance Rockefeller, *President, Rockefeller Foundation*
John Sawhill*, *President, New York University*
Russell Train, *Former Director of Environmental Protection Agency*
Leonard Woodcock*, *President, UAW*
Frank Zarb, *Former FEA Administrator*

*Board of Directors

Carter's Congressional Energy Legislation

Senate Bill introduced by Hubert Humphrey (D-Minn) and 14 other Senators on Feb. 10 for the "rapid commercialization of solar energy." The bill would establish a six-year program under the auspices of the General Services Administration and the Defense Department to install 15,000 solar hot water and space heating systems across the country in Federal structures.

In motivating his bill, Humphrey said that "Solar energy is indeed far closer to economic reality than some of my colleagues and their constituents realize." This bill, he emphasized, is only the beginning of "a major push to ensure the rapid commercialization of solar technologies." All provisions of the bill are mandatory.

House Bill introduced on Jan. 4 by Hamilton Fish, Jr. (R-NY) and Pattison (D-NY) entitled the "Nuclear Energy Reappraisal Act," would end nuclear fission power generation in the U.S. through the following provisions:

"The Nuclear Regulatory Commission is directed to cease, beginning on the first day after the date of the enactment of this Act, the granting of construction licenses or limited work authorization for the construction of nuclear fission powerplants and the granting of licenses for the export of nuclear fission powerplants." This termination will remain in effect until a "proper evaluation" has been made of the powerplants' "safety, environmental, and proliferation consequences."

"Beginning five years and one hundred and eighty days after the date of the enactment of this Act...each existing nuclear fission powerplant and each such plant under construction shall not be operated at any time at more than 60 percent of the licensed core power level of such plant and shall thereafter be derated at a rate of 10 per centum per year...and shall not be operated at any time in excess of such reduced core power level."

Senate Bill introduced by Jennings Randolph (D-W.V) with Huddleston (D-Ky), Humphrey (D-Minn) and Jackson (D-Wa) on Jan. 4 cited as the "Natural Gas and Petroleum Conservation and Coal Utilization Act of 1977." This bill would convert electric power plants now using oil or natural gas for fuel to coal or coal derivatives obtained through coal gassification or to wood or other bio-mass. *There is no mention anywhere in the bill of*

using nuclear energy as a power source. In "furtherance of national energy self-sufficiency consistent with applicable environmental requirements" the bill requires:

"The (mandatory) capacity to use indigenous energy resources of the United States in lieu of imported energy supplies by the substitution of coal and other fuels for natural gas and petroleum products as the primary energy source for new electric powerplants and new major fuel-burning installations.

"The Congress finds that any new electric powerplant or any new major fuel-burning installation shall be deemed in compliance with the purposes of this title if such powerplant or installation has the capability to use coal and utilizes coal as its primary energy source in conformance with applicable environmental requirements."

Two Senate Bills introduced by Ernest Hollings (D-S.C.) on Jan. 10, entitled "National Energy Mobilization Act of 1977," and "Energy Policy Act of 1977."

The Mobilization Act would establish an Energy Mobilization Board in the Executive Office of the President. The Board will consist of a Chairman and two members appointed by the President, with powers of subpoena for witnesses, books, papers, and documents and the power to prescribe its own operations and organization. The Bill states that "The Board may make such rules respecting its organization and procedures as it deems necessary...Subpoenas may be issued over the signature of the Chairman of the Board, or of any voting members designated by him..." And, furthermore, "The Chairman may appoint, with the approval of the Board, an executive director who shall exercise such powers and duties as may be delegated to him by the Board."

Its duties are: "To establish specific targets for domestic energy resources which shall include (establishing) a level of imports which is consistent with the national interest, and shall specify the necessary domestic production levels of all energy resources, the necessary conversion of utilities and industry from oil and natural gas to coal or another plentiful energy resource consistent with the domestic production targets, the buildup of specified energy resource stockpiles, especially oil, in storage."

"To monitor the activities of the private and governmental entities to determine the progress made by them

toward achieving the specific targets, including "activities and programs being conducted by private enterprise and governmental agencies to increase conservation of energy, to implement conversion of utilities and industries from oil and natural gas to another energy resource and to build up energy resource stockpiles."

In addition to energy conservation, the bill calls for "the development and commercial utilization on a large scale of coal conversion and coal liquification technology," and there is no mention of nuclear power.

The second bill, "Energy Policy Act," would establish a 3-member Energy Policy Council in the Executive Office. Its purpose is to advise the President on energy policy within the framework of the goals and policies of the Energy Mobilization Board. In fact, the Policy Council is identical to Carter's proposed Executive Energy Department which will be directed by James Schlesinger.

Senate Bill introduced on Jan. 25 by Harrison Williams (D-NJ) as the National Energy Center Act. The Bill

would centralize all Federal energy conservation programs and Federal research and development in a National Energy Center. The core of the Center will be an Energy Conservation Service mandated to set up regional centers throughout the country with conservation training and propaganda programs.

"These field representatives would then be sent to operate out of metropolitan, city, suburban, and rural offices to advise and provide technical assistance (on conservation) and expertise to all sectors of the community."

Senate Bill introduced on Jan. 10 by Henry Jackson (D-Wa) to authorize appropriations for development of *non-nuclear energy resources*.

The bill provides funding in the following categories: \$541.4 million for fossil projects, \$319.7 for solar energy, \$241.5 million for energy conservation, \$148.1 million for environmental research and \$216.3 million for program support.

EXCLUSIVE

Carter Seeks Large-Scale Program Of 'Pick And Shovel' Publicly-Funded Jobs

The Ohio Civilian Conservation Corps legislation which would enroll the state's youth in militarized labor-intensive work camps modeled on the Roosevelt CCC was suddenly resurrected this week and rammed through the state House of Representatives by a 72 to 16 margin yesterday. The bill, sponsored by Carter Democrat State Senator Wilkowski and Rep. Zimmer, has the full backing of the Carter Administration, which is planning a broad program of similar legislation on a national scale.

Carter Democrats last week reintroduced onto the floors of both the House and Senate the Humphrey-Hawkins Full Employment and Balanced Growth Act, and the National Employment Priorities Act of 1974 (NEPA). The NEPA bill — more widely known as then-Senator Walter Mondale's "boxcar bill" — provides for the forcible relocation of workers laid off during the energy crisis to Humphrey-Hawkins-established labor camps.

Wilkowski:

'Once We Get Conservation Camps, Then We Go For Coal Gasification Plants'

The following interview was conducted Feb. 17 with Ohio Democratic State Senator Arthur Wilkowski. The interview was conducted by an independent journalist and made available to the Executive Intelligence Review.

Q: I understand that you have introduced an important piece of Youth employment legislation into the state legislature. What will it do?

Wilkowski: That's right. My Civilian Conservation Corps legislation passed the state House yesterday. It calls for the establishment of a pilot project on 200,000 acres of strip-mined land in the southeastern section of the state. 200 youth would be enrolled in this camp to reclaim the land. If things go well with this project, then the State Director of Natural Resources would authorize at least two more camps doing other things. We are working on some other work project areas, including a soil erosion project near and around Lake Erie. We could use some of the heavy equipment of the national guard and maybe even get some national guard supervision. We've had a rough winter and I'm sure we're going to have a rough spring. If my program were functioning, then the kids could be called up in an emergency situation like the severe snow storm we had or floods.

Q: Are you working with people on the national level? There are similar proposals in the Congress.

Wilkowski: Of course. I've worked with Rep. Meeds (D-Wash., ed.) and Rep. Pease, the newly elected chairman of the Freshman Democratic Caucus. They have assured me that my bill will get funded from the Federal level. The present public service legislation has a provision calling for \$40 million "seed money" for state programs such as mine. When the \$9.3 billion jobs stimulus package gets passed, there will be some \$400 million available.

Q: I understand that Sens. Javits and Humphrey have a national youth employment bill that incorporates a CCC

plan almost identical to yours.

Wilkowski: That's right. My bill will plug right into the Humphrey-Javits legislation. The Carter Administration is solidly behind a youth employment program. My bill is a step in that direction. I have met several times while in Washington recently with Sens. Javits and Humphrey and their aides. They think the bill is great and were a big help to me. I guess my bill is very helpful to them.

Q: I understand that Gov. Rhodes vetoed the bill last November. Why was that?

Wilkowski: I'll be damned if I know. We have a wierdo governor. Here I was in his office only the day before he vetoed it and he tells me that he was going to sign it. I can't figure this wimp out. I introduced the bill last fall and it overwhelmingly passed the House. Then it passes the Senate by 32 or 33 to 1. It goes to the Governor's desk. He holds it for more than a week and he vetoes it. We need 60 votes in the House to override. The governor calls his troops into line and we can get only 59 votes, so the override fails. Well, now we have a veto-proof legislature. My bill will pass the Senate and the Governor can do whatever the hell he pleases with it. Then we override. He is saying that he would probably sign the bill — but who the hell knows with him. If his head is screwed on right he will. But I don't know.

Q: Is there any opposition to the bill? What about the labor movement?

Wilkowski: Let's just say the labor movement is not against it. Why should they be? It gives out-of-work kids jobs in a healthy environment. About the only people who are against it is the American Labor Party. They put up signs all over the state saying that I wanted to set up concentration camps—"Send Your Kid to a real summer camp, not a CCC concentration camp." They are a strange bunch. They don't take baths and they look scraggly, like bums. They came to hearings I held in Toledo and tried to break it up. But they look so scraggly and don't use shampoo, that they actually help me. Ha, ha. They help. Why, the fact that these people are against it will make many Republicans vote for it. They lobby a lot here in Columbus. Here, their people dress decently.

I'm surprised that they didn't do anything in the House. Maybe we caught them off guard, the bill came to the floor after only 1 hour of hearings. After all, it was the same as the one from the last session. I'm sure that they will be around, unbathed, for the Senate debate. I'm not afraid of them, not in the least.

Q: How many jobs will the program create?

Wilkowski: It's hard to say. Several thousand. But it is really dependent on the passage of Humphrey-Javits. In the 1930s, CCC programs put 2 million people to work. I think that we could have about 800,000 for starters here.

Q: Will these programs have any relationship to the energy crisis?

Wilkowski: Again that is tricky. We're studying it. This strip-mining reclamation is an indirect connection. Schlesinger, after all, said that he favored strip-mining regulation to incorporate environmental complaints. But I'm studying more direct possibilities, but you'll have to wait for the answer on that one until Carter unveils his program.

I will tell you that I am working now on some legislation that I regard as every bit as important as the CCC bill — if not more important. This involves state funding of an effort to construct large numbers of coal gasification plants. We have a lot of high sulfur coal in the state that environmental legislation prevents us from using. We can gasify it and use it to power our utilities instead of natural gas. (Sen. Jennings Randolph of West Virginia has legislation in Congress calling for this — ed.) I don't know why the hell we don't push coal gasification. Every time I bring it up the Public Utilities Commission says I'm nuts. Well I'm not nuts. The Germans have used it, and they have new processes which no one wants even to look at. The Governor is another problem. He has this group, Rhodes raiders. First he went to Quebec to get gas. Now he goes to Houston. Well why does he have to go to all these places? We have the coal right here in the state needed to produce gas. He has an interest in Wimpy's hamburgers. Maybe he's taking these trips to set up new franchises. I don't think the Governor has the slightest idea what the energy crisis is all about. He's a little crazy.

Senate Conservatives Position Themselves On Key Committees

At the closed door meetings of the Democratic and Republican Senate Policy Committees this week where permanent Senate committee assignments were finalized, conservative, growth-oriented Senators successfully retained contested chairmanships of key committees while strengthening their overall position on several important committees. The Senate conservatives fought hard to increase their weight on the pivotal Finance, Commerce, and Armed Services Committees, whose powers overlap the control over military, economic and foreign policy exercised by the Banking, Energy, and Foreign Relations Committees, all dominated by Wall Street allies. They are also working

behind the scenes to remove jurisdiction over nuclear energy from the Energy subcommittee of administration ally Frank Church (D-Idaho), and place it in a separate committee.

If they make use of the full constitutional powers of the committees they dominate, conservatives are in a position to challenge the Administration on every major foreign policy, military and economic question.

The Democratic Policy Committee voted to keep conservatives, many of them southern-based, as chairmen of seven important committees. These are:

Agriculture: Senator Herman Talmadge (Georgia)

Appropriations: Senator John McClellan (Arkansas)

Armed Services: Senator John Stennis (Mississippi)
Finance: Senator Russell Long (Louisiana)
Foreign Relations: Senator John Sparkman
(Alabama)
Rules: Senator Howard Cannon (Nevada)
Judiciary: Senator James O. Eastland (Mississippi)

The most hotly contested chairmanship post was the Finance Committee. Russell Long retained his chairmanship by a vote of 42 to 6 despite a vigorous lobbying effort and series of watergating attacks by Common Cause. Majority leader Robert Byrd, in a move to force those administration allies who opposed Long's reelection to the Finance post to publicly declare themselves, called for an unusual roll call vote of all Democrats on the question, and Long was overwhelmingly re-elected.

The decision of the Republican Policy Committee to appoint three conservatives to the Judiciary Committee allowed GOP conservatives to secure the minority leadership of the committee while at the same time maintaining their strong position on the Armed Services Committee. The Policy Committee placed Senators

Hatch (Utah), Wallop (Wyoming), and Laxalt (Nevada) on the Judiciary Committee, giving conservatives the clout to block Senator Mathias' (Maryland) from becoming the committee's minority leader. Strom Thurmond (S.C.) took over as ranking Republican on the Judiciary Committee, yielding his minority leadership position on the Armed Services Committee to his Texas ally John Tower. At the same time, Arizona's Barry Goldwater was elected minority leader of the Senate Intelligence Committee, the base of last year's Wall Street attack on traditionalist layers in the intelligence community.

Mathias' defeat for the Judiciary post is especially significant as he had been vigorously opposed by the independent oil and gas industry. The Judiciary Committee has been used in the past as Rockefeller-allied liberals' forum for so-called "divestiture" hearings into the energy industry, aimed at destroying the non-Rockefeller-controlled companies. Committee staffers now reveal that in light of the changed composition of the committee, the conservatives are considering using the upcoming divestiture hearings planned by Senator Edward Kennedy to go after the Rockefeller oil empire.

EXCLUSIVE

Opposition To Warnke Mounts In Washington

Since the U.S. Labor Party's testimony last week before the Senate Foreign Relations Committee opposing the confirmation of Trilateral Commission member Paul Warnke as director of the Arms Control and Disarmament Agency and SALT negotiator (see Feb. 15 EIR), opposition to Warnke's appointment has grown rapidly in the defense community and among Congressional conservatives.

The growing recognition in these layers that Warnke's disavowal of U.S. research and development efforts and his dishonest denial of Soviet technological advances constitute a fundamental national security risk has spilled over into so-called "liberal" ranks, where the first defections among Warnke adherents are already occurring. On Feb. 16, Senator Richard Schweiker (R-Pa.) announced at a press conference that he was withdrawing his support from Warnke and would appear before the Senate Armed Services Committee later this month to urge his colleagues to reject Warnke's appointment. Defense Department sources had told him, Schweiker said, that President Carter intended to make Warnke a virtual czar over arms control matters, much as he has made former Defense Secretary James Schlesinger a dictator on energy. Schweiker revealed that Carter will appoint Warnke to direct the National Security Council interagency panel on SALT verification, once he is confirmed as ACDA director and SALT negotiator. In this capacity, Schweiker charged, Warnke would establish arms control policy, carry out negotiations, and review his own work, without any outside independent check on his power.

In an interview with NSIPS, Schweiker's office pre-

dicted that the Senator's defection will be the first of many liberal Republicans and Democrats to desert Warnke, torpedoing the fiction that the controversy over his appointment is a "dove" versus "hawk" contest.

Defense and national security circles are equally concerned about the Warnke nomination because of the mounting evidence of the Carter Administration's determination to phase out nuclear power development beginning this year, a decision which has devastating effects on the nation's defense capabilities. In effect, spokesmen for these circles have acknowledged, Carter's decision to close down basic scientific research and development removes the cordon sanitaire which Joint Chiefs of Staff chairman General George Brown drew around the nation's basic industrial infrastructure in his military posture statement this year. Brown had maintained that defense of this sector was vital to national security.

Already Pentagon officials are conferring with members of the Senate Armed Services Committee to ensure that the upcoming Warnke hearings before that Committee address the central issue of technological development versus Carter deindustrialization for the U.S., against the backdrop of widely recognized Soviet technological breakthroughs. This week an MIT physicist got the ball rolling by bluntly telling the House Science and Technology Committee that Carter's announced budget cuts for nuclear power development "is a national security issue."

In the face of such level-headed thinking, both "dove" and "hawk" apologists for Carter's Schlesinger Doctrine of "reciprocal" bluff and bluster, are scurrying to cover

the tracks of their infamy, while escalating their hard-soft destabilization operations aimed at keeping the Soviet leadership off-balance. Fully cognizant of Soviet capabilities, veteran Cold Warriors associated with the Committee on the Present Danger, such as Eugene Rostow, are publicly agitating for a speedy arms agreement to halt further Soviet technological development. In a letter to the New York Times this week and in private conversation, Rostow admitted he was terrified by the Soviet laser capability, which is "operational," and confided that an early SALT is America's only hope.

Simultaneously, the octagenarian "soft-cop" globe-trotter of U.S. foreign policy, Averell Harriman, was invited out of retirement by the Coalition for a New Foreign and Military Policy, an amalgam of peace groups clustered around the Carnegie Endowment for Peace, to join forces with Institute for Policy Studies founder Richard Barnet in a stirring defense of Warnke and his "quick SALT" policy. At a Congressional symposium Feb. 17 organized by the "dovish" Senator McGovern and Rep. Rosenthal, Harriman launched into an emotional plea for Warnke, predicated on the hysterical contention that the Soviet Union would never go to war, no matter what the stakes.

A Coalition spokesman reported that when Harriman

was invited to speak at the symposium on detente, he reacted like a fire horse leaving the station, yelling, "If there's anything I can do to support Warnke, I'll be there. I'll go anywhere." At the seminar, Harriman went so far as to identify Warnke's opposition as the "Emergency Coalition Against Unilateral Disarmament," mystifying his Coalition hosts and observers, who had never before heard of any such organization. It is not listed in the Washington, D.C. telephone directory.

Less honest than Rostow, and certainly more senile, Harriman and Barnet vigorously denied that the Soviets have a marginal technological edge, much less a war-winning strategy, to their symposium audience. Nonetheless, like Rostow, they strongly advocated a total test ban treaty to limit the development of qualitative new weapon systems.

Harriman's fantasies aside, the phony "soft" gang vs. "hard" countergang controversy over Warnke has been transformed into a substantive debate between the advocates of industrial progress and scientific development as the lynchpin of national security and peace and the apologists for deindustrialization and a foreign policy based on bluff, psychological warfare, and nuclear holocaust. The vehemence with which Harriman et al. denied the obvious is testament to that transformation.

Eugene Rostow: Soviet Weapons Strides Make Total Nuclear Ban "Only Meaningful Negotiations"

In an interview this week Eugene Rostow, a member of David Rockefeller's Council on Foreign Relations and a leader of the ultra-hardline Committee on the Present Danger, warned that the Soviet Union's work on developing weapons technologies means that "the only meaningful arms negotiations" now are those "to totally ban nuclear weapons." The text of the interview, made available to the Executive Intelligence Review, is excerpted here:

Q: What is in store for SALT and arms negotiations that you would say will be meaningful?

Rostow: Apparently from what the administration is saying, we will institute the Vladivostock accords as the basis of the SALT agreement. Now this will be like hanging fire. If you remember, parts of the Vladivostock accord were withdrawn and never replaced. If anything, the result will be a formal agreement. Carter is using the same tactics of ignoring the most important issues as Kissinger did. The cruise missile and backfire are not even going to be discussed if they present any problem. Will the Russians buy the Carter policy? I don't really know. They tend to just be as greedy as can be in these kinds of things, and they'll take all they can get as long as they can get away with it. There won't be any real issues in the negotiations, however — the signing is going to be a purely cosmetic appearance.

Q: The substantial issues are being ignored, then, while the already surpassed Vladivostock numbers are going to be the question?

Rostow: Yes. This is a continuation of Kissinger's policies of ignoring Soviet military growth and their real intentions. You know, the Soviets are now mounting their ICBMs on trucks, on mobile platforms. This was one of four items which was to abrogate the Vladivostock and SALT I accords, but nothing was done about it. You remember when there were charges that the Soviets were not complying with the strict nature of the treaty numbers? Well, here you have — by their own admission — their use of mobile platforms, and there is no response from our government.

The same sort of thing took place in the Non-Proliferation Treaty talks. Back when I was in the government (as Undersecretary of state for political affairs, 1966-1969 — NSIPS), Rusk and Rogers tried to get this across and through the Senate. The Soviets simply didn't buy aspects of the treaty and didn't play the game. They do what they want and get no response. In terms of public opinion, I think the orientation there is to wage a campaign to say "no" to the SALT treaty as it now shapes up. We can only lose from it.

Q: What about these new weapons — lasers and rays and so on. If the Soviets have such things, would there be any way of getting these weapons into the treaty?

Rostow: I doubt it. This thing goes back to the McNamara days, when he believed that any significant progress on anti-ballistic missiles systems would wreck the "mutually assured destruction" posture. Now experts tell me that the Soviets have an operational system that could be damaging to our missiles. The problem is that

you can't repress the technology. The Soviets know this and have kept up their weapons development to the present day.

I think the only really effective way of concluding some meaningful arms negotiations — and this is the one thing of Carter's outlook that holds promise — is to totally ban nuclear weapons. Only total abolition, as Carter said it, could make that sort of thing work.

Q: What other issues will be tied to SALT? What about

the human rights issue?

Rostow: Well, trade will be involved, naturally. The Soviets are not too fazed by human rights announcements. They have the situation well under control. They are sensitive to it, though, as a result of 1968. They're a paranoid bunch, you know, and they see it from the standpoint: "once this stuff starts, how do you stop it?" But I think that this time they have the edge to head anything like that off.

Korry Anticipates 'Carter's Watergate'

Speaking Wednesday night Feb. 16 at Harvard University, former U.S. Ambassador to Chile Edward Korry declared that "It will be Jimmy Carter's Watergate" if he intervenes to squelch the indictments of former ITT chief executive Howard Gennen and former Director of Central Intelligence Richard Helms, who are "implicated in murder in Chile." This charge was carried on an Associated Press national wire picked up on WNCN radio in New York City.

Korry declared that there was continuity of U.S. policy in Chile dating from collaboration between the Kennedy's and David Rockefeller in the early 1960s, and exploded what he termed the "morality fable" of U.S. foreign policy, that the Democrats were good and that Nixon and Ford were corrupt. In reality, said Korry, U.S. foreign policy as initiated under the Kennedy's continued unbroken through Henry Kissinger's National Security Council, involving Hubert Humphrey, Eugene Mc-

Carthy, George McGovern, Walter Mondale and "the bubble-headed liar, Church."

Korry told the audience that "It all began right here at Harvard University in 1963, with an extraordinary meeting of the Board of Overseers, where Bobby Kennedy enlisted David Rockefeller to form the Businessmen's Alliance for Latin America....Louis Oberdorfer, RFK's assistant attorney general was ITT's chief counsel, and Richard Goodwin was the man behind Kennedy."

Asked if U.S. policy on payment of the Chilean foreign debt during Allende's regime were not the same debt collection policy being followed by David Rockefeller and other New York bankers toward Third World nations today, Korry acknowledged that the poor countries could not repay their debts now. When a spokesman for a U.S. Maoist weekly attempted to question Korry's testimony, he informed the crowd that the Maoists in Italy had collected money for Chilean dictator Pinochet.

Korry: Mission 'Truth Squad'

In an interview Feb. 18, following his call to "watergate" Jimmy Carter if he attempts to quash the indictments of Harold Geneen and Richard Helms, former U.S. ambassador to Chile Edward Korry explained that he views his recent outspoken role in U.S. foreign policy as that of a one-man "truth squad." Korry explained that he found the role thrust upon him in March, 1976, when he became disturbed that "leaks" emanating from Senator Frank Church's Senate Multinationals Subcommittee investigations were presenting a distorted view of U.S. foreign policy — one slanted to whitewash the very people who are behind the Carter Administration, such as David Rockefeller, Cyrus Vance, et. al.

Korry said that he called then-Director of Central Intelligence William Colby and asked to see Colby's secret testimony before the Church committee: Colby declined, but led Korry to believe that he shared Korry's belief that the Church "leaks" were

distorted. Based on this conversation, Korry committed himself publicly to the view he thought Colby shared, and was then shocked and angered to find not long afterwards — when the Colby testimony was leaked to the press — that Colby was the source of these very distorted leaks.

Korry decided at that point that the whole story had to come out, beginning his series of blockbuster revelations which have effectively confirmed charges that the CIA has become a tool for carrying out the policies of such private interests as David Rockefeller. For the present, Korry is determined to see that the Carter Administration does not quash the indictment of former CIA head Richard Helms — who guided the agency when so much of the Rockefeller-Vance-et.-al. policy making was going on. With Carter's close ties to David Rockefeller a matter of public record, Ambassador Korry's charges provide Carter foes with powerful ammunition to use against his administration.

Harriman, IPS Push War And Warnke On The Hill

Democratic Party patrician Averell Harriman and Richard Barnet codirector of the Institute for Policy Studies terrorist command center, joined forces Feb. 17 in a Capitol Hill organizing session to boost Paul Warnke's nomination to head the Arms Control and Disarmament Agency. Their forum was a seminar of the "Coalition for a New Foreign and Military Policy," a neo-Fabian group whose leadership includes Senator George McGovern and Rep. Benjamin Rosenthal.

Joining Harriman and Barnet on the speaker's rostrum was Prof. Walter Clemens of Boston University, who is a Fellow at the Kennan Institute for Russian Studies in the Woodrow Wilson School of International Affairs at Princeton. The seminar, held in a House hearing room, was attended by several hundred Congressional aides, Institute for Policy Studies hangers-on, and others.

All three speakers stressed that the chance for a SALT II accord not be allowed to "slip away," and that the Presidency of Jimmy Carter and the addition of Paul Warnke as ACDA head are "just what we need to reach a favorable agreement." Here, some highlights of the seminar presentations:

Averell Harriman: "One thing I can tell you *categorically* — the leaders of the Soviet Union do *not* want to have a war. They just came through a terrible war (i.e., World War II — NSIPS); Brezhnev says this and you've got to believe him. Don't believe people who say they are working for a first strike capability. They don't want to see their nation destroyed. It is *nonsense* to think that their objective is to see Moscow and Leningrad destroyed. Why in Leningrad, they just got through rebuilding and restoring the Czarist palaces — they don't want to see this destroyed...."

"We have got to get an agreement to stop the increase in weapons, this qualitative increase, because science is developing on both sides so fast that soon we will not be able to verify agreements...."

"Look at Brezhnev's V-E Day speech. It is for peace. He said he does not want war, but that the USSR will support 'liberation movements.' This means communist subversion, but it is toned down from Krushchev, who said they support 'liberation wars'....We must never let our conventional forces be so weak that they cannot do their job...."

"It is a great sacrifice for Mr. Warnke to accept this post (as ACDA head — NSIPS)...He will of course function according to Mr. Carter's orders — and Mr. Carter is, of course, an expert in the nuclear field...Mr. Carter also has to face the fact that there are Communists who do not want better relations with the U.S. because they say it will weaken them."

Richard Barnet: "I agree very much with the general tenor of Mr. Harriman's remarks, except for his statement that conventional forces have a job to do in Europe. I do not think that a European war could be easily controlled not to go to the strategic nuclear level...(Note:

Barnet formerly worked in the Arms Control and Disarmament Agency)...."

"It is not that the Soviets have a plan to win a nuclear war — but there is a dangerous illusion on both sides that somehow nuclear weapons can be used for political purposes. But the only thing nuclear weapons are good for is deterrence, and for this, the number of weapons can be greatly reduced...."

"From the beginning the U.S. has been way ahead in military development. The Soviet Union has always been imitative in relation to U.S. technological development. The Soviets for a long time tried not to join the arms race. Khrushchev tried to bluff us, cause they couldn't afford to put resources into the arms race. But this approach suffered a setback at the time of the Cuban Missile Crisis, because the United States' superiority was revealed. So the Soviets had to commit themselves to arms build-up. This has now reached a point that U.S. admitted that there is rough equality, and so the last administration made some arms agreements. Therefore the lesson the Soviets learned is that you get results if you speak from a position of power."

"There are now people in this administration and in the Soviet Union who are ready to except equality. We must move now towards agreement while the time is right....We should move competition with the Soviet Union away from the military sphere and toward the economic, etc. The military is where the Soviets can best compete with us...."

"I much agree with Mr. Harriman that most important for our security is maintaining domestic strength (i.e., economic and such). We face the impending end of the fossil fuel economy — that is a much bigger security threat, and yet the strategy we pursue to deal with the very remote threat of the Soviets attacking us keeps us from dealing with these greater threats."

Walter Clemens: "The Soviet Union's main concern being raising their living standards, they would hardly even want to compete with us, let alone attack us. Historically, their military response has been defensive. there is no pattern of general aggressiveness. Most of the ways in which the Soviets have threatened world peace have come from their sense of inferiority rather than superiority...."

"SALT I agreements were remarkable for their achievements. Now we must build on this. The objective situation is very favorable — there is rough equivalence and Brezhnev has staked his career on peace, as has Carter. But we must settle for rough equality, because there will never be a time when we have complete equality of weaponry. We are ahead in some kinds of weapons, the Soviet Union is ahead in some kinds. And we also must recognize that there are other differences, for instance, the Soviet Union is surrounded by enemies: China, West Germany, and maybe also East Germany. The U.S. has only Cuba as an enemy close by, and that may even be changing."

In the Question Period:

Averell Harriman: "The Soviets, especially recently, have made some major breakthroughs at the frontiers of scientific research which could have major and immediate military applications, which might not be 'verifiable.'...It will be necessary to reach a comprehensive test ban outlawing tests of new kinds of weapons..."

"Changes in the Soviet Union will have to come from within, and they will come, because of the urge of humanity, which is on our side, on the side of human dig-

nity, and it will be impossible to keep so many people of such diverse cultures in line. Stalin had a problem with the nationalities; he had to use heavy repression. This will be a problem again."

Rep. Rosenthal: "Yes, there will be a struggle of nationalist groupings that are very hard to control."

Richard Barnet: "The Soviet Union is concerned with relations with the rest of the world, and they know that military competition and domestic repression interferes with economic relations. They are very influenced by world opinion."

EXCLUSIVE

Fusion Energy Foundation Tour Builds Political Alternative To Carter No-Energy Program

In the past week, Dr. Morris Levitt, director of the Fusion Energy Foundation, has initiated a tour of West Coast campus and industrial complexes, drawing attendance of approximately 100 at forums at Occidental College, California Polytechnic Institute, and elsewhere. On Monday, Feb. 14, Levitt told an overflow crowd of 400 at the prestigious Comstock Club in Sacramento that the influence of such people as Jerry Brown and Ralph Nader must be removed before they completely sabotage U.S. industrial development, and, amid resounding cheers, declared that it is a necessity for the U.S. to develop fusion power.

It was the second energy-oriented address in a month for the Comstock Club, which last month heard Joseph R. Rensch, president of Pacific Lighting Corporation, rip into "negative growth" advocates who are playing "energy brinkmanship" in holding back the development of new energy supplies, and heavy press coverage of the Levitt speech has confirmed the depth of public interest in the subject of energy growth. The Sacramento *Bee* summed up its report of Levitt's address by saying, "California has gone off the deep end on restrictions on growth of industry;" the story also made the points that the energy shortage has been contrived by certain political interests, that California Governor Jerry Brown's philosophies run counter to humanity's highest achievements, and that nuclear and other future energy sources must be developed. KFBK radio carried a story on Levitt's charge that the drought afflicting California has been caused by the deforestation of the Amazon jungle of

Brazil five times in 24 hours, plus five spots discussing fusion energy, why it is preferable to fission, and Levitt's charges that the U.S. fusion program is being sabotaged.

U.S. Labor Party energy program memorials, calling on the U.S. Congress to speed the development of fusion and make maximum use of presently available resources including fission energy, have now been introduced in the Connecticut, Oregon and Washington state legislatures, and are now being drafted in Wisconsin, Vermont, Colorado and Ohio. In addition, the proposal is in preparation or receiving intense consideration in Rhode Island, Massachusetts, Missouri, South Carolina and California. At the same time that Levitt was in San Francisco, Rep. John Burton volunteered in a speech to constituents that he would introduce the USLP legislation to Congress.

After an appearance at the University of Washington Feb. 15, Levitt testified before the Washington State Senate Energy Committee — which is considering the memorialization bill — and immediately drew a sharp political response. One member of the Senate Committee, confronted with the proposal which has been sponsored by both the leading Democrats and Republicans in the State Senate, attacked the bill as "an insult to President Carter." The Washington proposal calls for the development of fusion and the fostering of scientific education.

Similar responses have surfaced during the tour of FEF spokesman Dr. Stephen Bardwell of Pittsburgh, Michigan and Ohio. Following Bardwell's speech at

Michigan State University, attended by 110 students and representatives of industries, the Grand Rapids Press carried a report emphasizing the need for mankind to progress and attacking Naderism as a fraud. At a Detroit presentation Feb. 13, 80 people in attendance purchased copies of the USLP exposé, "Stop Ralph Nader, the Nuclear Saboteur," and several utilities representatives began planning joint town meetings with the USLP to further this grass-roots mobilization of the base of the Democratic Party in particular.

In Ohio, the Senate Energy Committee is planning a hearing for FEF testimony on March 4 on the USLP energy memorial now being drafted. The memorial has the sponsorship of the conservative Republican grouping, as well as the Democratic chairman of the House Energy Committee, State Rep. Carney of Youngstown. The bill's sponsors are formulating a resolution condemning Environmental Protection Agency anti-pollution guidelines now being imposed on the state's industry to help pull the coal industry-oriented layers in the state, such as the United Mine Workers, into a pro-energy growth coalition. In addition, a March 10 FEF forum slated in Columbus will be attended by local steel, utilities, Democratic and Republican legislators and possibly members of Ohio's congressional delegation.

In the South, U.S. Labor Party regional executive

Harley Schlanger held a press conference Feb. 16 in Columbia, South Carolina, calling on Sen. Strom Thurmond (R-SC) to pursue his opposition to Carter's nominee to head the Arms Control and Disarmament Agency, Paul Warnke, by a full exposure of Warnke's ties to the Trilateral Commission. Schlanger's conference was covered by the local NBC-TV, the *Spartanburg Herald*, and other press in attendance followed up with a full line of questions on what is the Trilateral Commission, who are its other members, and what are its policies.

At stake in the South's energy fight is, significantly, the Bardwell, S.C. nuclear fuel reprocessing plant, the only one in the country, which is completed but not yet licensed.

In a speech to the American Society of Civil Engineers in Birmingham this week, Tennessee Valley Authority Chairman Aubrey Wagner called on engineers to speak out for a sound energy policy for the U.S.: "It's high time we who are in the best positions to understand the real energy problems of the nation be just as visible and vocal (as the Naderites-ed.)... (The nation must) quit vacillating on nuclear energy." Wagner proposed an end to the sabotaging of nuclear licensing procedures and a strong push behind the breeder reactor program.

Energy And Industrial Policy For The United States

The following is the text of an address by Dr. Morris Levitt, Executive Director of the Fusion Energy Foundation, to the Comstock Club, Sacramento, California; Feb. 14, 1977.

The present threatened energy and water shortfalls in the state of California — a state which has been the paradigm of educational, technological, and agricultural excellence for the country — is symptomatic of a more profound threat to the continued existence of the United States as the world's leading industrial democracy. Despite the clear potential availability of abundant energy and other resources, our nation immediately faces the piece-by-piece dismantling of our industrial and agricultural infrastructure through what is *publicly* admitted by its proponents to be an *artificially imposed* energy shortage. These deliberate policies of deindustrialization furthermore deny the fact that 1976 witnessed confirmation of the feasibility of our needed long-range energy source, fusion power.

In the last several weeks, the following policy statements and proposals have been delivered: In his fireside address to the nation at the height of the natural gas shortages, President Carter declared national energy policy to be "conservation" — cutbacks up to 40 percent, the program of anti-nuclear presidential energy policy director James Schlesinger. Shortly thereafter, the Rockefeller Brothers Fund-sponsored Environmental Agenda Task Force — an umbrella for every major anti-industrial organization — released its hastily assembled document entitled "The Unfinished Agenda" (otherwise

known in perceptive circles as "The Final Solution"), which proposed the phasing out of central station electricity production and an escalating tax on fuels so that a five-fold increase in prices would make solar energy "cost competitive."

To top off such modest proposals, last week Senators Humphrey and Percy announced the formation of the Alliance to Save Energy, presenting the Naderite argument that every unit of energy not consumed as undefined "waste" was equivalent to a new unit of energy produced and consumed. Percy further claimed that nuclear power should be eliminated because it produced more heat than useful energy, neglecting the fact that this is the case for *all* electricity generators at present. People who should know better, such as House Republican Leader Rhodes and AFL-CIO President Meany, incredibly lent their names to this cause, even though the membership of the United Steelworkers Union had just rejected by a two-to-one margin exactly such policies as represented by the candidacy of Ed Sadlowski for USWA president.

Arguments for Devolution

The candor of the presentation of these negative growth policies — most closely identified with the programmatic outlook of the Trilateral Commission, the creation of David Rockefeller which has provided no less than 13 top cabinet and sub-cabinet members of the Carter Executive — is due to the presumption by the negative growthers that the public is resigned to their fate because of two related circumstances. One is

physical, the other economic, but they are both alleged to be unalterable, beyond the reach of mortal man. The first is that we are past the peak of depletion of the cheapest, most accessible fossil fuel deposits. When combined with the second factor, exponentially growing equipment costs and debt service plus environmental restrictions and delays, this is supposed to mean that the era of cheap and plentiful energy is gone forever.

If these arguments aren't persuasive enough, there is an everready arsenal of exposés of alleged industrial malpractice and dangers to the public's health — or to endangered species of weeds and grubs — from the fear-mongering about plutonium to the remarkable assertion in California that increased irrigation causes increased water salinity.

Aside from the alleged dangers of plutonium, nuclear power is being choked off by the equally contrived issue of nuclear proliferation associated with Arms Control Agency nominee Paul Warnke. This tactic goes back to the post-war history of nuclear politics, and the non-proliferation policy embodied in the Baruch Plan. Back in the late 1940s, the immediate prospect of broad scale nuclear power was on the horizon. But it was scuttled by the Truman administration's policy that no country outside of the U.S. could come into possession of nuclear facilities, and the mantle of military secrecy was draped over nuclear research into the early Eisenhower period, condemning nuclear power development for years.

The same effort is being mounted now, with the gravest possible consequences for the U.S. Brazil is the critical test of what our policy will be vis-a-vis the Third World. The danger is not of having nuclear facilities in Brazil, but of the drastic measures, both economically and militarily, the Brazilians might be forced into undertaking if they are denied advanced energy technologies.

The intensity of this assault on our industrial institutions reflects not some strange new contagious disease, Trilateral Fever, but an old one — monetarism, the attempt to prop up bankrupt speculative investments by depleting whatever otherwise sound capital holdings may be accessible to the monetarists. Against this insanity, our only reliable strategy is a fierce counter-attack based on the broadest possible dissemination of a scientifically rigorous comprehension of related energy and economic questions.

The actual underlying causes of *apparently* dwindling resources, shortage of capital, and too much production of unusable effluents from industrial and extractive processes are efficiently summarized by the well documented decline in U.S. research and development efforts since the mid to late 1960s. From the somewhat limited perspective of perceived U.S. military needs, this decline has been persuasively documented most recently by Chairman of the Joint Chiefs of Staff General George Brown, and by former Defense Department Research and Engineering Director Dr. Malcolm Currie. Dr. Currie in particular cited the overall *qualitative* improvements in strategic posture to be expected from breakthroughs in areas such as fusion research if basic research were being adequately funded.

Potentials for Development

Consider, for example, what water, energy, and other

resources would now be available if we had expanded, rather than contracted, our research efforts and *applied* them in conjunction with a program of improving industrial efficiency and productivity — not with anti-pollution gimmicks — but by increasing the density of energy throughput. Just as a small sample: massive irrigation projects for the entire North American continent and development of the advanced Thexon desalination process would be providing bountiful water; the introduction of the Jordan steel process would double production of steel as well as producing a good fraction of needed methanol fuel and fertilizer feedstock; energy would be available from developed secondary fossil reserves and a complete fuel cycle fission system would be on line.

The program we must now undertake, to be sure, includes completing these deferred projects, but to succeed in launching the needed effort we must proceed on the most politically and scientifically sound basis. That means understanding the necessity for a crash program of fusion energy development, and grasping the importance of the model which is being provided in germ form by international economic collaboration to which the U.S. is unfortunately not presently a party. The latter is epitomized by West European and Arab oil-for-technology deals; by West European, Japanese, and Comecon technological transfers to Third World areas to develop modern agricultural and associated industrial infrastructures; and by collaborative efforts to fully develop West European nuclear capabilities in present fission systems and future fusion reactors. These preliminary efforts directed toward world development can not succeed without the active participation of the United States, which must itself make full capacity utilization and technological upgrading of its basic industries our top national priority.

That can never be done with hare-brained schemes of reliance on much too diffuse solar energy, covering the western states with tin foil instead of productive mining and agriculture, or with the thermodynamically inefficient and doubly costly coal gasification projects as they are presently conceived, along lines disturbingly reminiscent of projects in vogue in Germany during the 1930s and 1940s. These policies can lead only to the "energy saving" insanity now being enacted in parts of Brazil, in unfortunate contrast with that country's otherwise sound program of nuclear power importation. The drought we are presently experiencing in California and other key agricultural areas may be directly traced to the alteration of energy flows in the atmosphere triggered by two Brazilian projects: the destruction of millions of acres of Amazon forest for primitive agriculture, and the simultaneous cutting of millions of acres of trees to produce charcoal for the steel industry, a practice abandoned for obvious reasons in Europe hundreds of years ago. That is where the logic of "conservation" and use of so-called "renewable resources" leads: to depletion of the biosphere and destruction of the human economy.

Fusion, being the energy technology of greatest potential energy density and total output, represents the basis of the opposite tendency: unlimited expansion and continual redefinition of the resource base, and of qualitative advances in productivity of the global economy. This is so because fusion will make energy

available in a wide variety of forms (heat, radiation, particles, electricity) for processing low grade raw materials and for energizing integrated industrial complexes. The denser the concentration of energy in the ionized gas fuel — the plasma — in which fusion takes place, the greater appear to be the potentialities for creating and controlling the forms of energy production. Not accidentally, the research which will provide workable commercial fusion reactors will also provide the best testing ground for new theories of the basic physical interactions and of the interchangeable forms of matter and energy.

Revolutionary Breakthroughs

Some of the most stunning evidence of the breakthroughs to be expected from basic R and D efforts has so far come from the Soviet Union's intensive efforts in particle-beam fusion research. Last summer, visiting Soviet electron beam scientist Rudakov shocked U.S. researchers by unilaterally declassifying aspects of the complex processes underlying the Soviets' groundbreaking achievement of fusion reactions with high energy electron beams. Most recently, the Italian press has reported a significant advance in Novosibirsk in producing intense, well-focused proton beams. These are the sorts of breakthroughs which have the potentiality to revolutionize productive as well as military technologies.

But we must get fusion reactors on line in a time frame compatible with continued growth using existing resources and technologies, and we must grow and develop to have the productive resources to build the necessary number of fusion reactors.

We are presently funding fusion research at a level of about a quarter of a billion dollars a year. On that basis, the official U.S. government timetable for commercial fusion reactors is the end of the century. Two things must be said about that. Many fusion scientists and administrators think we'll never get fusion on that funding basis because the research and development effort is much too narrow. The last two directors of U.S. fusion research have testified before Congress that with a major national commitment we could have reactors on line by the end of the next decade. That opinion is now shared, on the basis of this year's great progress in fusion research, by the formerly more pessimistic Dr. Edward Teller. The Fusion Energy Foundation has estimated that getting the job done will require expenditures beginning at about the level of the Apollo Project, five billion dollars a year for basic and applied research and engineering.

There are presently 20 to 30 promising reactor designs — we must test them all. There are small experiments of the highest scientific merit starved for funds; there aren't enough plasma physicists. That could be turned around by building and staffing ten National Fundamental Research Centers. Instead of deferring basic engineering work, our high-technology industries must be engaged in design and development now. Developing fusion reactors is not, however, primarily a question of funding, but of the context in which research and development takes place.

Critical Watershed

We are at a critical watershed point. The job can be

done, the ultimate feasibility of fusion has been demonstrated. But the development of a fusion-based economy is in jeopardy precisely because of the accelerating erosion of our skilled manpower and capital goods capacities. This pinpoints what is wrong with the whole conservation mindset. You have to be in the proper shape in the future — by using resources rapidly now — to get fusion off the ground. Imagine if in the name of sharing the benefits of aviation with future generations we now restricted planes to maximum speeds of 50 miles per hour on longer runways. Stretchout does not lead to takeoff! The proper role of our government is to set broad goals, such as fusion, for national development and then provide the means for their realization without over-supervising the process. This is best done in consistency with our Federalist traditions by favoring, through taxation and credit-granting policies, those industries contributing to development of advanced energy resources and to industrial and agricultural productivity. That clearly demands a new monetary system and credit-issuing National Bank whose operations are based on realistic assessments of anticipated growth in production.

Internationally, we must adduce and act in a statesmanlike manner on points of overriding common interest for economic progress with all of the major world sectors, North and South, East and West.

Is this practical? Recall the anti-Sadlowski vote. Look at Oregon, Washington, and Connecticut, where resolutions calling on Congress to legislate a crash program for fusion development and defense of high-technology industries have been introduced by bipartisan groupings in the respective state legislatures. Look at the overwhelming defeat of the anti-nuclear referenda, largely due to strong trade-union mobilization. Look at campuses such as the University of Michigan, where Ralph Nader's "Public Interest" groups are being deprived of further funding. Most importantly, listen to what Western European and Arab countries are saying about cooperation on industrial development, fission, and fusion based on a sound new monetary system. These are our natural allies against trilateral policies of de-industrialization.

The situation finally comes down to the *subjective* factor. The future now depends above all on our courage or lack of it. Will we be intimidated by the lower species of zero-growthers who love the clam and louse-wort better than man, or will we move them out of the way in order for humanity to move ahead? Will we have the courage to forcefully assert what can be done or will we give in to small men like Ralph Nader and Jerry Brown? — men whose philosophies would have placed them in the reactionary opposition to humanity's highest achievements in the Renaissance, Tudor and Commonwealth England, and in our own American Revolutionary commitment to the Idea of Progress. Such men betray not only the American Constitutional commitment to the continual betterment of the lives of our people, but betray the thousands of years of history of the philosophical struggle to master comprehension of the infinite perfectibility of the physical universe and the human mind. Man is not a dumb beast, as feudal reaction or Parson Malthus would have it, limited to fixed modes of behavior

and technology. He is the highest expression of the fundamental tendency of self-development of the physical universe and the biosphere which accounts for our species' origins and qualitative advances.

Whether this all had meaning, whether this heritage is transmitted to future generations, now depends entirely on whether we have the courage to provide the needed leadership.

California Industrialist Hits Delays In Developing New Sources Of Natural Gas

Following are excerpts from a speech by Joseph R. Rensch, president of the Pacific Lighting Corporation, titled "Politics and Energy Brinkmanship." The speech was delivered Jan. 17 to the Comstock Club in Sacramento.

I appreciate the opportunity to appear before you. I have taken the title "Politics and Energy Brinkmanship" hoping to convey in those four words the key issue in what I believe to be the most serious problem facing the state of California at this time — the coming crisis in our energy supplies.

The cutting edge of the energy crisis is the sharp decline in the supplies of natural gas from our existing sources in the continental United States...At worst, we face a severe energy depression — much more punishing than the Great Depression of the 1930s. The decisions that are made as precious time runs out in the days and months ahead will dictate just how bad that impact will be.

A great many of the decisions that must be made in resolving our energy dilemma rest in the hands of governmental agencies and those in political office. There is a dangerous game of energy brinkmanship going on in the political arena, and California is playing this game to the hilt....

Conservation must be given top priority. Unfortunately, there is a widespread misunderstanding that conservation alone will totally or largely resolve the problem...Nuclear power is an important source of energy and must be developed on a much broader scale than it has up until now. But there are only three new plants which could be operating within the next five years. The first nuclear power plant in California was put into service in 1963. Today, after 14 years, nuclear power still provides less than 2 per cent of the state's stationary energy supply...Many positive conservation steps can and must be taken. A "no-growth" policy is not one them, however. The problem with "zero-growth" is that it does not provide for the inescapable increase in our labor force. There are 13 million young men and women, now living in this country who will be entering our labor force within the next ten years. This represents almost a 15 per cent increase in our nation's labor force and jobs are going to be needed for these people. A "zero-growth" policy in the face of that would guarantee a severe unemployment situation.

Unfortunately, what I am talking about today is the prospect of "negative growth." This is much more serious than talk of "zero-growth," bad as that is. "Negative growth," or a significant reduction in jobs,

can and will result from the energy shortage I am describing today. The immediate question on gas supplies is pivotal.

There has been a serious decline in gas supplies in southern California and if no new supplies are brought in by late 1980, that part of the state faces economic chaos...By 1980, southern California gas supplies will be less than half what they were in 1970....

...By 1979 as the situation worsens, gas will no longer be available for many other customers such as the larger hospitals and government facilities.

Then, in the early 1980s, without new gas supplies, we will be forced to turn off the very small businesses and industries which have no alternate fuel capability — and, finally, the residential customers. A conservative estimate of the initial unemployment impact which will occur if we start turning off these many thousands of businesses and industries without alternate fuel capability is a loss of 700,000 southern California jobs....

And for all practical purposes there are no realistic energy alternatives (to natural gas —ed.) for the small residential consumers...The gas distributors saw this problem coming many years ago. In 1969, Pacific Lighting proceeded to develop its own projects to supply its subsidiary Southern California Gas Company from new sources. These proposed projects include gas from coal gasification in New Mexico and, in partnership with Pacific Gas and Electric Company, liquefied natural gas (LNG) from South Alaska and from Indonesia. PG and E and Pacific Lighting have also been working closely together for many years to assure California's participation in the large gas reserves on the North Slope of Alaska.

Extensive delays have kept these projects from coming into being by now. Gas from the North Slope and coal gasification are not expected now until 1983. As a comparison between two countries faced with a similar problem, we contracted for our supplies of natural gas in Indonesia over three years ago, against some very tough competition from Japanese buyers. We entered into a contract for our share in September, 1973; the Japanese signed up for their gas about three months later. But that is where the parallel stops. The Japanese proceeded to build their facilities — with their government supporting rather than impeding their efforts — and as a result, the first deliveries of LNG to Japan will start this year. We, on the other hand, are still struggling through governmental processing striving to get this large supply of new gas in by the critical year of 1980.

As a matter of fact, only the two LNG projects can bring gas to California by 1980. It will take three years to

finance and construct the facilities, after all of the approvals have been obtained. As it stands there are only two terminals which are sufficiently advanced so that they can be completed by 1980; one is planned for Terminal Island in Los Angeles and the other is at Oxnard. It is critical that we have at least one of these approved and started in time to be put into service by late 1980....

Unfortunately, LNG is an unknown quantity to many people, and those who choose to oppose our energy projects can conjure up frightening concepts about it. LNG has a good safety record. It has been shipped and transferred safely to and from terminals throughout the world for nearly 20 years...It is obvious that safety is the issue that can be best used to delay construction of badly needed LNG terminals. We consider it to be critical that delays at the State level be headed off. We are encouraged by what we believe is the Governor's understanding of the need for LNG. But we are discouraged by actions now underway in the State legislature which would add additional regulatory review of LNG terminal sites by the State Energy Commission and, thus, prevent us from

constructing the terminals in time to avoid economic chaos.

The cost of these delays is almost immeasurable. First and most important, of course, are the economic consequences and the human hardships that will result in an energy-short economy. Second is the increase in costs of these projects as a result of inflation. For each day of delay, the cost of our coal gasification project increases over \$220,000; the cost of our South Alaska LNG project increases over \$300,000 each day. The cost of our Indonesian project increases over \$500,000 for each day and the cost of the North Slope project increases over \$2 million for each day of delay. And it's the beleaguered consumer who ultimately picks up this unnecessary cost. The third problem caused by delay is the probable loss of supplies to competitive markets. We face competition for both the South Alaska gas and the Indonesian gas supplies, and we can be assured they will be lost if we face any extensive further delays.

The brinkmanship and the negativism in processing these projects has gone on long enough. It's time to talk about what we *can* do instead of what we cannot do.

Banking War Breaks Out Over Euro-Market Breakdown

BANKING

West German, British, and U.S. regional banks have recently taken drastic measures to insulate themselves from a threatened breakdown of the immense Eurodollar loan market — a breakdown which could ultimately send Chase Manhattan, Bankers Trust and the other dangerously over-extended, giant New York commercial banks to the bankruptcy courts. According to a high-level West German political source, “there will be a small crash, not a big crash” on the Eurodollar market, a statement which indicates that West German banks believe they, at least, will emerge relatively unscathed from the crisis while Chase and the other New York majors are forced to “take a bath.”

In a major article entitled “IBEC to Issue Red Dollar?”, the Italian newspaper *Il Sole* this week warned of a “general illiquidity crisis” which is prompting leading City of London bankers, among others, to favor use of the Comecon transfer-ruble as an alternative international reserve currency to the U.S. dollar. *Il Sole* was referring to the over \$450 billion in “problem” Third World and European debt overhanging international markets, of which U.S. banks hold the principal share. Following Morgan Guaranty’s public admission that the “private sector” could no longer handle the refinancing of this debt, C. Fred Bergsten, Carter’s Treasury Under-Secretary for International Affairs, last week called for a beefing up of U.S. and other nations’ contributions to the International Monetary Fund in 1977 to stave off the crisis. But with the West German government’s known opposition to any reflationary measures, seasoned financial observers are giving this latest Carter monetary initiative “a snowball’s chance in hell”—and the stage is set for a major Euro-market crunch.

Regionals Bail Out of International Syndications

The biggest trouble-spot is the large Eurodollar syndication loans to Third World countries, many of which are already in default. The syndication loans originated in the first place as a means by which U.S. regional banks could be lured into taking on joint loans with the international banks, thereby “sharing the risks” and ensuring that Chase et al. would not have to put all their eggs in one basket. According to informed sources, the regionals are pulling out now while they still can and are liquidating their share of the bad syndicated loans at 8 cents to the dollar; the “going” rate was previously 25 to 30 cents. In many cases, regional banks have forced the

syndicate leader, generally Chase, Citibank, or one of the other major international banks, to buy back the regional bank’s share of the bad paper in order to avoid an embarrassing lawsuit. (The recent lawsuit against European-American Bank for its role in organizing loans to the bankrupt Colocotronis shipping firm is mild compared to what Chase is threatened with.) New loan syndications have virtually ground to a halt, and the New York commercial banks’ overexposed position has been substantially increased just at the point when a new round of defaults is threatened.

The Bank of England, meanwhile, appears to be providing an extraordinary “safety-net” for British banks to cover them in the event that financial troubles overtake New York. According to money market experts, the Bank of England had funneled \$2 billion in “hot money,” which flowed into Britain during January, back onto the Eurodollar markets through the British banks, despite the fact that this is in violation of standing Group of Ten agreements. Normally, City of London institutions depend for their profits on short-term inter-bank loans from New York which they then re-lend long-term on the Eurodollar markets. Should the New York commercial banks be forced to call in their loans to London, British banks would immediately be implicated in New York’s crisis, a situation which the Bank of England action may be intended to avoid.

Eurobond Market Takeover

European banks have been taking over the more viable Euro-currency market investment opportunities, such as the Eurobond market — representing loans to mainly European governments and the better-off U.S., Canadian, and European corporations. *Business Week* reported in January that West German and Swiss commercial banks now control the Eurobond market, which was formerly dominated by U.S. and British commercial and investment banks. The extent of their success is indicated by the fact that Mobil Oil had to go to Union Bank of Switzerland for its latest Eurobond flotation, when its traditional banker is Morgan Stanley. Superior bond retailing capabilities are not the West German-Swiss banks’ only advantages; they have consistently offered easier terms to, in particular, French and Scandinavian borrowers, indicating a broader political commitment to keep West Germany’s principal trading partners afloat.

While the New York banks have recently curtailed their lending to the Soviet Union and Eastern European countries due to alleged “national security” con-

siderations, the West German Dresdner Bank is enthusiastically expanding its loans to the Comecon sector. A Dresdner Bank-led consortium last week announced a \$600 million loan to Comecon's International Investment Bank, just two weeks after U.S. banks had "put on ice" a \$200 million loan to another Comecon institution, the International Bank for Economic Cooperation (IBEC).

Increasingly shut-off from still available profit-making investment outlets in the Western European and East Bloc sectors, the New York commercial banks have only their defaulted Third World paper to fall back on. "The New York banks are overlent," scoffed one West German banker this week. "They have no power left on the Eurodollar market, and they should shut their mouths. We are fed up with them."

U.S. Regionals Retaliate

An SEC investigation of charges that the New York commercial banks secretly dumped New York City securities in anticipation of the fall 1975 crisis may provide U.S. regional banks the ammunition with which to destroy New York's power. According to an SEC official, the New York banks unloaded \$2.7 billion worth of

city securities during the first quarter of 1975. Regional banks—oblivious of the city's cash-shortage—bought up \$6.9 billion worth of these securities in the second quarter.

The Rosenthal House subcommittee's investigations represent a different factional interest, however. Basing himself on the recent GAO audit report on government regulatory authorities, Rosenthal announced this week that the 30 largest U.S. banks hold \$80 billion in foreign loans, \$11 billion of which are in danger. Although these figures are in themselves gross underestimates, Rosenthal committee aides later attempted to reassure inquiring callers by stating that the \$11 billion represents merely loans "criticized" by bank examiners and which are not necessarily "bad." "I hope no one sells their bank stocks over this report," cautioned one committee staffer. The Rosenthal-GAO investigations are actually efforts to *manage* the New York banks' crisis, by imposing top-down corporatist control over the nation's banking system, a goal which is supposed to be achieved through the collapsing of existing regulatory authorities into one super-agency and the destruction of the independent powers of the regional Federal Reserve Banks.

European Bloc To Protect Snake; Move To Gold System Next?

FOREIGN EXCHANGE

An uneasy equilibrium prevailed in the foreign exchange markets at week's end, with traders projecting a slight further weakening of the dollar in coming days due to the ongoing impact of the weather and the Carter Administration's contractive energy-supply policies.

The major development of the week, however, occurred not in the U.S. but in Western Europe, where, in a climate of public discussion of the remonetization of gold and the international use of the transferable ruble, the Feb. 14 meeting of central bank governors and finance ministers officially rebuffed efforts by Carter advisors and the Federal Reserve to force a revaluation of the mark and yen, along with a stringent weakening of the "lower-tier" currencies. These currencies, instead of sinking in the side-pull of a drop in the pound, strengthened against the dollar as Europe affirmed its determination to maintain internal and external parities.

U.S. authorities' preoccupation with pushing down the "lower-tier" currencies was oddly underlined the previous week when Lawrence Klein, a Wharton School economist serving as Presidential advisor, followed his Feb. 9 call to Congress—for a 10 per cent upward revaluation of the yen and mark against the dollar—with a Feb. 11 statement that he had really meant to say

the mark, yen *and* dollar should all appreciate against other major currencies.

In between, the central bankers of both Japan and West Germany had coolly rejected Klein's first call, which amounted to an Administration attempt to prediscuss the corrosive effects on the dollar of Federal Reserve money-creation to facilitate international debt refinancing. This unilateral printing-press policy, specified repeatedly in recent days by Treasury Undersecretary C. Fred Bergsten, has thus far barely aggravated market edginess about U.S. inflation, but its longer-term implications for dollar stability are plain to European authorities.

At the conclusion of the Feb. 14 Brussels meeting, Bundesbank deputy director Otmar Emminger reiterated the view that Klein's demands were out of spirit with the fight to stabilize the internal parities of the jointly floating "snake" currencies as well as the pound, and their respective crossrates with the dollar.

The bitter experience of 1976, said Emminger, shows that the revaluations and devaluations have nothing to do with economic recovery. His statement was echoed by West German Finance Minister Hans Apel, a close collaborator of Chancellor Helmut Schmidt, and by Belgian Finance Minister Willy LeClerc.

Reversals

The same day, a short-selling run against the pound

which forced its dollar parity down by two cents had ended in a strengthening of the other "lower-tier" currencies as well as a slight further appreciation of the mark and yen, instead of dragging down the French franc, lira, Belgian franc, and Swedish and Danish crowns. One Chase Manhattan scenario for wrecking the European snake centers around a series of devaluations of the three last-mentioned currencies before the mark is forced to officially revalue; otherwise, explained Chase, the West Germans would carry the weaker currencies upward, too, an effect incompatible with the bank's austerity policies for Sweden, Denmark, and Belgium.

At this point, no fundamental realignments of market rates can be expected without an explicit policy shift on the part of the U.S. or the key European countries. Whether the Bundesbank buys dollars, as it did on Feb. 14 in the modest amount of 30 million, to hold the mark down, or sells dollars to support the "lower-tier" snake partners and the French franc, in the absence of a generalized crisis of confidence in the dollar, the effect will be comparable to the strengthening pound's favorable reverberations for the dollar last month: a marginal increase in dollar trading on not unfavorable terms, and, more importantly, an interim invulnerability of the snake to speculative attack.

The 500 million pound British trade deficit in January following a December surplus, and the large Italian trade deficit in one of its crucial sectors, chemicals, exemplify the Europeans' grounds for concern about U.S. official policies that would further weaken essential trading partners.

An obvious case in point is Italy, whose importers this fall and winter have been operating on large short-term suppliers' credits bypassing the foreign exchange tax, which come due this month, with potential danger for the lira. The U.S. Treasury Department, however, sees no reverse flow of short-term capital occurring, and concludes that rollovers are taking place; the financing source is probably direct Arab credits for oil purchases or an equivalent Italian bank borrowings of petrodollars

from French and other European sources. This expedient, and not the interest-rate arbitrage, is keeping the lira intact for the time being.

Policy Options

Debate over longer-term restructuring on the continent and in Britain took an increasingly open form this week, centering around the subject of gold's status as an international payments medium and the gold-backed transferable ruble offered as a trade instrument by the central bank of the Eastern European CMEA. The new Common Market commission headed by Roy Jenkins is studying the possibilities of using gold reserves as a means for settling payments balances, reports last weekend's issue of the London Economist, while also looking toward an expansion of the "snake." West Germany is only half-plausibly said to oppose both moves, which would constitute major steps toward forming the kind of gold-based European monetary union advocated by various Gaullists and Italian leaders.

The Lombard Odier bank in Geneva has issued a report predicting that central banks will buy gold heavily, since gold has proven its usefulness as a reserve asset; other Swiss bankers said privately this week that, although dollars still have confidence at the moment, when this situation reverses, gold will return to the center of the monetary system, as de Gaulle advocated. If the USSR backs the transferable ruble with gold, they added, it would be a much more attractive holding than "the inconvertible dollar." Significantly, the Lombard Odier report was featured in the Feb. 15 Frankfurter Allgemeine Zeitung, outlet of the West German financiers and industrialists who earned their past reputation as anti-gold holdouts during the dollar crises of the 1960s and 1970s. West Germany, with 70 per cent of its official reserves held in dollars, would face drastic adjustments under a gold-based European system, but its businessmen are aware of the broader advantages of expanded exports opened by an altered international monetary system.

Oil Market War On The Horizon

SPECIAL REPORT

Exxon is preparing to recoup the serious losses it suffered on European refining and marketing operations last year by taking over a bigger share of the U.S. market. A number of industry analysts reckon that Exxon is in a good position to do this. With an additional 250,000 BPD of domestic refining capacity scheduled to come on stream in 1977, Exxon is well-positioned to take advantage of its preferential access to lower-tier Saudi crude — if the company can circumvent Saudi and U.S. government monitoring measures designed to keep Exxon and the other Aramco partners from reaping a

competitive advantage over oil companies that must pay the higher OPEC price.

Exxon's determination to expand its domestic market share necessarily means market warfare. What happens in the oil industry in 1977 will be determined primarily by the Administration's energy policy. So far Carter and Energy Czar James Schlesinger have made it clear that they want strict conservation and some form of energy tax to help cut down on what they call waste. From the industry side, this means a shrinking market.

The features of the Carter energy program — high prices, conservation, an increasingly monopolistic market — are, in fact, the embodiment of the energy policy pursued by Exxon and the other Rockefeller-controlled oil companies for decades. *The Control of Oil*, a new book by former Senate Anti-trust and Monopoly Subcommittee economist John Blair, documents in graphic

detail how the consistent strategy of the Rockefeller-dominated majors was to maintain control of the international energy market and keep prices up by recklessly running independents out of the market and restricting production worldwide.

Exxon: European Losses

Exxon's present intentions to grab a bigger share of the U.S. market are being determined by the disappearance of its European profit margins. The company's 1976 annual report will reveal actual losses on 1976 refining and marketing operations in Europe. Exxon's refineries in Europe — in France, Italy, West Germany, and the United Kingdom — were operating with about 25 percent spare capacity throughout 1975 and 1976, resulting in sharply higher per unit operating costs. Company spokesmen cite the problems of the European economies, which have undoubtedly been a factor in the reduced operating rates. The profitability of refining and marketing operations has been hurt even more by European price controls. The company complains about having to submit all requests for price increases on refined products to the governments in the countries where they operate and waiting months for a response. As a result, the higher per-unit operating costs cannot be passed on to the consumer.

The strict price controls throughout Europe are politically motivated and part of a concerted effort by the European governments to favor their own national oil companies. According to Exxon, the governments are also making life difficult by more strictly controlling their investments and other phases of their operations. Exxon is looking to the U.S. market for future expansion.

Since the 1973 price explosion, downstream margins — margins on refining and marketing operations — have become all important. Historically the major integrated oil companies derived the bulk of their profits from upstream operations — crude oil production. As Blair recounts, prior to 1973 the Aramco partners (Exxon, Mobil, Texaco, and SoCal) and the other international oil companies operated as concessionaries in the Middle East, sharing the total "take" with the producing countries, usually on a 50-50 basis. The enormous profitability of upstream operations derived from the fact that payments to the host countries were made in the form of taxes, which were used as dollar-for-dollar credits against taxes of other foreign incomes — the famous foreign tax credit advantage.

After 1973, the major oil companies shifted their profit centers downstream. As a result of nationalization moves by the oil-producing countries, (1) the government "take" increased sharply, and (2) the oil companies were now *purchasing* the oil back from the producing countries, not paying them taxes. The combined impact of the higher government "take," the loss of the foreign tax credit, and certain tax changes in 1975 (such as the elimination of the oil depletion allowance for the major integrated companies) would have been a disaster for profit margins — had the majors not been able to *more than pass on* the sharply higher world prices for crude oil in refined product prices. Statistics cited by Blair show that even using very conservative assump-

tions, the profit margin on a typical refinery jumped from about \$3.00 a barrel in July 1969 to around \$8.00 a barrel in December.

Given this overall shift in emphasis from up to downstream operations, Exxon's recent losses in Europe are particularly worrisome for the company. Partially because of losses in Europe and partially because of increased product sales in the U.S., growing portion of Exxon's net income came from U.S. sources throughout 1976. In the third quarter, 56 percent of net income was of U.S. origin, compared with 49 percent in the same quarter of 1975. Exxon expects this trend to continue in 1977.

Some industry analysts think that Exxon and the other Aramco partners are in a position to increase their domestic refining margins and market share on the basis of their access to lower-tier Saudi and the United Arab Emirates crude oil. Fifty percent of Exxon's imported oil comes from Saudi Arabia and the Emirates, compared to 19.3 percent of Atlantic Richfield's imports, for example. Combined with its added refinery capacity, the differential between the lower-tier and upper-tier OPEC crude could give Exxon a slight but significant competitive advantage over the integrated companies which must pay approximately 50 cents a barrel *more* for their feedstock.

FEA To Step In

The Federal Energy Agency is naturally under enormous pressure to nullify the Aramco partners' cost advantage of extending the present entitlements system to equalize the cost of imported crudes among refiners. Presently the entitlements system equalizes the crude oil costs of refiners with access to "old" domestic crude (price controlled at about \$5.50 a barrel) and those dependent on "new" domestic crude and \$13 a barrel plus imported crude. Designed as a subsidy to independent refiners who were dependent on high-priced OPEC oil purchased via Aramco, the entitlements system has worked to the benefit of Exxon, Mobil, Texaco, and SoCal, too, and against companies like Gulf with large supplies of domestic crude and more limited access to OPEC oil.

In addition to extending the entitlements system to deal with the two-tiered OPEC pricing systems, the FEA says it also will begin closely monitoring imports to determine country of origin. The aim is to stop Aramco from charging the higher price for Saudi imports and exploiting the two-tier system for its own benefit. The Saudis have also indicated they will be guarding against such profiteering by Aramco.

How either the U.S. government or the Saudis will actually be able to carry out such a monitoring procedure is another story. As every one in the oil business knows, when a tanker arrives at a Texas port, it is close to impossible to know for sure where its cargo came from. Judging from past experience, the Aramco companies are certainly going to try to get around the regulatory measures.

The other Aramco companies are also becoming increasingly dependent on their domestic refining and marketing operations for profit margins. In the first nine months of 1976, Mobil's earnings from its U.S. petroleum operations increased by 51.5 percent, while oil and gas profits outside the U.S. declined by 21.6 percent. In 1975 (the first nine months) 31 percent of SoCal's profits were

derived from domestic sources, compared to 54 percent in 1976. Domestic operations are expected to contribute to the bulk of its 1977 earnings. SoCal, some analysts reason, stands to benefit from the Saudi price decision even more than Exxon, since 53.2 percent of SoCal's imports come from Saudi Arabia and the Emirate. And SoCal has just completed a major, 500,000 BPD expansion of domestic refining capacity designed to process an increasing volume of Arab light and other Saudi crudes.

Companies like Gulf, which have concentrated efforts on developing their domestic production are clearly at a disadvantage. Gulf's earnings in the U.S. in 1976 declined \$95 million, reflecting sharply higher exploration ex-

penses and higher U.S. income taxes. The decline was partially offset by gains in Gulf's downstream operations. However, enormous exploration costs and the loss of the oil depletion allowance tax advantage decisively undercut Gulf's earnings.

The spectacular four-fold rise in exploration and developments costs since 1971 — a charge that has fallen predominantly on Gulf and other U.S.-centered producers — has been determined primarily by the Exxon-Chase Manhattan perspective of "resource depletion" and escalating energy costs. This perspective and not price controls on domestic oil per se guarantees that companies committed to energy development will have little economic incentive to do so.

U.S. Seeking Classification Of Basic Soviet R and D

by Uwe Parpart

USLP Director of Research and Development

U.S. strategic arms negotiators have told their Soviet counterparts that further public revelations and discussion of Soviet qualitative basic research breakthroughs of immediate significance for strategic weapons applications will severely jeopardize the early signing of a SALT II agreement. These same U.S. officials also insist that the principal contents of SALT III must be to outlaw the introduction of qualitatively new weapons systems into the U.S. and Soviet strategic arsenals. In fact, there is talk that placing the issue of qualitative advances at the heart of the SALT III agenda will already be part of the concluding phase of the SALT II negotiations.

The kind of Soviet R and D breakthroughs involved are exemplified by the semi-public disclosures by Soviet academician Rudakov on recent Soviet advances in electron-beam fusion during his early July 1976 visit to three major U.S. weapons laboratories. Rudakov's discoveries while representing a major step forward in the inertial confinement mode of fusion energy production, also have direct application to the design of enormously more efficient hydrogen bombs, etc. than are now in the U.S. arsenal.

More broadly, the substantial lead enjoyed by the Soviet Union in the field of coherent particle beam production is pointed up by the just-announced astonishing success of Prof. Budker and his collaborators at Novosibirsk in producing "cooled" proton beams vastly more focussed than had previously been thought possible.

SALT III

Why would U.S. officials have an interest in the concealment of Soviet R and D advances, and what would prompt the Carter administration to seek a ban on qualitative weapons improvements in SALT III? The answers to these questions can only in part be found in the realm of military strategy. The military problem is immediately connected to broader political and economic issues by the fact that major nuclear weapons R and D breakthroughs are always simultaneously breakthroughs in the development of controlled thermonuclear energy development and vice versa. And, of course, the Carter-Schlesinger policies of forced energy conservation and deindustrialization can hardly be expected to fare too well if consistently destabilized by the announcement of new R and D advances in this area. For this reason alone it would be disastrous if the Soviet leadership complied with U.S. secrecy demands; such a policy of compliance would lend crucial support to the

very economic policies that define the major potential cause for thermonuclear confrontation and a third world war.

Militarily, concealment and the desire for a qualitative improvements ban, first spelled out in detail in the New York Times' "Nuclear Issues" editorial of November 2, 1976, are closely linked. In a political and ideological environment which is conservation and zero-growth oriented and strongly biased against scientific and technological advances, the Carter administration will not be able to maintain qualitative strategic parity (i.e. weapons systems based on qualitatively identical levels of basic scientific and technological achievement for any length of time with the Soviet Union, whose population and policies are oriented in exactly the opposite direction.

However, it is qualitative parity — rather than parity as defined on the basis of Paul Nitze's more advanced weapons arithmetic (as again in his latest "Deterring our Deterrent," *Foreign Policy*, no. 25, Winter 1976-77) — which is needed to at least render plausible some notion of "mutual deterrence." "Mutual deterrence," on the other hand, is the sine qua non of any Schlesinger-style strategy of "bluffs" and confrontation with the USSR.

Significantly, lack of qualitative parity would not only in the short run give the U.S. armed forces the odd appearance of a dinosaur stomping a modern battlefield; the first perception of the specter of the lack of such parity will already confront Messrs. Carter, Schlesinger, and Harold Brown with a most difficult "organizing" problem vis-a-vis their NATO allies and their own field commanders. The urge for a ban on qualitative improvements is understandable indeed.

Are Particle Beams Significant?

The *New York Times*, *La Stampa* and other newspapers have in the past two weeks published front page stories on "atomic rays" and their presumable use in the defense against incoming Intercontinental Ballistic Missiles and so on. To the extent that the issue of qualitative strategic parity between the U.S. and the USSR has been discussed in the press at all, it has been in those "superweapons" kind of terms. It must therefore be stated here that in that sort of application, heavy particle beams as those produced by Budker certainly have no immediate short-term military significance. (The different case of Rudakov's electron beam results has been discussed previously in *New Solidarity*.) However, it cannot therefore be argued that the Budker results at Novosibirsk have no place in an informed debate on the national security of the United States.

Briefly, Budker's results are as follows: Intense

compression of high-energy proton beams in proton storage rings has been achieved which now makes the study of proton-antiproton interactions on the basis of opposing proton-antiproton beams possible for the first time. At the same time, the compression or focussing method used by Budker will find application in ion beam fusion.

Budker had first proposed his compression method in a 1967 *Atomnaya Energiya* article, entitled "An Effective Method of Damping Particle Oscillations in Proton and Antiproton Storage Rings." The method employs an electron beam to effect very large reductions of the intrinsic energy divergences within the proton beam. The electron beam is inserted alongside the proton beam, and, as both move along at approximately 100,000 km-per-second, they mix, and electrons are hurled off to the side and continuously replaced by new ones. The Coulomb interaction forces between protons and electrons slow down protons moving too rapidly and speed up protons moving too slowly. In less than one-tenth of a second, divergences in the velocities and directions of the protons have been reduced to a very large extent: the electrons have "cooled" the proton beam. Remarkably, Budker's findings were almost exactly in line with his 1967 predictions.

As previously stated, such high energy heavy particle beams are not at present usable in anti-missile defense systems. However, in association with the Rudakov and

related results, the Budker findings give the Soviet Union the kind of overall advantage in the crucial area of interaction of high energy particle and plasma physics which undoubtedly has already produced significant military applications in such widely diverse fields as communications, electronic countermeasures, even weather modification, and which embodies the potential of rapidly transforming entire sectors of military technology.

In basic research, moreover, these results are already thoroughly transforming the fields of both high energy particle and plasma physics. The dominance of "non-linear" interaction effects in both the Rudakov and Budker findings, clearly recognized by Soviet researchers as decisive, is forcing the kind of rapid reconceptualization in entire areas of theoretical and applied physics which is the basis of theoretical breakthroughs on the broadest scale. Beyond that, and in the starkest distinction to the policies of the Carter administration, the Soviet Union is committed to the broadest and most rapid and large-scale practical application of the results obtained by its theoretical researchers — specifically to early achievement of production of CTR fusion energy.

Precisely the opposite policies, maximum retardation and obstruction of the introduction of new technologies, govern the Carter government. It is here that the greatest danger to the national security of the United States must be located. The Carter-Schlesinger policies are nothing short of treason.

EXCLUSIVE

The Solar Energy Fraud

by Eric Lerner

In their about-to-be-published environmental policy report, *The Unfinished Agenda*, the Rockefeller brothers propose the transition over the next 25 years to an economy completely based on solar energy. Jimmy Carter endorsed this general policy proposal both before and after his inauguration, and it is now being touted in the Congress as the main long-range energy policy alternative.

It is time to make the scientific facts on "clean, cheap, renewable" solar energy clear to the American public and their representatives in Congress. *Solar energy is a fraud.* There is no possible way that an economy based on solar energy in any form can supply the energy needed for a modern society. The implementation of a solar energy policy means reversion to a pre-industrial society, at best, or, far more likely, the total collapse of civilization and the destruction of the human race.

The Rockfellers advocate solar energy purely and simply as a cover for a policy of zero or negative energy growth rates, and as a justification for five- to ten-fold increases in the price of oil and gas, policies aimed at guaranteeing the Rockefeller's debt service at the expense of production.

Energy Density And Labor Power

The human race has managed to survive and increase its numbers to the present world population of four billion by a process of continual technological advance, in which the central necessary tendency has been the increase in *labor power*. Through innovations which improve the per capita productivity of labor, the per capita level of consumption has been increased, allowing further increases in the level of productivity and thus new innovations. Such increases in labor power have been necessarily linked to increases in overall per capita energy throughput. In order to increase the per capita flow of energy required by a higher standard of living, the concentration of energy, or energy flow density, must necessarily increase. This tendency is an extension in human social evolution of the same development of energy flow densities in the evolution of the biosphere as a whole from more primitive to more evolved species.

Until about 600 years ago, humanity relied exclusively on energy from the sun, as had pre-human species before us. Homes were heated by sunlight by day and firewood by night, and what minor manufacturing went on in feudal and pre-feudal society was powered by windmills and waterwheels, both indirect uses of solar energy. Of course, agriculture, then as now, relied on the sun as well. Such pre-industrial societies were severely limited by the extremely diffuse nature of sunlight — its very low energy density.

At the surface of the earth, the average power delivered by the sun is only about 200 watts per square meter, a level of power density that virtually precluded industrialization. The iron-making blast furnaces of 14th

century England, for example, needed an acre of forest land a day to produce a tiny output of metal. The lack of energy density likewise limited the efficiency of agricultural production, restricting growth in food output to gains in land area through deforestation. By the early 14th century, feudal Europe, the last fully "solar-powered" society, reached its limits of expansion. Either new technologies had to be developed to increased energy flow density, or collapse was inevitable. The banking house of Bardi ensured that all available finance was channeled into the servicing of debt; the new technologies were not developed, agricultural resources were rapidly exhausted, and Europe's solar-powered feudalism collapsed in the catastrophe of the Black Death in which over one-third of Europe died.

In the Renaissance recovery from that collapse, nascent capitalism developed the use of fossil fuel — coal — as the necessary new energy source. Fossil fuels, the product of geological concentration of solar energy accumulated over millions of years, makes possible a tremendous jump in energy densities. Ultimately, in modern oil and gas burners, densities as high as 10 megawatts (i.e., 10 million watts) per square meter, or 50,000 times that of solar power, are possible. In the industrial society which slowly developed from the Renaissance on, the increasing and then dominant use of fossil fuels not only led to vastly increased production and population, but fed back into agriculture through fertilizers and mechanization, led to the far more efficient use of direct solar energy, now reduced to a small fraction of total energy use.

The present dilemma facing humanity as a result of the imminent exhaustion of fossil fuel supplies similarly demands a new jump upwards in energy densities and new increases in productivity. Fission provides a modest increase, in the area of 70 megawatts per square meter in a typical reactor. Initial economically feasible fusion designs (such as the Oak Ridge laser design) provide about the same power densities. Fusion alone, however, can provide theoretically unlimited power densities through the development of more and more advanced reaction designs — the theoretical limit of fusion power densities is *thousands of trillions of times higher* than present fission or fossil fuel generators.

The real cost of energy is in inverse proportion to energy density — the higher the energy density, the more energy produced for a similar capital and labor input. Thus fusion offers the prospect of virtually unlimited reduction of energy costs as designs advance.

From this standpoint of energy densities, it is clear exactly what the Rockfellers, our present-day Bards, and Carter are proposing with their solar energy schemes. Enthusiasts can use whatever fancy names they like — "biomass conversion" instead of "firewood," and so on — but what is being proposed is a return to feudal energy supplies, a Great Leap Backwards to the 14th century. Since a return to feudal energy sources is

being proposed, to energy sources with 50,000 times less power density than fossil fuels, it should be no surprise that such a policy will lead to feudal standards of living, and in short order to a repetition of the catastrophe of the Black Death.

The Rockefellers are not at all unaware of what they are advocating. Laurance Rockefeller, the organizer of *The Unfinished Agenda*, has funded the establishment of a model feudal village on Long Island called Lindisfarne, named after a Dark Ages Irish monastery. It is explicitly designed to be an example of the future of the United States — “post-industrial society.”

Solar Energy in Action

Solar energy in practice would bring to the United States all the manifold benefits of 14 century feudal society — including 30-year life expectancies, 50 per cent infant mortality rates, perpetual famine, and periodic bubonic plagues — if we are lucky. In reality, the transition might well be interrupted either by a general ecological collapse or thermonuclear war.

A little calculation is all that is necessary to demonstrate the devastating consequences of solar energy schemes.

The main proposals for solar energy use on earth are solar-generated electricity, solar house heating, and “biomass conversions” (firewood and fuels based on wood and other vegetation).

Solar electricity, long promoted by Barry Commoner, is now a bit in disrepute, and was not endorsed by *The Unfinished Agenda*. It should nevertheless be briefly examined as illustrative of the general problem. The main proposals for solar electricity are either solar collectors, in which huge arrays of mirrors focus sunlight on a boiler which drives a conventional generator, and solar cells, using direct photovoltaic generation. The former is about 30 per cent efficient, the latter 10 per cent at most. Taking the collector as the better example of the two, we can easily calculate the required size of any given solar generator. A generator big enough to power the electricity needs of New York City, for example, must produce 15,000 megawatts. At 60 watts per square meter effective generation, the total areas covered by the mirrors for an appropriate solar collector must be in excess of 240 square kilometers! Assuming a very conservative thickness of one centimeter as necessary for durability, the total mass of the generator mirrors would be in the area of five million tons — somewhat greater than the mass of the Great Pyramid! This is more than 20 times as bulky as a fission or fusion reactor of the same output, and the capital and labor costs involved are at least 10 times as great. Similarly, electricity costs with solar energy would be about ten times present rates.

To convert over fully to solar electric power in the next 25 years, involving building ten of these monstrosities a year, would require the diversion of about 50 per cent of U.S. steel and other heavy industrial production to building glass pyramids in the desert, with imaginable catastrophic effects on all other investment and consumption, effects similar to that which the original Great Pyramids had on the economy of ancient Egypt.

Yet this now-abandoned program is mild in its consequences compared with the current Rockefeller pro-

Energy Source	Power Density (kilowatts per square meter)
Solar, biomass	.0001
Solar, earth surface	.2
Solar, earth orbit	1.4
Fossil fuels	10,000
Solar at sun surface	20,000
Fission	70,000
Fusion (early commercial)	70,000
Fusion (theoretical limit)	above several millions of trillions of watts

The key measure of energy source is its power density — the higher the power density the lower the cost of energy. Note exceedingly low values of all forms of solar energy except near the sun's surface. (Fusion power densities will vary over an enormous range as technologies advance. Present “worst case” Tokamak designs, at 2,000 kilowatts per square meter, are probably too expensive for widespread use. Current laser fusion designs, among others, are around the cited 70,000 kilowatts per square meter figure which will be typical of early commercial fusion reactors. Ultimate power densities reflect actual rates of liberation of energy in inertial confinement systems.)

posals, which do not even theoretically propose to maintain present energy consumption levels.

The proposal actually outlined in *The Unfinished Agenda* is a fully non-electric economy based on direct solar house heating with the rest of the economy fueled by methanol made from wood or directly by wood itself. An alternative version of this scheme already employed in Brazil involves using the food root, manioc, in place of wood. Such methods use an even lower energy density than solar generators, since they rely on photosynthetic capture of solar energy.

In either case of annual forest growth or that of manioc, (which is converted to alcohol for fuel use), yields average about half a ton of fuel per hectare, or the equivalent of .1 watts per square meter, a further thousand-fold drop in energy density.

To provide current annual U.S. energy consumption of roughly 3 trillion watts, we would have to burn down the entire forest land of the United States, some 200 million hectares, in a little over one year. If instead only the “renewable” annual growth is used, about one 20th of current U.S. energy consumption will be provided for — enough to support 10 million people at current standards of living. In fact the last time the U.S. was wholly wood-powered, in the 1850s, the population was only about 20 million. Conversely, if it is proposed to reduce per capita energy consumption roughly ten-fold, that is, to the per capita levels of the 14th century (or of the Third World), then the U.S. could support a maximum population of 75-80 million people. Small wonder that one of the chief organizers of *The Unfinished Agenda* estimated that “some of us just won't make it” into the 21st century.

The author of this part of the *Agenda*, Amory Lovins, has a simple way to justify his fantasies. He selects as his model nation for energy policy not the U.S. but — Canada, a nation blessed with a large number of trees and not very many people. Since Canada has one tenth of the United States' population and about twice the har-

vestable forest, it is the case that, as an autarchy, Canada could "theoretically" return to a wood-based economy. In fact, however, the Canadian economy is wholly linked into that of the U.S. Even if the problem is viewed only continentally, at best the U.S. and Canada could maintain their present populations at only feudal standards of living.

From a global standpoint, such "biomass" lunacies are even more dismal. Large-scale deforestation has already occurred in the Third World just to supply existing subsistence-level fuel needs — forest depletion with devastating consequences on world climate and agriculture would be inevitable within less than a decade. The deforestation of the Amazon has already led to widespread climate shifts, including the present North American drought and cold wave.

The other part of the plan, solar house heating, can be dismissed on the basis of simple economic calculations. First of all, since at least 40 square meters of solar heating area is required for each family unit, solar heating is necessarily limited to single-family dwellings. Even for a single-family dwelling, however optimistic cost estimates of \$150 per square meter, or \$6,000 per unit, are already indicative of the waste involved. Assuming a 20-year mortgage and 20-year lifetime on the house, the system will cost about \$75 per month. This compares with gas heating costs at the interstate price of \$57 a month. In terms of the economy as a whole, the primary waste would be the diversion of 1-2 million skilled construction workers into the entirely wasted effort of building solar heating units rather than new homes and factories.

(The inane but frequently proffered argument that solar energy is more appropriate for house heating because it is lower in temperature and therefore "closer in quality" to the heat required is sheer gobbledook. Any suggestion, such as that emanating from Barry Commoner, that some kind of energy efficiency is increased by decreasing the temperature of the energy source is a "Big Lie." The exact opposite is the case, as any competent thermodynamics textbook will state: The higher the temperature of the source, the more efficient the energy use, making fusion the potentially most efficient source by far. In any reader is confused on this matter, he should ask himself — if energy efficiency really improved with reduced temperature, then why couldn't you use the heat of the ocean to drive a ship across it? Or, for that matter, the heat of the surrounding air to make a fire on a cold day?)

The Cost of Energy

The question of relative pricing brings us to the motivation behind the solar energy push. While the actual implementation of a solar energy program would devastate the United States and the world, it is not that implementation which is primarily the goal of the Rockefeller brothers. What they intend is the diversion of all financial resources to debt payment and away from investment and consumption of *all types* — a position even more extreme than the previous "Project Independence" policy. In practice, it is the Chilean "shock treat-

ment," carried out through tremendous one-shot or repeated increases in energy costs, curtailing both consumption and investment simultaneously, while creating a tax on the entire economy to be used for debt servicing.

The solar energy issue is thus simply a cover for high energy prices. The essential wedge for the transition to solar energy, according to *The Unfinished Agenda*, is to be a tax on energy supplies, especially oil and natural gas, to force their prices and the price of electricity up to that of solar-produced energy. As our calculations have shown, that price, conservatively estimated, would be around \$5 per thousand cubic feet for natural gas, ten times current prices, and about \$30 a barrel for oil, three times today's price. Further, this energy tax would suck something on the order of \$200 billion a year out of the U.S. economy, enough to totally collapse investment, send consumption levels down by 30 to 40 per cent, and send unemployment up to "official" levels of 20 to 25 per cent. This is the Chilean policy applied at home. The first step in implementing such a tax, a \$28 billion "BTU tax," has already been proposed to Carter by his cronies in the Georgia Conservancy. These forces consider the debate around gas deregulation as merely a foot in the door toward a much higher price for all energy, at least 50-100 per cent above that of deregulated gas.

The end result of this policy of unmitigated looting, under the cover of a "transition to solar power," can only be the rapid collapse of the U.S. economy and an even more rapid drive toward external looting and thermonuclear war.

Appendix: A Note On Solar Energy In Space

Although schemes for solar energy in outer space, involving sophisticated technologies, are not being proposed by the Rockefeller brothers or the main environmental groups, the question has been raised in a number of circles. The answer again relies on energy density arguments. Solar energy in near-earth space, such as in satellites, is only about eight to ten items more dense than on earth (because of the absence of clouds, night loss, obliquity, etc.). This still means a density of only a couple of kilowatts per square meter, compared with tens of megawatts in reactors, but a very significant energy and capital investment in getting the material into orbit. By moving closer to the sun, energy densities are of course increased reaching 20 megawatts per square meter in the immediate vicinity of the solar surface (close solar orbit). Yet this maximum possible solar energy density is still less than that of existing fission reactors, and far below that of easily foreseeable fusion plants, especially large-scale ones. With the development of direct conversion schemes, fusion reactor power densities will readily rise beyond several hundred megawatts per square meter. Nor is there any particular shortage of fusion fuel. The deuterium in the earth's oceans will provide a thousand years of energy at ten million times present consumption rates, and the outer planets contain hundreds of thousands of times more. If it becomes necessary to replace fusion with a successor energy from sometime in the next century, it will certainly be some still more energy-dense form, not solar power, even in space.

East Germans, Czechs Counter Soft Line On Carter Warmakers

A view of the Carter Administration significantly contrary to the dominant Soviet "soft line" is receiving increasing publicity in East Germany (DDR), Czechoslovakia, and Moscow. Qualities of some of this criticism and the identity of the authors presenting it testify that those in the East who doubt it is possible to find acceptable or reliable negotiated arms agreements with the present U.S. government have something more on their minds than perfecting a military war-winning capability. Some leaders there are entertaining the alternative of collaboration with Western Europeans, Arab States, and other Third World governments for a new monetary system which would pull the rug out from under Carter and the Wall Street banks.

Professor Lutz Maier in the DDR weekly *Horizont* and the Czechoslovak daily *Rude Pravo's* team of Bochenek and Matouš turned the spotlight on Zbigniew Brzezinski, the Trilateral Commission chairman whose presence in the Administration the purveyors of the "soft" public profile have of necessity downplayed. *Rude Pravo* identified Brzezinski with the unrelinquished desire to "restore capitalist rule over the entire planet" — which is to say, to go to war with the Soviet Union.

These attacks on Brzezinski, the majority of which identify his Trilateral Commission role and thereby implicate most of the Carter government, share an analysis formula: the Western press' activities on behalf of "dissidents" in the socialist countries, a campaign more or less explicitly attributed by them to Brzezinski (see EIR Vol. IV, No. 5), are a complement of the "Soviet threat" propaganda; the former is a more sophisticated ploy to gain strategic leverage against the Soviet sector. Thus the Trilateral Commission and the Administration are revealed as "enemies of détente," whereas the dominant Soviet line has been to portray Carter as victim of "outside" pressure from the Committee on the Present Danger, American Security Council, a supposed defense industry lobby, etc.

The analysis of the Trilateral Commission by the Czech and East German writers appeared in more muted form in an article in the February *International Affairs* (Russian-language edition), a Soviet publication.

The same idea emerged with exceeding vehemence from the Western European communist parties whose Moscow connections are most strong: Alvaro Cunhal's Portuguese Communist Party (PCP) and Gen. Enrique Lister's Spanish Communist Workers' Party (PCOE). The PCP-linked daily *O Diario* editorialized Feb. 11 that Brzezinski proposes a strategy of stimulating "polycentrism" in Eastern Europe, which is "more

reactionary and more dangerous" than even Henry Kissinger. A PCP propaganda department release to this effect was reprinted in full in the DDR's *Neues Deutschland* and in *Rude Pravo*, but not in Soviet papers.

The East German writer Maier who works at the Institute for Politics and Economics (IPW) in Berlin declared that the apparent will for "détente" on the part of the Trilateral Commission et al. is a deceptive phenomenon best described as "an imperialist concept of détente." Its advocates will not attack détente frontally, he explained, but use devious means to exact concessions from the East, stressing "opportunities for offensive activities." Maier went on to expose the real economic policies of the Trilateral Commission: shipping labor-intensive methods to the Third World while cutting back industrial output in the advanced sector. Treating the case of the International Energy Agency, which he identified as a parallel institution to the Trilateral Commission and other vehicles of this policy, Maier

Zorza Misses The Mark: Soviet Rand D

Observing in his Feb. 16 column "A Message to the Moscow Hardliners" that opposition to a "soft" line on SALT is just below the surface in Moscow, syndicated columnist Victor Zorza evaluated the military "hard-line" opposition in these brief passages:

(The issues in dispute) may be deduced, perhaps from Pravda's complaint that the critics insisted on 'all-embracing solutions' to disarmament problems, instead of accepting 'partial measures' as adequate. One such partial measure which is now very much at issue is President Carter's proposal that both the U.S. cruise missile and the Soviet Backfire bomber should be excluded from the next SALT agreement. For the Soviet military, this would be difficult to accept because the United States is so far ahead with the cruise missile that its further development might, in their view, deprive the Soviet Union of the strategic parity which it now enjoys.

....What the hawks want is to hold out for a more substantial agreement, perhaps after they have piled up even more strategic weapons which they could use as bargaining chips.

reported its task as international "crisis management... in the strategically key area of energy."

This added dimension of Maier's attack on Trilateralism is of special significance due to his past public advocacy of a "new method" of triangular economic cooperation among the socialist and capitalist sectors of Europe and the Third World as a step-stone to a new world economic order. His perspective, presented in a September 1976 paper for the International Peace Institute in Vienna, identifies Maier with the outward-looking Eastern European current most anxious to see the socialist sector's transferable ruble trade-financing proposals functional. It should not be missed in Western Europe and North America that the most sophisticated attacks on the Trilateral administration come from such a spokesman.

The Soviet party paper, *Pravda*, however, has gone to new lengths to maintain the public profile of seeking peace assurances through a SALT II agreement with the "soft" side of Trilateralism. Vitalii Korionov, one of the paper's top commentators, followed the scenario of a

staged debate when he wrote Feb. 13 that opposition to Trilateral Commission soft cop Paul Warnke's confirmation as chief arms negotiator is aimed solely to wreck SALT.

The opposition to this still dominant "soft" facade, and the SALT negotiating concessions it implies, is increasingly apparent in Moscow as well and has not escaped all Western observers. Syndicated columnist Victor Zorza, for instance, called attention to an on-the-air reference by Soviet TV commentator Yuri Zhukov to "some impatient comrades" who call partial SALT agreements a useless pursuit at best. But Zorza's supposition that the hardliners, particularly in the military, are merely holding out for a "more substantial" agreement misses the mark. Time gained would be used not essentially for quantitative buildup — "more strategic missiles" — and not for "bargaining chip" accumulation. Time means opportunity for Soviet development of a qualitative military technological margin of advantage, while in the U.S. the corresponding R and D capabilities are dismantled by the administration's policy of deindustrialization.

Triangular Trade Advocate From DDR Institute Exposes Trilateral Commission Policies

The following is excerpted and condensed from Prof. Lutz Maier's article "Monopoly Strategy in a Dilemma," from the weekly paper Horizont, 1977 issue No. 7.

...None of the measures which were supposed to bring about an upswing in 1976 succeeded....Investment activity is being expanded only very slowly and hesitantly and is mainly a matter of rationalization....The result of this is that raw materials and above all labor-intensive production activity is increasingly sent abroad. This means also that the products of these branches of the economy will tend to be imported and a growing part of domestic production of them will be liquidated....

The world economic position and activities of the Council on Mutual Economic Assistance (CMEA) and its members are more strongly affecting processes in the capitalist economic system. The growing participation of the socialist countries in international trade and exchange of services as well as in the international division of labor is generally developing, in close connection with the developing countries, into a motive force which limits the influence of the international concerns and cartels, and stimulates and strengthens the discussions for new international economic relations on the basis of fairness and mutual advantage.

Collectivity and Contradictions

The governments of the imperialist states are presently strengthening their joint efforts to alleviate acute manifestation of crisis. This appears on several

levels, such as:

- in U.S. ruling circles, especially in connection with the presidential election, a discussion is going on concerning the global strategic priorities of the U.S., in which the place of "Western partnership" would be redefined;
- on U.S. initiative a sort of summit-level government commission of the "big seven" — the U.S., Canada, Japan, BRD, France, Great Britain, and Italy — was formed and met first in 1975 at Rambouillet and then last year in Puerto Rico;
- the "Trilateral Commission," formed in 1973 of representatives of monopoly capital, government circles, and politicians from the U.S., Western Europe, and Japan. Its stated task is to study relations and differences of the three imperialist centers. The initiator of this commission was the U.S. policy expert and now security advisor to the new president, Brzezinski;
- the long existing military and economic organizations such as NATO, the OECD, etc.;
- institutions for special areas, such as the International Energy Agency (IEA), which are supposed to provide a sort of "joint crisis management" of the industrialized capitalist countries against the actions of the developing countries and coordinate long-term plans in such a strategically crucial areas as energy.

The U.S. especially pursues a revitalization of its leading role in the capitalist system and protecting the worldwide profit interests of the American multitis; Western Europe and Japan seek their own economic and political zones of influence and to strengthen their

“equal” place in the “Trilateralism” of imperialist centers.

Western press organs refer in connection with the visit of Vice President Mondale to an American “double tactic,” of both coordinating Western unity and presenting hard demands to Western Europe and Japan. The reaction of the British trade minister Dell was more drastic: “...setbacks for Great Britain on the world markets in competition with the U.S., Japan and the BRD would have an effect like losing a war...”

Today there remains in the essence of imperialism a tendency to seek an exit from its difficulties through aggression and expansion. The crisis processes are the

basis for activities by imperialist forces against détente....

The product of the contradictory combination of the imperialist push for power and a certain realism is the formation of a sort of “imperialist concept of détente.” Without détente being attacked frontally, the new conditions are to be used for imperialist class goals. Using the expanding relations between the capitalist and socialist states, it is to be attempted to organize economic, ideological and political pressure on the socialist countries, in order to exact more concessions...gain time for stabilization and maneuvering room and new opportunities for offensive actions.

Triangular Economic Cooperation Required

In September 1976, Prof. Maier contributed a paper on “Aspects of Economic Cooperation between European and Developing Countries” to a symposium held in Vienna under auspices of the International Peace Institute. Condensed excerpts follow.

How should the question of Europe’s relations to the Third World be approached? Do there exist possibilities to link the further development of all-European relations with a contribution to a new world economic order?

Interrelation of Economics and Politics

A first aspect is the interrelation of politics and economic. Although at various international meetings, especially under U.N. auspices, representatives from Western and from certain developing countries have spoken of a “depoliticization” of economic problems, the facts indicate that there is actually an objective connection. Deliberate utilization of it is an important factor for implementation of progressive development processes. This understanding was clearly formulated by Mrs. Bandaranaike at the Non-Aligned Summit in Colombo, where she said that “... any separation of political problems from economic ones turns the developing countries in the wrong direction.”

What has been accomplished in the process of détente requires economic underpinnings. From this stems the necessity for expanding international economic cooperation on the basis of new, democratic principles. In this basic context, questions of Europe’s relationship to the Third World and the associated problems of a new world economic order should be posed.

There is an objective motivation for the development of economic cooperation between Europe and the Third World. We can identify certain moments of this:

- first of all, there is a growing tendency toward internationalization of production and economic life;
- the international division of labor is increasingly complex, and its sensible exploitation is today a precondition for economic progress of any country;
- presently new sorts of problems are evolving which

are international in nature and involve the interests of all countries. This applies to questions like the environment, energy, and raw materials exploitation.

The forms of international cooperation are already many-fold....What must be stressed next is this: the connections of European economic cooperation with relations to the Third World will only be able to be developed in the framework of the already existing multi-level of economic relations between the European states and the developing countries. This involves bilateral relations of socialist countries and of capitalist countries, between socialist and capitalist countries, between capitalist countries and developing ones; and multilateral relations between the CMEA and the developing countries, and the EEC and the developing countries. As is known, proposals are on the table for further development on the multilateral level through CMEA-European Economic Community ties.

The strengthening of the objective tendencies of internationalization tends toward the further development and complex growth of this multi-leveled system, and for this the appropriate political and other conditions have to be created. In this process, one must locate, it seems to me, the so-called triangular level (socialist countries — capitalist countries — developing countries, or conceivably CMEA — EEC — developing, or organizations of the developing countries....)

The nature of the task here demands especially flexible forms and methods, to supplement the present system of economic relations and contribute to the development of truly fair international cooperation to the advantage of all participants.

This area of problems rightly attracts growing attention, since it corresponds to the economic interests of many forces active in today’s world economy and could be an essential element for making firm and expanding the détente process.

On A Possible Mechanism For International Cooperation and the Western Model Of An ‘International Market Economy’

In the leading Western countries in government circles and many research centers the “market economy” is propagandized as the indispensable basis for world economic relations. Many slightly varying Western ideas

have this as a common denominator. Among the reasons I will mention for this model's not being suited to our present and future, is the fact that it represents one essential cause of the glaring inequality of the industrialized and developing countries; furthermore, a "world market economy" means freedom and protection for the operations and machinations of international concerns and goes counter to the UN Charter of Economic Rights and Duties.

Moreover, an "international market economy" is posed as an alternative to a "world planned economy," such as would supposedly be cooked up through the demands of the developing countries for a new world economic order. Of course one can entertain one's own thoughts about the possibility of international planning measures. But the "world planned economy" waved like a scarecrow in this case is not on the agenda. What is at issue, and this is the main idea I have to express, is the necessary search for a mechanism which corresponds to the specifics of the real situation and can serve as a basis for linking European East-West cooperation and relations to the developing countries.

Practice so far provides certain tendencies in this direction which require examination, testing, and further expansion.

For example there is the practice of governmental agreements in East-West cooperation, which is ap-

plicable not only for bilateral, but also for multilateral relations. Here the basic principles of cooperation and the important goals for the medium and long-term could be established, and concrete measures and certain forms and methods ascertained. In close relation with this, mixed commissions have a growing role. Bringing together representatives from the governments, from the economy, and scientists, they create an authoritative basis for a stable and dynamic development of cooperation. Such commissions already exist on a bilateral basis, and also on a multilateral basis, for instance between the CMEA and Mexico.

A further element is what is called triangular *industrial cooperation* (or tripartite) among the socialist countries, Western industrial countries and the developing countries. Our acquaintance with this still young form of international economic cooperation is fairly spotty.

Through triangular cooperation it is possible to attain a lessening of the monopolistic positions of Western concerns, with their effects on prices and terms of delivery. It can protect the socialist partners from the immediate influence of inflationary processes and so stabilize cooperation. Properly applied, triangular cooperation can make a contribution to the struggle for a new world economic order.

Is 'Aura Of Power' Admiral Turner An Intelligence Incompetent?

by Bob Cohen

Writing in the January 1977 issue of the Council of Foreign Relations (CFR) magazine, *Foreign Affairs*, Admiral Stansfield Turner, Jimmy Carter's nominee to head the CIA, explicitly defends the Schlesingerian doctrine of bluff to manipulate "Soviet perceptions" of U.S. military fighting effectiveness and then incredibly claims (against the Chief of Naval Operations, Admiral James L. Holloway III's, public evaluation) a U.S. strategic advantage in "naval warfighting capability" over the Soviets.

Even more incredibly, he bases the latter "estimate" principally upon an alleged U.S. technological superiority — and, manages to completely ignore Soviet breakthroughs in laser and fusion technologies which retiring Air Force Secretary Thomas C. Reed now admits give the Soviets capability to inflict very serious damage on U.S. surveillance and communication satellites and leave the U.S. "dumb and blind" in a global war.

Turner, projecting his own *monetarist* axiomatic world-view onto the *industrially-based* USSR, also argues that the Soviets are fundamentally a new "nineteenth century imperialism" who model their strategy on the American (mercantilist) Admiral Mahan and "recall how Great Britain and the United States successfully supported imperialist adventures with their fleets in the nineteenth and early twentieth centuries."

Still thinking in the outmoded framework of the first two world wars, it is hardly surprising that the CFR Admiral in his article "The Naval Balance: Not Just A Numbers Game" fails to even discuss the question of the Soviets preparations and commitment to fight a total (integrated land-air-sea) thermonuclear war in any showdown confrontation with the U.S. (he argues from the incompetent view of mutual strategic deterrence) and he, of course, hysterically denies the existence of an (actual) Soviet marginal nuclear warfighting advantage.

In the event that the Trilateral Commission's Carter Administration manages to plunge or blunder a *deindustrialized* United States into a nuclear war in its desperate worldwide effort to collect the debt for Chase Manhattan, Turner offers the following Maginot line-like solace: "...our national purpose is principally to keep the peace if we can, and if we cannot, to protect ourselves from storms, and to help our friends to protect themselves."

The question naturally arises: should a man who demonstrates such a lack of competent grasp on fundamental strategic issues be entrusted with the highest intelligence post in the land?

Who Is Admiral Turner?

The Trilateral Commission's effort to undermine U.S. intelligence capability in behalf of their insane nuclear confrontation-from-weakness policy, set back when conservative traditionalists shot down charlatan Theodore Sorensen, gained fresh momentum this past week as usually alert pro-development political, industrial, and military leading circles showed a foolish predisposition to swallow Jimmy Carter's nomination of Rockefeller Admiral and Council on Foreign Relations member, the dubious Stansfield Turner, to head the CIA — simply because of his military stripes.

The babbling puppet Carter himself announced the appointment with manic visions of World War III dancing in his peanut brain alluding to his nominee as "the next General Marshall" — a telling reference to the CFR's armchair World War II general who was also one of the architects of finance capitals' post-war proto-looting scheme which bears his name.

Indeed, Admiral Turner is the product of careful Eastern Establishment grooming — Oxford College in England, Harvard Business School, the presidency of the Naval War College (where he boasts of 'innovating' by bringing in 'intellectuals' like his friend Herman Wouk, author of the horrendous 'The Caine Mutiny'), membership in the CFR, writer for publications like *Foreign Affairs*, and so forth.

Not surprisingly, the *New York Times*, Trilateral columnist Carl Rowan, Naderite politician Sen. Gary Hart (D-Col), and Turner's sponsor Rockefeller Rhode Island Republican John Chafee led the hosannas for the CFR Admiral, hailing him as "the military man with a conscience," boosting Carter's "brilliant compromise appointment," and reassuring the Fabian faithful that the nomination "establishes no precedent for military leadership at the CIA."

Granting that Stansfield Turner is not a blithering idiot on the order of Theodore Sorensen, the Trilateral's first choice, and could *conceivably* be won to a national self-interest (Clausewitzian) strategic outlook — nonetheless, everything about Turner's background and stated fantasy-laden pro-financier views indicates that the likelihood is that *at best* he would serve as a hometown umpire in favor of the traitorous Rockefeller

bankrupt financial interests on close calls involving the national interest within the intelligence community.

Aura of Power

Congressmen concerned that the United States government receive an honest and high quality intelligence product will want to review Turner's Foreign Affairs article and ask the appropriate questions. One critical question is does Turner think the truth about the present (marginal) U.S. strategic inferiority and its economic and technological causes must be hidden from the nation in order to project a big bluff — a phony "aura of power"?

Turner's utopian monetarist psychological wargame approach to strategic intelligence is apparent throughout: "We even hear Paul Revere-style rhetoric: "The United States is being left behind with a second-rate navy!"

... "Whether or not any particular force succeeds in influencing the actions of others will depend on subjective perceptions which may be based on numbers, on superficial appearances (size of ships, new versus old, etc.), or techniques of employment, or simply on the rhetoric which accompanies the fleet's arrival. That perception may or may not be an accurate appraisal of what would happen if shells started flying. But if the bluff is called and fighting ensues, presence has failed and must be succeeded either by combat or by backing down..."

"And as our Navy constricts and draws back from traditional deployment patterns, the Soviet Navy has been demonstrating increasingly imaginative and frequent global deployment of forces in response to developments in international politics — as in Angola, Mozambique, the Indian Ocean and West Africa. It seems a confirmation of the claim that we are a declining sea power and that they are a growing and restive one. The invalidity of that claim is academic if it is universally believed.

"The nature of the debate in Washington over the budget tends to abet this impression. To ensure adequate appropriations for warfighting needs, our leaders point to the Soviet's naval expansion, their increasing presence in former Western preserves and their dedication to further naval growth...the formidable qualities of the threat are stressed; the available means to counter it perhaps slighted. We run the risk today of losing on the 'preicence front' unless we counter these negative impressions by exercising care in our public discussions. A doomsday picture convincingly drawn for a congressional budgetary committee may negatively influence other nations' perceptions of our naval effectiveness..."

Since the Soviet leadership regularly reads *Foreign Affairs* who does Turner think he is fooling and why? What is he hiding and whose interests is he protecting?

Fairy Tale Warfare

The incompetence demonstrated in his discussion of genuine warfighting is just as shocking. As every sophomore not working for Rand or the CFR knows, if the Soviets are provoked by the insane Carter Trilateraloids (whose genocidal debt collection policies

create an *irrepressible conflict*) into attacking the U.S., they will launch a total air-land-sea first nuclear strike which among other things will kill 160 million Americans in the first hour of general war. Yet Turner's "assessment" of "the naval balance" fantastically abstracts from this reality and analyzes naval warfare in terms of four essentially formal and separate categories — strategic deterrence, naval presence, sea control, and projection of power ashore — giving the U.S. the advantage!

Turner suggests the Navy's mission should be denying "Soviet imperialism" sea lanes!

In terms of the one "category" he goes seriously into, "sea control" — which in the *real* warfighting described above means Soviet capability to thwart an American second strike retaliation from the critical U.S. nuclear submarine force — Turner at first remarks: "Sea denial is essentially guerrilla warfare at sea." Later Turner (in passing) lets reality finally seep through, contradicting his own thesis though he quickly backs off and covers-up: "...the Soviet's big advantage is their option to launch a preemptive strike. Ships of both navies regularly operate in the vicinity of one another since there are no boundaries at sea. An attack could be launched with virtually no warning from point-blank range. The timeliness and quality of intelligence estimates, and our ability to identify subtle changes in Soviet operational patterns, will determine whether or not the Soviets can successfully carry out such a preemptive strike. Present trends toward declining numbers of both submarines and carrier aircraft have to be faced in the glare of these facts."

The Admiral's Trilateral Friends

When Turner comes to the question of defining the Navy's mission, he uses all the key and code phrases that let his *Foreign Affairs* readership know that he is the fascist Trilateral Commission's boy.

First he advertises that he is in tune with the Carter Administration's deindustrialization program: "...meantime there is growing competition at home for military expenditures, especially when there are so many social demands on our national resources."

Then Turner puts out a call to the Marcus Raskin-Noam Chomsky Institute for Policy Studies Fabian crowd for help in containing savvy military professionals from arriving at a Clausewitzian approach to national policy: "Civilian thinkers, in turn, are not providing the help that they could. The estrangement of much of the intellectual and academic segment of our society from the professional military over the Vietnam War has damaged the respectability of defense as a worthy area of discussion, writing and study..."

"Professional opinion is pressed hard on the technical military issues; civilian opinion has to think hard on matters of national policy; and from this interaction arises the consensus essential to the support of whatever level of naval forces is selected."

Congress has a solemn responsibility to determine whether Admiral Stansfield Turner has the independence and competence to serve the national interest in one of the most important posts in government.

Warnke Testimony Follows Trilateral Line To Stop Nuclear Development In Guise Of Arms Control

"The U.S. cannot allow any uranium resources, any reserves, outside of the Soviet sector, in the hands of agencies other than American and British." — 1947 Executive Order by President Harry S. Truman.

When Paul C. Warnke, President Carter's appointee as head of the Arms Control and Disarmament Agency and chief U.S. negotiator at the Strategic Arms Limitation (SALT) talks, testified before the Foreign Relations Committee Feb. 8, he stressed that he was concerned about curtailing the proliferation of nuclear weapons technology that has resulted from the growth of the world nuclear power-generating industry. Warnke's essential equation of nuclear power with nuclear weapons is the basis upon which the Trilateral Commission is now campaigning to sabotage the growth of nuclear power industry internationally and to bring its remains under Trilateral control.

The Trilateral Commission nuclear policy, expressed by Warnke and widely publicized by various outlets of the Trilateral Commission in recent weeks, essentially revives the Bernard Baruch Plan of 1946 devised by the Rockefeller oil interests to maintain U.S. control of international nuclear technology in the guise of arms control.

In the mass media, the Trilateral policy standard bearers are the environmental groups clustered around Ralph Nader, such as the Rockefeller-funded Friends of the Earth, and the international lobbying group New Directions, which have stridently attacked the development of nuclear energy, and like Warnke, have equated nuclear energy with the proliferation of nuclear weapons. Warnke is the legal counsel for New Directions, which is bankrolled by the Rockefellers. The group includes other Trilateral members, most notably Secretary of State Cyrus Vance who heads its subcommittee on War and Violence, as well as Laurance Rockefeller. The New Directions nuclear policy was summed up in brief by a staff member: "We can defer nuclear energy development for a quarter of century."

A virtual resurrection of the Baruch Plan appeared in the Trilateral Commission draft document "Towards a Renovated International System," prepared for its Jan. 9-11 meeting in Tokyo, a document which dwelled at length on the alleged danger posed by the proposed Brazil-West German nuclear deal. (Excerpts from this report were reprinted in the Executive Intelligence Review Feb. 1, 1977 —ed.)

An almost verbatim line was simultaneously published in the winter 1976-77 issue of *Foreign Policy*, a magazine edited by a Trilateral member and whose editorial board includes National Security Advisor Zbigniew Brzezinski. The article, entitled "Spreading the Bomb Without Breaking the Rules" and authored by Albert Wohlstetter, a cold warrior of the 1950s whose more recent employment has been as a terrorist scenario writer for the Rand Corporation.

The Wohlstetter Arguments

Albert Wohlstetter's original claim to fame was the creation of the "missile gap" fraud of the late 1950s and early 1960s. Working with his protégé, Herman "Mega-death" Kahn, founder of the Hudson Institute, Wohlstetter authored a series of Rand reports that purported to demonstrate how the Soviet Union could have wiped out both the strategic bomber force and nuclear weapons stockpiled of the U.S. with a handful of nuclear bombs. In the 1960s Wohlstetter concentrated on developing the strategy of "flexible response" and the doctrine of limited nuclear war associated with James Schlesinger. More recently Wohlstetter's efforts at Rand concerned scenarios for destabilizing the Middle East, centering around "nuclear terrorism."

Wohlstetter's *Foreign Policy* article calls for the banning of plutonium utilization and plutonium recycling, "transfers of enrichment technology (the technology of enriching the U-235 content of uranium so as to make it into a viable fuel for nuclear power reactors —ed.) to an international or multinational center," and the curtailment of nuclear physics research in what he terms "non-weapon" states — the same points noted in the Trilateral Commission document.

Wohlstetter gives two ostensible reasons for implementing such nuclear "control" policies: (1) Any utilization of plutonium involves the danger of nuclear weapons proliferation; and (2) "Without the extensive conversion of uranium-238 into plutonium and the separation of plutonium from spent fuel, we can have enough coal and enough of the fissile isotope uranium-235 at reasonable prices to last us well into the second quarter of the twenty-first century." Only at this point, "the second quarter of the twenty-first century," Wohlstetter states, will we "be able to make an intelligent transition to... a safe and economic breeder; or a safe form of fusion; or solar energy."

Wohlstetter's actual concerns are revealed in the second point, which parallels the "slow growth" policy for the next 50 years popularized by Laurance Rockefeller's Club of Rome. His first point is simply the rationale, the cover story for implementing "no growth" — the basic Trilateral Commission dictum.

Contrary to Wohlstetter's no-growth assertion, the facts are that without the conversion of uranium-238 into fissile plutonium, nuclear fission represents only a marginal energy resource when one considers the total energy needs of a fully developed world economy. If plutonium is recycled and if both fusion and fission fast breeders are utilized, nuclear fission fuel resources could be extended from just a fraction of existing oil and gas resources to an energy source orders of magnitude greater than fossil fuel.

Of more immediate political importance, the technology of plutonium recycling will make Europe and Japan independent of U.S.-Rockefeller control over their nuclear fuel by 1978, one of the key factors motivating the

Trilateral's attack against nuclear power and their resurrection of the Baruch Plan.

*One World or None:
The Baruch Plan*

The use of arms control negotiations to implement economic and political control over America's ostensible allies in Europe is not new to the Rockefellers. The original Baruch Plan was born out of just such a strategy after the war when President Truman appointed financier Baruch as the U.S. negotiator on nuclear disarmament. This Rockefeller scenario, which included plans for an international agency to control fuel reprocessing and nuclear power, was developed as a psychological warfare weapon much along the lines of Trilateral policy today.

In 1946, Norman Cousins (who now works with New Directions and the anti-nuclear lobby, Friends of the Earth) authored the well-known Rockefeller post-war document called "One World or None." This Rockefeller-dominated "American Century" policy, as it applied to the development of nuclear energy, was worked out in detail at the Conference on Atomic Energy held at the University of Chicago in 1945 with such Rockefeller planners as David E. Lilienthal (TVA architect and first head of the Atomic Energy Commission) and Edward Levi (Attorney General under President Ford) in attendance.

The strategy worked out at this conference was to use the issue of nuclear weapons proliferation as a cover for preventing the development of nuclear energy. In this way scientists such as J. Robert Oppenheimer were hoodwinked into collaborating with and implementing the Rockefeller maneuvers that had nothing to do with worries about nuclear weapons proliferation but were designed to maintain the newly won Rockefeller monopoly on world energy resources.

This strategy translated into the Acheson-Lilienthal Report and later became the Baruch Plan which

proposed international controls for so-called nuclear disarmament and, more significantly, proposed an international control over nuclear energy technology.

Contrary to the currently accepted analysis of post-war history, the Baruch Plan was not directed primarily against the Soviet Union; the Rockefeller scientific analysts stupidly believed that the Soviets would never be able to develop nuclear weapons, or at least not for more than 20 years. The Baruch Plan and its associated stratagems were intended to contain America's allies, chiefly Canada, France and Great Britain. In France, to take an example, where leading nuclear physicist F. Joliot had carefully kept the nation's uranium reserves away from the Nazis, one of the first acts of the 1945 American liberation forces was to steal those reserves!

Shortly after the 1945 Chicago conference, Edward Levi began to police the U.S. scientific community and enforce this Rockefeller policy of nuclear control. In one reported instance, when a University of Chicago nuclear physicist who worked on the Manhattan Project was offered a position at a Canadian University, Levi read him the National Security Act to dissuade him from taking the position. A year later in 1946, Rockefeller's other nuclear planner, Lilienthal, became the first director of the Atomic Energy Commission. As AEC director, Lilienthal created an image of a "progressive" civilian administration as a cover to maintaining Rockefeller control over nuclear development.

In the 1950s the British on their own finally forced the development of peaceful nuclear power reactors, the development which the Trilateral's predecessors had tried to prevent.

Today, recent agreements between Europe and the Arab oil producers and Western Europe rapidly developing nuclear technology, Europe and the Third World stand on the verge of breaking free from the Rockefeller dollar empire. This threat has produced the Trilaterals' anti-nuclear campaign and the revival of the Baruch Plan.

What Jimmy Carter Is Up To On North-South Policy

by Daniel Sneider

To those developing countries demanding the establishment of a new world economic order, Jimmy Carter's Trilateral Commission government is offering a "renovated" old order. The most succinct statement of Carter policy was put to an Indian development expert a few weeks ago by Carter advisor Orville Freeman, the head of Business International and former Kennedy Agriculture Secretary who may be named Ambassador to India. Freeman said that the new Carter policy would be the old Kissinger International Resources Bank package put forward at the IV United Nations Conference on Trade and Development in Nairobi in May 76, but "without Kissinger." As he explained it, Kissinger's proposal would have been accepted if only someone less loathed by the developing countries than Kissinger had presented it.

Two key documents indicate how Carter is refurbishing Kissinger diplomacy. One is the report of the Commission on U.S.-Latin American Relations, prepared as a transition statement for the Carter Administration. The Commission was chaired by Sol Linowitz who will be Carter's special envoy to the Panama Canal talks. Robert Pastor, the new National Security Council staff officer for North-South affairs, was Executive Director of the Commission staff and Treasury Secretary Blumenthal was a prominent member of the Commission. The other document is the draft report of the Trilateral Commission task force on "A Renovated International System," authored in part by Richard Cooper, the newly appointed Assistant Secretary of State for Economic Affairs. The men involved in these two reports will have most of the responsibility for Carter policy on the North-South issue.

Debt and the IMF: The Key Issue

The essential core of the Kissinger-Carter International Resource Bank (IRB) policy is to secure the payment of the huge debt obligations of the developing sector owed principally to the New York banks and the allied Eurodollar market and, secondarily, to the International Monetary Fund (IMF) and World Bank. Carter policy is aimed to stop the two-sided threat of the large-scale default-moratoria by developing country borrowers, and Third World moves in collaboration with Europe, Japan and the Comecon to create a new monetary system. The consequences of a Third World success in that effort would be the financial and political bankruptcy of David Rockefeller's Chase Manhattan Bank and the other major New York commercial banks

loaded with Third World paper.

Carter's agenda includes not only the preservation of the existing monetary system but the expansion of the IMF's role to a supranational body centrally directing the economic policies of member governments. With respect to "international lending" and the "creation of new international reserves," the Trilateral report states: "It is desirable that the IMF increasingly evolve into a central bank for national central banks." With the policy of such a bank to be "agreed and operated by the leading five to ten countries," there will be no question as to what the IMF will do.

The IMF's role toward the developing sector, as the reports describe, is to function as a backstop for the New York banks, to bail out Chase Manhattan's bad loans and to enforce the austerity policies to ensure prompt and full payment.

The Linowitz report calls for increased lending by the IMF-World Bank: "With such expansion of public funds along with necessary domestic efforts to achieve stabilization, the role of private lending can be restored to its rightful, and significant place." Elsewhere the report says: "Contributions to the multilateral development banks represent an effective means for the U.S. to support global development, since the international institutions provide the financial framework within which the private capital markets can make their greatest contribution to development finance."

Just what that benighted contribution will be is quickly answered. While the IMF bails out the New York banks' loans, private capital will go instead into the IRB, which as Kissinger proposed will be an agency to finance the multinational corporations' raking in of raw materials in the developing sector. This is designated to ensure a proper level of exports to guarantee debt repayment.

The Commodity Issue

Without substantial real capital investment, the only exports being discussed are raw materials and other such commodities. To accompany this aid program for Chase Manhattan, both reports urge that backing be given — selectively — to various forms of commodity buffer stock and support mechanisms to jack up commodity prices on a case-by-case basis, ensuring a flow of commodity dollars — coffee dollars, copper dollars, and so on — into Lower Manhattan. The only concern held by the Carter team is that control of such stocks and funds be exercised by their IMF dictatorship through the financing of such operations within an IRB framework.

What Ever Happened to Development?

For Third World countries who somehow still hope for real industrial and agricultural development, Carter has something as well. After all the debt is paid, after all the raw materials are extracted, and cutbacks imposed on all essential services, Third World countries will be left with "self-sufficiency."

Austerity is the first prerequisite and here the Linowitz report has some valuable advice:

...the countries of the region must be given the opportunity to adapt to their accumulated debt by obtaining new public credits to facilitate essential imports and to permit lengthening of the debt profile. *In turn, the countries of the region must exercise appropriate financial discipline and restrain internal consumption...*

On "self-sufficiency":

The real responsibility for development and the resources which contribute most to it resides in the developing countries themselves. The transfer of resources between countries and the transformation of the international economic and political systems are of great importance in development, but unless appropriate domestic measures involving savings and investment policies..then the international mobilization of resources will be of little, if any, assistance to the development process.

The reports are also explicit about the kind of development they mean when no capital is available — the World Bank's 'labor-intensive' schemes which avoid the need for large-scale capital investment in industrial development.

On this issue the Trilateral Commission says:

Foreign owned firms have frequently been charged with introducing in appropriate technology into developing countries...But that has largely been a response to national policies in the host countries that distort the choice of production techniques, e.g. toward capital-intensive means of production...We should encourage further the tendencies that now already exist in forcing aid programs to shift the relative emphasis away from big capital projects in the industrial sector toward those activities mentioned above (family planning, agriculture, etc. — ed.) which alleviate poverty (sic) more directly and tend to provide jobs for more people, especially in rural areas.

The North South Talks

With a picture of the Carter Administration's paint job on Kissinger it only remains to be seen how they intend to handle the immediate issues of the North-South conflict and the demands for the new world economic order. On the formal agenda are the fruitless Paris talks, the Conference on International Economic Cooperation (CIEC) which disbanded last December with a decision by the Group of 19 developing-sector representatives to wait for Carter and resume the sterile non-ologue in the

spring. At that time the word out in more gullible developing-sector diplomatic circles was that Carter would be "softer" on the demand for general debt moratoria which had deadlocked the talks.

Given the real Carter policy on debt, one could only expect that Administration approach toward Paris would be the same as Kissinger's — keep them talking and delay everything. In an interview, Pastor made that policy explicit: "It took the other administration four years to come up with a policy.... It's a long-term process. We're dealing with hundreds of different issues and each one of the issues is part of a long-term process."

As to whether the developing countries might not be impatient by now with this long-term process, Pastor confidently said, "As far as I can tell from the people I've spoken to, they understand it completely."

While this process goes on, there is a policy to deal with those cases in the developing sector who have an intransigent commitment to development. That policy is war and other forms of destabilizing pressure. The Trilateral document expends much effort to clothe this policy in a seemingly abstract discussion of the limits of national sovereignty in favor of "interdependence," their term for Trilateral Commission dictatorship. In applying this concept to the developing countries, the object of the threat is clear enough:

Some intellectuals, groups and governments in the Third World increasingly lean toward a strategy of disassociating North and South. Various suggestions at the 1976 Mexico City conference on economic relations among developing countries clearly express such goals, e.g., proposals for a developing countries payments union, the establishment of a joint development bank, preferential treatment, multinational corporations of their own, and so forth ... *the success of the extreme disassociation strategies will create a series of disturbances unpleasant for the industrialized world and probably even more harmful to the developing world...* A cutting of transnational links, however, or a rejection of existing relationships between developing and industrialized countries is likely to be more disadvantageous to the former than the latter.

The Trilaterals proceed to warn against any attempt to carry out development policies in accord with real national self-interest:

In developing countries, under pressure to make particular efforts to alleviate poverty, the desire for autonomy poses special difficulties. Anxious to assert their independence in all fields, they often tend to regard the types of accommodation and consultation necessary interdependent relationships as interference in their domestic affairs and an encroachment upon their sovereignty.

The public and leaders of most countries continue to live in a mental universe which no longer exists — a world of separate nations....

This is what passes for "policy" and that's all there is: debt collection by any means necessary.

Soviets Ask For "Feasibility Study" Of T-Ruble Convertibility

Soviet Authorities have asked London banks to undertake a "feasibility study" of the means to turn the transferable ruble — the unit of account used for trade within the East European Council for Mutual Economic Assistance (Comecon) — into a fully convertible international trade currency, British financial circles report. This request, the Soviets' first actual initiative since they mentioned their intent to make the ruble available for trade deals between East and West in October 1976, was underscored yesterday by the arrival in London of Soviet Foreign Trade Bank director Maslov, who will reportedly hold meetings with London merchant bank officials.

The potential political significance of this visit is enhanced by press reports that the Soviet Union has asked Britain to act as official mediator in all bilateral "bloc to bloc" relations between the European Economic Community (EEC) and the Comecon, following the recent successful conclusion of EEC-Comecon "fishing rights" discussions, also facilitated by British initiatives. The French daily *Le Figaro* characterized the agreement on fishing rights as "a major step forward" which testifies to the quickly-improving climate between the "two Europes." "The prospect of more difficult relations with the new administration prompts the Soviets to attribute much greater importance to direct relations with the EEC," added the French liberal daily *Le Monde*, noting that a syndicate of U.S. banks has just abandoned a planned \$200 million loan to the Comecon's International Bank for Economic Cooperation (IBEC), probably as a result of White House opposition.

Although no West European leader has yet spoken publicly of the convertible ruble issue, the sudden rash of newspaper articles dealing with the subject in the past few days indicates that it is under discussion at the highest level. The respected West German financial daily *Handelsblatt* signaled this Feb. 16, in a full-page detailed examination of IBEC's proposal that the transfer-ruble become a fully convertible unit of account for East-West trade in general. Though somewhat lukewarm in its appraisal of the proposal because of IBEC's restrictive statutes and the current structure of monetary-economic relations within the East Bloc, *Handelsblatt* addressed three positive "counter-proposals" to the Soviets, namely that the Comecon issue credit to Western countries and firms, that new mechanisms — for bilateral and multilateral trade — be created, and that ruble accounts held by the Third World be expanded.

The next day, *Il Sole-24 Ore*, the newspaper of the

Italian industrialists' association Confindustria, located the emerging Europe-wide transfer-ruble discussions in their appropriate context — the continuing collapse of the U.S. dollar and the West European financiers' concern over the "tension which could arise in the coming months over rates and international liquidity." The Europeans' fear of a growing credit crisis directly accounts for their interest in the eventual negotiability of the transfer-ruble on a world scale, said *Il Sole*, adding that if gold were remonetized and the gold-backed ruble made convertible, both "would rise rapidly against the dollar," collapsing it in short order. Other articles endorsing with more or less enthusiasm the concept of a Euro-ruble for massive expansion of East-West trade have since appeared in the Finnish industrialists' daily, *Hufvudstadsbladet*, and *Le Figaro*.

While the transfer-ruble negotiations proceed behind closed doors, West European leaders are about to make public their intent to return to monetary sanity at the earliest opportunity, in keeping with *Il Sole's* suggestion. According to the British magazine *The Economist*, the EEC Commission is about to issue a formal proposal for a scheme whereby member-countries would meet their mutual payments deficit in gold, making gold the centerpiece of the monetary system again, at the expense of the parasitical dollar.

The significance of this statement of intent was heightened by a meeting between French Prime Minister Barre and Italian Finance Minister Stammati Feb. 17 in Paris. The two statesmen have since concurred publicly that the "first medium-term priority" for the EEC is to establish "a real monetary and economic union," a permanent demand of the late General de Gaulle, heretofore unrealizable because of British and West German alignment on U.S. monetary policy. Barre added that his government and that of West German Chancellor Schmidt are in the process of working out proposals for a new EEC drive in the direction of monetary unity, which will be presented at the end of the year.

In anticipation of the increasingly probable severing of the ties between Western Europe and the dollar, European banks are gradually pulling out of large syndication Eurodollar loans, and demand that the syndicators — most frequently the large international banks based in New York — "buy back" their participation. This way, said a West German source Feb. 17, "there will be a little crash, not a big one, and not everybody will get hurt..." French banker Maurice Lauré — who

heads Société Générale — expressed a similar viewpoint in the Feb. 19 *Le Figaro*, stating that, contrary to *Business Week's* recent allegations, French banks are not dangerously overextended as a result of so-called excessive conversion of short-term petrodollar deposits into long-term loans. Said Lauré: "The French banks' portfolio of medium-term loans in currency is certainly of a better quality than that of many U.S. banks, whose commitments, not so long ago, drew the Federal Reserve's attention..."

Le Figaro: Is The Euro-Ruble On The Horizon?

The following are excerpts from an article entitled "Changes in the Comecon's Internal Relations" by Marie Lavigne, which appeared in Le Figaro, Feb. 19:

Whereas in the West the East Bloc countries indebtedness continued to be the object of speculation, the International Bank for Economic Cooperation (IBEC) of the Comecon proposed, at the end of October 1976, that non-member states participate in the system of payments in "transferable rubles," made in the collective currency of the Socialist countries.

Is this challenge, or act of faith in regard to the potentialities of Socialist integration, sufficiently affirmed from now on to ensure an international extension of the "Euro-ruble"? In this perspective, one can wonder if economic integration within the Comecon has been accelerated and reinforced by the crisis of the Western economies.

One of the first manifestations of a repercussion of the energy crisis on the East Bloc countries was, at the beginning of 1975, the spectacular increase of the price paid by the USSR's partners for Soviet oil, still at one-fourth of the world price in 1974. At the same time as this 130 percent increase, a revision of the procedure of determination of Socialist international prices was announced. Henceforth, revised every year and no longer every five years, these prices are calculated on the basis of average world prices in the previous years, although in 1975 this determination was exceptionally made on the basis of average 1972-74 prices.

Where are we two years later? We know that in January 1976 the price of Soviet oil was increased by about 8 percent. It has just been raised again in January 1977. Although the rate of this increase was not officially communicated, a calculation based on an average of 1972-76 world prices leads us to believe that it amounts to about 33 percent. Let us add that the new procedure concerns not only oil (or raw materials) but, in principle, the totality of goods exchanged among Comecon members. How have these increases affected mutual trade?

The USSR, which exports mostly raw materials and imports manufactured goods in its relations with the other East-European countries, improved its terms of trade by 7 percent from 1975. The relation between the

price of its exports and that of its imports, which has been stable since 1971, had in the course of the previous 15 years deteriorated by 20 percent. In effect, because of the structure of its trade with the Comecon partners, the USSR is to be compared to an underdeveloped country, and the evolution of world prices, which affects exchange conditions within the Comecon with some delay, was unfavorable to the USSR until 1974.

Can it be said that, conversely, these last two years have placed the USSR's partners in critical situations? The most affected countries have of course been the greatest importers (in proportion to their total purchases) of raw materials, that is to say Czechoslovakia and the DDR. Romania, on the other hand, was the only country to keep a positive balance vis-à-vis the USSR in 1975 and 1976. Nonetheless, the deficits registered in the last two years cannot be compared, either in absolute value or in their proportions, with the growth of indebtedness in East-West relations. The cumulated trade balances of the six "small" Socialist countries with the USSR even show, for the 1971-76 period, a very slight surplus in their favor.

In any case, within the Comecon, negotiations on quantities take precedence over arrangements on prices. Of course, the USSR's clients must supply more merchandise in exchange for raw materials whose prices, although increased in the last two years, remain lower than world prices. But the important thing for them is, above all, guaranteed supplies.

Their indebtedness to the West, estimated to amount to \$22 billion at the end of 1975 (more than 30 billion if we add the Soviet Union itself), incites them to seek within the Comecon, thus from the USSR primarily, regular and guaranteed long-term supplies of basic products. Therefore, it is no coincidence that in 1975 and 1976 Socialist integration has been reinforced in this direction.

A Gigantic Construction Yard

A "concerted plan for integrationist measures" decided upon in 1975 was included in the 1976-80 five-year plans of all countries. Last July, several "common finalized programs" were defined for a 10-15 year period, notably in the domain of energy, raw materials and food. If these plans are still in their preparatory phase, the "concerted plan" includes about 20 concrete "great projects" already being implemented, most of which are on Soviet territory.

The most important is the 2750 km gas-line which will bring from Orenburg (Urals) to the Western border of the USSR the natural gas ordered by its European partners. The operation is financed by a credit line from the Comecon's International Investment Bank (amounting to 2.4 billion transferable rubles, that is to say \$3.2 billion, extended for the most part in convertible currencies), representing four fifths of all credits granted by this bank to all Comecon members since its creation in 1971.

Additional bilateral credit is supplied by the member countries in the form of equipment and especially labor power, as nearly 30,000 workers and technicians will work on this gigantic work-yard, whose individual sections will be entirely realized by each corresponding country. Only Rumania supplies materials only.

From the date of completion of the operation, in 1978, the Socialist countries will receive in repayment 15.5 cubic meters of natural gas a year for 20 years. As the agreement on the project was signed in 1974, one can suppose that compensation for reciprocal supplies was calculated in 1974 prices.

To the great multilateral investments one must add bilateral actions like the "Katowice" steel complex built in southern Poland with the assistance of the USSR, which includes the construction of a rail line in charge of bringing from the USSR, first equipment, later iron ore. The precise purpose of the operation is to allow Poland to

eliminate its deficit with the Western countries in the area of steel imports (\$800 million in 1975, \$600 million in 1976); a greater dependency on Soviet ore supplies is a corollary of this.

Beyond essentially conjunctural phenomena like Soviet aid to Poland at the end of 1976, in the form of credit which will enable Poland's leaders to relax tension on the consumer goods market through increased purchases from the USSR, or like the Soviet-Romanian rapprochement, a tightening of economic ties within the Comecon seems unquestionable, whatever the involved parties' motivations.

Confindustria Reports On The Transfer Ruble

The following article appeared Feb. 17 in Il Sole 24 Ore, the official publication of Confindustria, the Italian industrialist organization.

London — For many years there has been talk of Soviet intentions to internationalize the role of the ruble. Soviet economist Ivan Konnik wrote precisely ten years ago: "The convertibility of the ruble is an indispensable precondition for bringing our currency into the (international) currency area and progressively displacing the dollar from its position of dominance." Such a principle has been more recently reaffirmed by E. Andres in his book, *The Basis of Monetary Theory In a Socialist Society*.

The passage from theory to the concrete seemed to take place toward the end of 1976, when the International Bank for Economic Cooperation (IBEC) announced that the transferable ruble had been extended beyond the Comecon as a unit of account no longer limited to import-export operations among socialist bloc countries, but extended to the financing of commercial transactions with the West.

The orientation of IBEC, which regulates payments within the Comecon, is not the only indication of a new approach on the part of the Eastern countries to Western financial markets. It is significant however, because it portends a decisive action by the Comecon to overcome the current factors of rigidity in the balance of payments. During 1976, Comecon presence in the capital markets progressively increased in consistency and — notwithstanding the fact that the bloc's exposed debt position is over \$43 billion, according to Chase Manhattan Bank estimates — the increase of (bloc) negotiable credit on the Euromarket went from 4 percent to 15 percent of the total. Such an "opening" in the market toward the Comecon was due in part to the strong liquidity position of the U.S. banks, but above all to the increased willingness of the socialist countries to supply information on their internal economic development plans.

City of London circles are also working with alacrity on the hypothesis of including the ruble in the worldwide currency chess board. The internationalization of the ruble would have a significant impact on the currency front: "It would certainly represent a hard blow to the strength of the dollar," they say at Citibank. There are some who go even further, hazarding the possibility that

this could de facto force the U.S. administration to reconsider the convertibility of the dollar into gold that was abandoned in 1971.

Michel Kaser, Oxford University Sovietologist, predicts that the ruble will have the role of a reserve currency and that there will be a new market installed parallel to that of the Eurodollar. According to some City of London bankers, the urgency for convertibility is due to the growing indebtedness of the Comecon toward the West and the tension which could arise over the coming months over rates and international liquidity. With this in mind, it is said that arrangements for the negotiability of the ruble on a world scale are proceeding at an accelerating rhythm at the City banks. The only questions are with respect to when and how this would be realized.

It must be kept in mind, in fact, that the U.S. Federal Reserve would be initially reluctant to accept ruble convertibility and would continue to demand gold from the USSR in payment of U.S. imports. It is probable, however, that since gold transactions among central banks initially have no direct effect on quotations in the free market, and since there is continuing currency uncertainty, the value of Soviet gold and the ruble could increase considerably. The technical obstacle that must be overcome appears to be the transformation of the convertible ruble into an international unit of account. Many experts think that were the USSR to demonstrate the capacity to convert rubles into gold at any time (The U.S. State Department has entertained few doubts about this ever since it became clear that mining activity in the USSR had increased strongly), the central role of the Soviet currency would be a fact. The Soviet Union would have only to reveal the increase of its gold reserves, which are already considered sufficient to support the full convertibility of the currency.

There is a political hitch, however. Convertibility presupposes a notable elasticity in ruble exchanges and therefore a complex adaptation of the centralized structure of the Soviet system to mechanisms appropriate to a market economy. The spring for this historic transformation would be provided by the increasing equilibrium between the East European economies and those of the Western industrialized countries. If disequilibrium between them increases, the greater interdependence between the two systems will become inevitable, and hence there will be a reciprocal loss of autonomy.

West German Naderites In Retreat

WEST GERMANY

A West German delegation to Washington led by Foreign Ministry State Secretary Peter Hermes has suddenly returned to Bonn following the Carter administration's failure to budge them or their Brazilian counterparts from the large nuclear technology trade agreement reached by the two nations. Reliable sources in Bonn are describing the break of West Germany from the Tri-lateral-Carter cabinet's "non-proliferation" strategy as final despite some continuing rumors of a concession on the crucial nuclear fuel reprocessing feature of the Brazil deal. According to the *Frankfurter Allgemeine Zeitung* Feb. 16, top officials in Bonn are accusing the United States itself of violating Article 4 of the Non-Proliferation Treaty, which provides for trade in nuclear technology for peaceful uses.

The week ending Feb. 19 is the crucial one for the West German government if it is to free the country's domestic nuclear energy program from the stranglehold of "Naderite" environmentalist groups. On that date an anti-fission demonstration is to occur at a nuclear plant construction site near Brockdorf in the state of Schleswig-Holstein. That state's Christian Democratic Prime Minister, Gerhard Stoltenberg, has repeatedly called upon the federal government to decisively intervene with a clear energy development program and the muscle to back it up, and Bonn is now openly responding to this imperative.

Stoltenberg's call for the formation of a national nuclear energy commission has been taken up by Federal Chancellor Helmut Schmidt with his announcement of the formation of a "Council for the Peaceful Utilization of Nuclear Energy." This council will be chaired by Schmidt and will include all state prime ministers, representatives from all parliamentary party fractions and from industry, trade unions and members of the Max Planck nuclear research institute.

In the meantime Schmidt and Stoltenberg are doing everything possible to blunt the impact of the Brockdorf demonstration. The demonstration at the plant site has been legally banned, and 6,000 police from all federal states will be blocking all access roads. A peaceful demonstration will be permitted in a nearby town.

After weeks of hesitation, political spokesmen for the pro-nuclear power faction which cuts through all West German parties, have overcome their timidity and now seem willing to sacrifice internal party stability for the sake of the country's fundamental national interest: developing high-technology industry. Economics Minister Hans Friederichs, member of the Free Democratic Party, recently stated at a forum that "Zero Growth by 1985 will destroy democracy." Federal President Walter Scheel failed to observe his usual neutrality when he

stated that "We can not allow the Citizens Initiative groups to appear to have any validity in their goal of making nuclear power plant construction impossible, either by peaceful or by violent means."

Even opposition Christian Democratic Union (CDU) Chairman Helmut Kohl has agreed with Chancellor Schmidt, at least in principle, to fight "against a U.S. monopoly in nuclear energy," and the military-industrial interests who have supported Franz Josef Strauss' Christian Social Union are making it impossible for Strauss to engage in his usual sabotage of government policy. With the possible exception of some misguided lobbyists for the coal industry, West German industrialists are 100 percent behind fission energy development.

The forcing of the energy development issue in this way is now tending to split all West German political parties according to sentiments for and against industrial progress. Tension is most extreme in Schmidt's ruling Social Democratic Party (SPD), since its official chairman, Willy Brandt, is a leading advocate of a "pause" in all construction on nuclear plants. Brandt's factional ally in the Ministry for Science and Technology, State Secretary Volker Hauff, has been unsuccessfully putting heavy pressure on the ministry's labile head, Hans Matthöfer, to join Brandt. The Schleswig-Holstein SPD was encouraged by Brandt to issue an anti-fission leaflet, but one day later was forced by Schmidt's faction to withdraw it from circulation.

The situation is only slightly less explosive among the Free Democrats. The national head of the Citizens' Initiative groups and the Young Democrats FDP youth group, have issued a joint call for a complete ban on nuclear energy.

The Schmidt government knows that this conflict must be resolved quickly in order to prevent a damaging collapse in the growth rate of West German electricity capacity. At present, there are 13 operating nuclear power plants in the country with a capacity of about 6500 megawatts. Eleven plants with an 11,000 megawatt capacity are now under construction, two plants worth 2,700 megawatts are approved for construction, and plans for eight more plants with a capacity of 10,000 megawatts are going through legal acceptance procedures.

As a result of the endless legal suits of the environmentalist groups, all planned construction is threatened with serious delay and an expansion of present coal-fired electrical capacity by 8,500 megawatts is being sabotaged in the same fashion. The federal government already expects to revise downward its nuclear generating capacity target of 45,000 megawatts by 1985, which was set in the wake of the 1973-1974 oil crisis.

The program is also being held up by the state governments of Lower Saxony and North-Rhine-Westphalia. In Lower Saxony, Prime Minister Alberecht is stalling on allowing the construction of a nuclear fuel reprocessing plant in his state. The plant would complement similar plants in France and Great Britain. Instead, he has ap-

pointed as his science and technology minister Eduard Pestel, a member of the zero-growth "Club of Rome." Albrecht wants West Germany to reprocess its nuclear fuel in the United States. In the key industrial state of North Rhine-Westphalia, Economics Minister Horst-Ludwig Riemer (FDP) has proposed to scrap nuclear power in favor of a slight increase in coal-fired capacity.

Like U.S. President Carter, Riemer calls for "energy savings" through such measures as increased housing insulation. West Germany's leading commercial daily *Handelsblatt* has rightly described Riemer's proposal as partaking in "dubious methods." It is designed as an "outright provocation against Economics Minister Friderichs," said the newspaper.

Helmut Schmidt: "I'm Not The Kind Of Person Who Yields To Pressure"

This week's issue of the widely read West German magazine Stern published the first major interview West German Chancellor Helmut Schmidt has given to the press since the inauguration of U.S. President Carter. Chancellor Schmidt begins by bursting certain lies circulated about him in the U.S. press, and then proceeds to explicate the various aspects of his actual policy for European economic development and relations with the Soviet Union. Below are extracts from the interview:

Stern: Mr. Chancellor, when people meet each other the first question is usually: How are you? How are you doing, how's your health?

Schmidt: Politically I'm fine, and my health is very good.

Stern: But around the turn of this year it looked like you were depressed and about to resign.

Schmidt: I can't confirm anything about a resignation, but the time was slowly approaching when I had to catch up on some sleep.

Stern: Does that mean that you will definitely carry on for the next four years?

Schmidt: I'm counting on it...

Stern: Still, you aren't excluding the possibility of an upcoming cabinet reshuffle. When could this occur?

Schmidt: In the course of a legislative period a head of state ought to have an opportunity to seriously consider changing his cabinet. This ought to be a normal occurrence. Unfortunately, in this country when we change a minister this is often marketed as a big sensation. That's not useful...

Stern: Former FDP (Free Democratic Party —ed.) chairman Walter Scheel said once that every coalition has to break up sometime, since the supply of common positions runs out.

Schmidt: I don't like to hear the word "supply," since I would have to polemicize against it. And I won't polemicize against the Federal President. The concept of supply is based on the static idea that you can set joint goals for a certain number of years, and that there's nothing left after these goals are achieved. That is a mistaken idea, since in reality there are always new problems and necessities. When the social-liberal coalition started

working together in 1969, for example, no one foresaw the world economic crisis...

Stern: The FDP is still over-represented.

Schmidt: That's the advantage held by the smaller coalition partner.

Stern: Do you on occasion feel politically blackmailed by the FDP?

Schmidt: I'm not the kind of person who yields to pressure...

Stern: What would happen in the coalition if Lower Saxony and the Saar do not vote in the Bundestag for the Value Added Tax hike and the pension reorganization? Is that the acid test?

Schmidt: I don't see things as darkly as you do. The coalition has already held up under a completely different stress. It won the Bundestag elections in spite of the economic crisis. In other democracies, the economic crisis — for which a part of the electorate naturally holds their current government responsible — has led to changes in governments or coalitions. Think about Italy, the USA or Sweden. The social-liberal coalition's economic policy is not unjustifiably highly estimated throughout the entire world. Finally, we can probably reckon on a real economic growth of 5 percent, and on price rises and unemployment of under 4 percent. There aren't many other countries in the world who could succeed in that. In order to take care of these problems, (Economics Minister) Friderichs and (Finance Minister) Apel belong together better than, for example, Friderichs and Kohl and Strauss...

Stern: ... or Schmidt and Kohl ...

Schmidt: ... Right. You can forget about a team like that... After the war, foreign governments were accused of having firmed up Hitler's dictatorship by having made treaties with the "Third Reich." Isn't that an accusation that could be made against us one day in relation to the Communist regime of the DDR (German Democratic Republic)?

Stern: ... After the war, foreign governments were accused of having firmed up Hitler's dictatorship by having made treaties with the "Third Reich." Isn't that an accusation that could be made against us one day in relation

to the Communist regime of the DDR (German Democratic Republic)?

Schmidt: The fact that we have treaty relationships with the DDR has the side effect of strengthening that country. And the fact that all Western countries have diplomatic relations with the Soviet Union does not mean only diplomatic recognition. It is, of course, possible to break off all these relations. But then one shouldn't be amazed if this causes the termination of détente policy. Breaking off détente policy means a return to a policy of tensions, an acceleration of the arms race on both sides, and a conscious taking into account of additional conflicts along with the danger of such conflicts being acted out militarily some day. Anyone who thinks he can cut off a little bit of inter-German trade or mail traffic or border passage without this having any influence on world peace, would be deceiving himself horribly. ... Moreover, I do not believe that the DDR is able to endanger détente policy in central Europe against the will of the Soviet Union. The future of détente policy is being decided in Washington and in Moscow; we play a certain part in this, the DDR also plays a certain part. But to presume that both German states have some special role would be a crass overestimation of the Germans and their role in world policy...

Stern: (Will you meet with SED head Erich Honnecker) in Belgrade, where this June there will be discussions about the experiences following the Helsinki Conference for Security and Cooperation?

Schmidt: No heads of state are going to Belgrade. Ambassadors will meet there first in order to prepare for the actual conference which will take place on the state secretary level, perhaps also with foreign ministers. There they will draw up a sort of interim report on what Helsinki has actually brought about. The Soviet Union will probably take this opportunity to make three proposals: international conferences on environment, on transport, and on energy. The West might propose conferences on other topics. But Belgrade should not turn into an arena for confrontation, as the CDU (Christian Democratic Union -ed) is demanding. Such stupidity can only come from people who stay in the opposition and have no responsibility.

Stern: Why hasn't the exact date been set for Brezhnev's visit yet?

Schmidt: Just about all dates for visits in 1977 have not been fixed yet. For example, it's still not worked out when the new American President and the (West) German Federal Chancellor will meet; it is also not determined when the new American President and the General Secretary of the Soviet Union Communist Party will meet.

Stern: Will you bring up with Brezhnev the problem of the dissidents? Sakharov has surely written letters to you, too.

Schmidt: I don't like to speak about this in public, but I have to say one thing: Long before Messers. Marx and members of the CDU-CSU fraction recognized the existence and the endangered situation of Vladimir Bukovsky, namely two and a half years ago. I spoke at length

with Mr. Brezhnev about Mr. Bukovsky and made him aware of the expectations we had in that case. Anyone who wants to give humanitarian aid can not want at the same time to tie it up with public propaganda. People who want to use such cases for public propaganda ought to know that they are reducing their ability to give humanitarian aid in individual cases.

Stern: Mr. Chancellor, you are also you party's defense expert.

Schmidt: I was!

Stern: But you are still dealing with this area.

Schmidt: Yes, a little.

Stern: Do you believe that in the meantime the relationship between East and West has gotten so unbalanced that, as the Belgian General Close justly fears, the Red Army could be at the Rhine in two days?

Schmidt: I don't know Mr. Close. I also haven't read his book. I have never noticed him before now; he's clearly not a distinguished military authority. But naturally I know the balance of forces between East and West, and I have always followed it carefully, since the maintenance of a balance is one of the basic prerequisites for détente policy. When I speak about a balance, I have never meant by that a mathematical equation. On the eastern side there have always been two factors in which the East was superior to the West: first, the number of conventional troops, and second, the geographical proximity of conventional reserves in the central European theatre. Against this, on the Western side there has always been first a technological superiority in the performance capabilities of nuclear and especially strategic nuclear weapons, and second, a numerical superiority of such weapons. A balance has always existed insofar as the West's joint forces have never been sufficient to attack the East without a suicide risk, while likewise the East's joint forces were never enough to attack the West without risking suicide.

Stern: Do you think that a conventional war below the nuclear threshold is unthinkable?

Schmidt: It is unthinkable, according to the unanimous estimate of all our Western alliance partners.

Stern: Your coalition partner Genscher has said that what appears in Italy and France to be Euro-Communism is actually Communism in felt slippers. Willy Brandt has said that this development is very interesting. What is your estimation of this Euro-communism?

Schmidt: It certainly is interesting. The Italian situation is positively fascinating. When Italy's strongly Communist-influenced trade unions resolutely try not to unnecessarily stand in the way of the government wrestling with their gigantic economic and social problems, while trade unions in Italy with other orientations are giving the government a much harder time — here you have only one of the extremely interesting facets. Whether we can conclude anything from this — and what this conclusion would be — in relation to the future attitude of the Italian Communist Party, the Italians themselves will have to judge first.

Stern: Do you believe that there are "democratic Communists" who, once they get into power, will also let themselves be defeated again in an election?

Schmidt: We will only know this more precisely 20 years from now. There is not one example of what you are asking about here. Nevertheless, after the war the Italian Communist Party did collaborate in drawing up the republican constitution and then later left the government. But they never had a majority.

Stern: Mr. Chancellor, unemployment figures are continuing to rise. Is our economic order still able to reduce the base level of one million unemployed?

Schmidt: This is not a problem of our own economic order. There is no such thing as German unemployment, but only world unemployment. Our market economy is sufficiently flexible. The question is the cooperation between those countries which are responsible for the world economic order.

Stern: What can be done to make the corporations invest in order to create new jobs, rather than to rationalize?

Schmidt: Without rationalization we would still be planting our fields with horses and plows today, and not with tractors. Rationalization is necessary. However, it is also possible to rationalize too early and too quickly. If, for example, an automobile firm is so overburdened that it must put on extra shifts, there is an incentive to invest in expansion, which leads to more jobs.

Stern: Of course, extra shifts don't take up more workers.

Schmidt: That's correct. But an expansion of technical capacity leads to the hiring of additional workers.

Stern: Do you have a better recipe (to reduce unemployment than does German Trade Union Federation head Heinz Oskar Vetter, who has called for shortening the working week)?

Schmidt: I am putting my hopes in cooperation between the most important countries in the world economy. This also includes the OPEC countries and the Third World.

For, the world economy can only get healthy if we aim at a predictable and continuous equalization of payments balances. That will not work without the participation of the OPEC countries, with their payments surpluses and a large number of developing countries which suffer from payments deficits.

Stern: Couldn't the public sector offer more jobs? We have about 10,000 unemployed teachers and still have classrooms with 44 pupils.

Schmidt: That might be possible. But these jobs would then have to be paid for. And that means higher taxes.

Stern: We have been saving one subject for last, one which is increasingly arousing people's feelings: nuclear energy. Why does the American government want to stop the (West) German-Brazilian nuclear power deal? Does the USA merely want to close out a bothersome competitor, or should we also take seriously the Americans' fear that nuclear energy deals could easily turn into atomic bomb deals? Is the treaty with Brazil a threat to peace?

Schmidt: Naturally, we have a great interest in remaining world-competitive in this area of high technology, and tens of thousands of jobs in our industry depend on this. In the treaty with Brazil we have taken special care that our partner will not perpetrate any misuse of nuclear energy. According to the treaty Brazil is subject to practically the same checks as the members of the international treaty system on the nonproliferation of nuclear weapons.

Stern: The Americans are apparently not convinced of that. How will you solve the dilemma of having to fulfill the treaty with Brazil without offending the USA at the same time?

Schmidt: This must be talked over calmly and carefully. There are ideas, but it is still too early to think about them in public. Talks with the Americans are just beginning. What is certain, is that we will fulfill our treaties. But I will not exclude the possibility of our making further treaty obligations.

Wilson Government 'Scandal' Strengthens Callaghan's Growth Strategy

BRITAIN

Successive revelations of covert operations which surrounded former Prime Minister Harold Wilson with agents of Rockefeller and Rothschild banking interests have strengthened the hand of current Prime Minister James Callaghan in his fight to consolidate a rational growth policy for the British economy against the wishes of what the British press call "international financiers" and commonly identified as the International Monetary

Fund and the New York banks. Most sensational were the facts made known by former Wilson press secretary Joe Haines in his book, *The Politics of Power*, published this week, which documents a concerted attempt by the Treasury and the Bank of England to implement a "civilian coup" against the Wilson government in late spring 1975, to force upon it the essentials of Rockefeller bank policies which ran directly counter to the platform upon which the Labour Party had been voted into power.

The book's publication conveniently coincided with this week's renewed attack on the British pound, and tends to preempt other new destabilization operations against the Callaghan government which New York bank and Carter

cabinet officials are known to have planned. Specifically, Haines charges that "the Old Lady" (the Bank of England) and the British Treasury manufactured a run on sterling on June 30, 1975 to force the government away from its negotiations for a social contract with the trades unions and towards more "drastic" austerity measures favored by the international banking community. "Suspicious that the Treasury and the Bank of England act together to thwart the honest yeoman of the Labour Government are always dismissed as part of the paranoia of the Left," writes Haines, a self-described "Cromwellian republican." "In this instance, they cannot be so easily dismissed ... Though it sounds melodramatic to say so, had they succeeded in the attempt, it would have been a civilian coup against the Government."

Backing up Haines's charges, Wilson's former Cabinet Secretary Sir John Hunt has called for the complete dismantling of the Treasury department during his testimony to the Commons Select Committee investigating the Civil Service. One member of the Parliament had asked him to confirm the veracity of the rumor that the Treasury had played a similar role during last fall's sterling crisis, which he did.

While Callaghan has been taking pains to stay above the scandals surrounding the Haines book, there is good reason to believe that he was not unaware of its content before publication. Not only is Bernard Donoghue, Haines's primary associate in the Wilson government, the head of Callaghan's policy planning staff, but the atmosphere generated by the book nicely complements the strategy that Callaghan has been following to make the

Treasury and Bank of England directly accountable to him and his personal staff.

Even the more popularly sensationalized sections of the book exposing the underhanded political maneuverings of Wilson's emotionally unstable personal secretary, Lady Falkender, indicate concerted effort within the Labour party to discredit the Rothschild-linked City of London financier figures, whom Lady Falkender numbered among her "friends." The most notorious of her acquaintances, Sir James Goldsmith (reportedly knighted by Wilson at the Lady's instructions) exhibited his "loyalty" to Callaghan last week by calling for the formation of a coalition government, the ploy being used to breakaway elements on the Labour Party right to bring the government down.

Sir Harold Wilson, himself now chairman of Callaghan's committee to investigate the City of London, has announced that the operations of the property speculators of Goldsmith's ilk will be the first to be investigated. Wilson said, that he intends to determine how it was that money was available in the early 1970s for speculation, but not for industrial investment.

Callaghan has an opportunity to further consolidate his position following the unfortunate stroke of Foreign Secretary Anthony Crosland, who led the fight against the Treasury's austerity package during IMF loan negotiations last fall. On the basis of Haines's charges that Lady Falkender personally directed Wilson's last cabinet reshuffle, Callaghan could easily sweep the decks of opponents to his industrial strategy by cleaning out the remnants of this "Falkender takeover" of the Wilson regime.

What The 'Chirac Phenomenon' Will Do To French Atlanticists

FRANCE

For the first time in ten centuries, Paris will actually have a mayor next month. Nationwide March municipal elections, the first major electoral test for French President Giscard D'Estaing since the beginning of his term in 1974, will pit thousands of "Union of the Left" Communist-Socialist lists against their opponents of the nominal "presidential majority," made up of the mass-based RPR Gaullist party, Giscard's Independent Republicans, and assorted social-democratic and centrist grouplets. However, everyone agrees that the crucial contest is the three-way Paris race, between an RPR list headed by former Prime Minister Jacques Chirac, a Giscardian list led by Industry Minister D'Ornano, and the Socialist-Communist coalition, whose list was established *in extremis* Feb. 14.

To the consternation of Giscard and all Atlanticists in France, Chirac has already been declared the winner. All polls — except for the fraudulent ones issued by the

pro-Carter magazine *L'Express* — agree that Chirac will crush D'Ornano and easily defeat the Union of the Left list, whose prospects in the "bourgeois town" of Paris were never good and whose protracted haggling for party position has not improved their image.

The great irony of the situation is that the Paris mayoralty race, which Giscard originally intended to use to submerge the Gaullists far down on a cumbersome "non-partisan" list headed by his pet D'Ornano, has turned into a potentially fatal political disaster for the President and Atlanticist interests in France. Chirac and his indignant followers simply pulled out of the alliance with the Independent Republicans, denouncing Giscard's "intolerable attack against faithful allies."

As Gaullist leader Michel Debré has said, the Mayor of Paris will be a towering political figure because of the inordinate weight of the capital in heavily centralized French political and administrative affairs. If the Mayor is a friend of the President, the government will see its action enhanced; if a political adversary, however, the government will be virtually incapable of ruling *against* the Mayor. That is precisely the reason why Paris has not had a Mayor for so long, and why it has been ruled by

a figure-head "City Council President" under the Interior Minister's tight control throughout the modern era. The Gaullists themselves fought against the executive fiat which changed Paris' status two years ago, and are now using the new rules to consolidate their own position. *C'est de bonne guerre!*

Chirac's anticipated victory will be used as a bastion from which to annihilate any attempt by the Atlanticist President and his acolytes to lead France down the austerity path insistently pointed to by the Carter Administration and the International Monetary Fund. In a way, the Gaullists are making Giscard an offer "he cannot refuse." Either, they say to Giscard, you adopt our program in the domain of defense (preservation and expansion of the "multi-polar" nuclear "dissuasion force"), national economic and political independence (including a resolute *no* to the "Tindemans Plan" for a united political Europe), international cooperation with all potential trade partners, including the East Bloc, in which case we will support you faithfully; or, you act otherwise, and we will fight you tooth and nail from our advantageous positions, and eventually precipitate a national crisis in which you will probably lose your job, Mr. President.

There is, of course, no guarantee that Giscard will follow the path of national political sanity dictated by the Gaullists. Although the President has toned down his Atlanticist rhetoric lately, it is an open secret that his most cherished wish is to split the Union of the Left and invite the Socialists into the government, where they would replace the bothersome Gaullists. This perspective is broadly that of the Trilateral Commission, the New York Council on Foreign Relations, and other U.S. think-tanks and policy making bodies, which have excellent relations with Socialist leaders Mitterrand and Rocard.

The problem with this — from an Atlanticist standpoint — is that the Gaullists are known experts at sabotaging contrary deployments. The RPR leaders make no bones about the fact that their new party — founded last December 1976 — was created specifically to cut into the presumed electoral strength of both left and right opponents, exactly like the RPR's predecessor, the UDR, at the time of General De Gaulle's return to power in 1958.

So far, the Chirac tactic has met with great success. While the D'Ornano candidacy, whose program is to

bring back "silence" to the city of Paris, has become a public laughing stock, the Union of the Left is the scene of increasingly violent infighting between paranoid Communist leaders strapped by the pro-Gaullist sentiments of their working class base, and Socialists anxious to govern and try their hand at Trilateral deindustrialization programs. The "common front" list, which the two left parties finally agreed upon this week, entails so many concessions by the PCF to the Socialists that it will only serve to accelerate working class motion into the Gaullists' camp.

To hasten that process, appeals by the Gaullist "barons" (the recognized historical leaders of the movement) to the Communist rank-and-file are multiplying. In a radio interview Feb. 14, Debré reaffirmed the Soviet Union's "peaceful intentions" and denounced the Carter Administration as "the main political and *military* danger to Europe." Said Debré: "Though I am known as an anti-Communist, I will ally with anyone" to prevent the election of the supranational European Parliament prescribed by the Tindemans Plan. Last weekend, RPR executive member Alexandre Sanguinetti attacked Giscard for preparing to replace his Gaullist allies with the Socialists, leaving the PCF "free" to join in and enforce austerity, or break up the Union of the Left.

The Gaullists are also organizing the Giscardians' own base against the President. Last weekend, five "middle class" institutions — France's largest farmers' and white collar workers' unions, the Chamber of Trades and Artisans, the Association of Small and Medium Industries, and the medical doctors' professional association — regrouped for the defense of "their common interests" — a move clearly sponsored by Chirac. Days earlier, the Socialists had begun a vast "seduction campaign" in the direction of those same layers, with few results.

For good measure, RPR parliamentary head Labbé Feb. 16 accused Interior Minister Poniatowski and Equipment Minister Lecanuet of blatantly violating the civil rights of RPR leaders in Paris with 200 illegal phone taps and other listening devices. This issue threatens to blow sky-high Poniatowski's whole array of CIA-inspired "dirty tricks," including bombings and assassinations which he has used against Giscard's political opponents.

Greek And Turkish Cypriot Leaders Agree On Compromise Peace Plan

Greek Cypriot President Archbishop Makarios and Turkish Cypriot leader Rauf Denktash agreed in principle on a compromise last week that opens the way for a peaceful settlement of the Cyprus dispute and stability in the eastern Mediterranean region. The two leaders reached the compromise solution during a meeting Feb. 12 in Cyprus held under the auspices of United Nations Secretary General Kurt Waldheim. Waldheim described the tasks as a "real breakthrough."

Both leaders turned away from their previous hard-line positions to reach the agreement. The Turkish side, for the first time, agreed to make substantial concessions on territory and accepted a strong central government in return for Greek agreement to a bicomunal federation system in the island. It was announced after the meeting that intercommunal talks to work out the details of the settlement plan will be re-opened in Vienna next month.

The breakthrough on Cyprus is a serious setback for the Carter administration plans for the island. Carter's special envoy Clark Clifford headed for the area Feb. 15 to try to dictate NATO's terms in the dispute and to sabotage any efforts toward a settlement outside of NATO auspices.

Clifford's appointment as mediator of the Cyprus dispute prompted sharp denunciations from the Greek and Cypriot press in the last two weeks. The most embarrassing insult came from Denktash. After the Feb. 12 meeting, Denktash objected to Clifford's mission as "untimely" and "unnecessary," adding: "The U.S. does not have any role to play in Cyprus. They should leave us alone."

The U.S. State Department had barely hid its dissatisfaction after the first unexpected meeting between Makarios and Denktash Jan. 27. The State Department expressed "reservations" over the meeting, and commented cynically that the dialogue "is not enough" to achieve results. The State Department assessment however, contradicted attempts by Trilateral Commission news outlets such as the *New York Times* and *The Washington Post* to peddle the line that positive moves around Cyprus were intended to "please" the new Carter administration.

Both Makarios and Denktash reportedly have met separately with the Soviet ambassador to Cyprus at least once in the last two weeks.

Demirel Forces In Turkey Begin To Move Against NATO Destabilization

The impetus behind Turkish Cypriot leader Rauf Denktash's unexpected peace gesture in Cyprus came from the government of Turkish Prime Minister Suleyman Demirel. The Cyprus compromise is viewed as part of the still tentative move by Demirel and pro-development Turkish forces to rid Turkey of the NATO-connected terror networks that are threatening to drive the country into utter chaos.

In the past six months, near-bankrupt Turkey has been heavily engaged in expanding economic and political relations — in particular with the socialist sector, Italy, and Iraq — primarily seeking aid to develop its industry and energy sectors. With an extremely shaky coalition government of four political parties, however, Turkey was not able to make the decisive political decision to completely break with the dollar empire and its debt enforcer, NATO.

In this situation, Prime Minister Demirel has been particularly vulnerable to the blackmail and threats of other coalition partners because of his fear that the ruling coalition would collapse, taking with it his power.

In the past two weeks, coinciding with the moves toward a settlement in Cyprus, the destabilization operation controlled by NATO has reached the point where a military intervention is threatened. The NATO disruption inside Turkey is run by Deputy Prime Minister Alpaslan Turkes and his National Action Party paramilitary thugs. The Turkes operation included an ultimatum to Demirel to control the violence from an Air Force general who is linked to Bulent Ecevit and the agent wing of the Social Democratic opposition. More than 35 persons, mostly students have been killed since January, by the fascist followers of Turkes.

This week Demirel sternly warned against a military

intervention and told the military to stay out of politics. Demirel also clipped Turkes's wings — though some observers feel not enough. He removed the Coordination Council for Security Affairs from Turkes and placed it

under the Interior Ministry controlled by Necmettin Erbakan of the National Salvation Party. Demirel also formed a subcommittee, composed of members of his and Erbakan's party to work find solutions to the unrest.

Karamanlis Moves To Mop Up Interpol Terrorists In Greece

By ordering the raid and arrest of members of the extensive "August 4th" fascist network last week in Athens Greek Prime Minister Constantine Karamanlis has begun to break up Interpol's terrorist apparatus within his country. In going after the terrorists, Karamanlis is finally exacting revenge on the same Rockefeller-run network of Nazi sympathizers who were used against his government in the 1950s. Since World War II, this network of fascists — who helped coordinate the overthrow of the George Papandreou government in the 1960s — enjoyed special CIA protection and remained out of range of police actions.

Karamanlis' action coincides with similar crackdowns by Italian Prime Minister Giulio Andreotti and Cypriot President Makarios and is designed to thwart plans by Interpol to unleash the "Die Spinne" groups against anti-Wall Street political forces in Europe and the Third World.

Last week, under direct orders from Karamanlis and the Greek Attorney General, the offices of "August 4th" were unexpectedly raided by two Athens district attorneys, who subsequently exposed the connections of the organization with other terrorist gangs, as well as with active and retired army and police officers. The attorneys revealed that the group is composed of 1000 members who are organized in "hit squads" which, among other operations, were involved in last December's

bloody riots in Athens during the funeral of the assassinated former police official Evangelos Mallios. Photographs of all members of the organization were seized during the raid and will be given to the victims terrorized by the group for identification. The attorneys also confiscated a significant number of bombs, explosives, and propagandistic material found in the offices.

Significantly, the agent-infested security police refused to take part in the raid and arrests. Following the raid, several "August 4" members have been indicted on various charges, while the Greek press reports that the Athens district attorney's office has gathered important information to be used for the prosecution of all fascist groups.

Karamanlis' preemptive strike against the Die Spinne apparatus was made with the backing of Great Britain, with whom Karamanlis maintains close ties. As one of Europe's driving forces against the continuation of dollar hegemony, Britain is lending critical support for Karamanlis, who, pressured by the deteriorating Greek economy, is making tentative but significant steps toward closer collaboration with the Socialist bloc, Western Europe and the Arab states, as well as toward facilitating a Cyprus settlement. Karamanlis has received full backing from the Greek Communist Party to "dismantle the invisible government."

The Trials And Tribulations Of Japan's Fukuda

Japanese Premier Takeo Fukuda has been having a very rough time lately trying to steer the course of "Nippon Maru" ("the ship of Japan"). Fukuda is running aground over two key issues: first, his inability so far to successfully get the government's budget bill through the Lower House Budget Committee of Japan's Diet (Parliament); and second, the question of Korea. There is growing dissatisfaction in Japan over Fukuda's policy stand on the issue of U.S. troop withdrawals from Korea, and there are now widespread allegations in Japan's boisterous press that some of the Prime Minister's supporters in the ruling Liberal Democratic Party (LDP) — including Fukuda's political mentor, ex-premier Nobusuke Kishi — may have taken bribe money from South Korean sources.

Behind both these issues is the growing sense in politics as well as big business ("zakai") circles that Takeo Fukuda is not the right man for the job. The fears of the business community in particular have fed already strong anti-Fukuda sentiments in both the Liberal Democratic Party and Japan's coalition of opposition parties, making the water very hot indeed for the new premier.

The Diet Debate

Fukuda's major problem right now is in Japan's Diet. After the defeat of the LDP in December's elections, Japan's opposition parties now have effective control of the Lower House budget committee, the most important in the Diet. Led by Japanese Socialist Party secretary general Masashi Ishibashi, the opposition is insisting that the new budget include a ¥1 Trillion (\$3 billion) tax cut. Not only has Fukuda refused to even consider a tax cut, but in testimony in the morning session of the Feb. 8 committee meeting, he said that the committee had only "a restricted right" to revise the budget, according to his interpretation of Japan's Constitution. The Committee disagreed. After a government spokesman reiterated Fukuda's position in the afternoon, the Committee went into recess only seven minutes after the session opened.

No Mere Squabble

The budget fight is no mere parliamentary squabble. Fukuda's political credibility with businessmen depends on his ability to manage legislation in the Diet — particularly economic bills. It was former Premier Takeo Miki's lack of concern for economic matters that most enraged LDP hardliners like Etsuaburo Shiina, the LDP vice-president under Miki and a vocal spokesman for business interests. Fukuda, a long-time Finance Ministry bureaucrat, has pledged that he will somehow "get along" with the opposition in the Diet but his first major

attempt has been a disaster.

The broader implications of Fukuda's Diet troubles are quite intriguing. Should the Liberal Democratic Party lose majority control of Japan's Upper House in the summer elections Fukuda would be more than inclined to make a deal with opposition right wing Democratic Socialist and Komei parties to maintain LDP rule. Any bitter Diet spat between Fukuda and the Opposition makes such an alliance increasingly likely.

Even more fascinating is the role businessmen are playing in the Diet debate. According to Yomiuri writer Mitsuo Kono's February 9 column, the Diet budget fight has led to a "phenomenon unprecedented in the political history of postwar Japan," namely, "a joint struggle by industrialist circles, the opposition parties and trade unions" for the \$3 billion tax cut. The major difference between them is how to finance such a move — whether by increased business taxes (the JSP proposal) or through more government deficit bonds.

The mood in business circles for increased consumer spending runs counter to Fukuda's more austere posture, and only mirrors larger splits between the zaikai and the prime minister on economic questions. Indeed, big business opposition to Fukuda has become a popular topic in Japan's press. The most significant statement of business discontent was a February 5 Asahi article entitled "Big Business Diplomacy Hampered By A Low-Profile Fukuda" which begins by observing that "the biggest stumbling block in the way of business efforts at economic diplomacy is the Japanese government's negative stance on various questions at issue." According to the Asahi, these issues are expanded trade and economic deals with the Peoples Republic of China, the Soviet Union and Vietnam, and the failure of the government to endorse a strong Mideast peace stance, in particular, Fukuda's vacillation over business attempts to establish new oil sites in Saudi Arabia free of ARAMCO control. Such sites would prepare for the establishment of a new Japanese oil company by the Ministry of International Trade and Industry (MITI) along lines modelled on the Italian ENI.

Korea

Fukuda has an even bigger timebomb on his hands in Korea. At issue is the question of Japan's role regarding U.S. troop withdrawals from Korea, and Japan-Korea bribery cases. Either issue exposes a major Fukuda sore spot — his overly close ties with the current Trilateral government now occupying the U.S. White House.

Fukuda's official policy on U.S. troop withdrawals from South Korea is that the matter is a bilateral issue

between the two nations which does not concern Japan. But Fukuda knows that the whole Korea issue is an extremely emotional issue with the opposition parties and any overt pro-S. Korean move to keep U.S. troops on his part would enrage the "left," and bolster charges that he is involved in Japan-Korean dirty-money scandals. Fukuda's dilemma is that he must also propitiate Washington, which so far is continuing its anti-Park maneuvers and threatening to pull out its troops.

As a result of his maneuvers, Fukuda has succeeded in enraging large sections of both the Liberal Democratic Party and the South Korean government. The LDP's own conservative Foreign Policy Council was forced to vigorously attack Fukuda's "hands off Korea" policy as being contrary to stated LDP understandings with the United States government — in particular, the 1969 "Nixon-SATO" agreement, in which LDP premier called the security position of the South Korean peninsula "vital" to the security interests of Japan. Fukuda's kowtowing posture on Korea with Walter Mondale last month further angered these circles.

Fukuda's desperation over the Korea issue was revealed in a letter to last week's Wall Street Journal by former National Security Council staff member Morton Kaplan, now a professor at the University of Chicago. Kaplan revealed that on his visit to Japan only a few days before Mondale's arrival he was "whisked" from the airport by limousine to a dinner meeting with Fukuda and seven members of his cabinet. At the meeting Fukuda begged Kaplan to make sure that the U.S. government understood Fukuda's real opposition to hasty U.S. troop withdrawals, despite his government's public indifference.

The Double Cross Game

Fukuda's desperation is understandable. By refusing to fight Carter on the troop withdrawal issue, Fukuda has

annoyed South Korean President Park Chung Hee, who fears that behind all of Washington's talk is a plot to depose him. Fukuda, in Park's eyes, is therefore an accomplice in a plot which may include murder of the fiery, emotionally high-strung leader of that troubled nation. No Diem, Park has begun to fight back, and could act to depose Fukuda.

The Moon Connection

Park is now in the midst of cracking down on Reverend Moon's operations in South Korea, a mere appendage of men like former premier Kishi and Fukuda in Japan, and certain U.S. Wall Street families linked to the Rockefeller's Dillon Read banking house. Park's KCIA has all the dirt it could ever want on Fukuda's Kishi-Moon connections, which it could leak at any time. Fukuda himself is already so jittery about the entire affair that he ordered seven of his cabinet ministers with special Korean ties to publicly deny that they had received Korean bribes.

But the scandal will not go away so easily, and already the opposition parties are having a delightful time at Fukuda's expense. One such tormentor is JSP secretary general Masahi Ishibashi. Ishibashi, according to the Feb. 8 Yomiuri, "took up the problem" of Reverend Moon with Fukuda in front of the Lower Houses Budget Committee. Ishibashi "said that the prime minister must have received complaints from parents" of children caught in the religion. "But the prime minister said that he had received no such complaints. He said he would order an investigation." Then "Ishibashi reminded Fukuda that he had eulogized Mun Son Myong (Rev. Moon) when he was finance minister in Sato's cabinet. Ishibashi claimed Fukuda had said that a great leader named Mun Son Myong had appeared in South Korea. Fukuda replied that he had only praised the "love for humanity taught by Christianity."

Korea's Park Counters U.S. Scandals With Some Crackdowns Of His Own

South Korean President Park Chung Hee is beginning to take a tougher stance toward the United States, primarily because of the Carter administration's private encouragement of scandal-exposures involving South Korean influence peddling on Capitol Hill. The London Economist reported Feb. 5 that one of Park's aides recently warned that if there are any more "revelations" from Washington, the Koreans might disclose "positive evidence" that the U.S. Central Intelligence Agency has been channelling money to Korean dissidents for some item.

For the same reasons, the Korean government has begun to crack down on the domestic activities of "Reverend" Sun Myong Moon and his Unification Church. Recently, the executives of two South Korean business firms with close connections to Moon, the Il Hwa Phar-

maceutical company and the Ginseng Tea Exporting company, were arrested on charges of tax evasion.

President Park has been a consistent supporter of U.S. policy in Asia since his seizure of power in a 1961 military coup, but has been threatening to adopt a more independent stance because of clear messages from the Carter administration that it would like to see him replaced. Park's threats are undoubtedly a sort of diplomatic "chicken game" with Carter, in which Park hopes the administration will back down and maintain a policy favorable to his regime. There are indications, however, that the flow of "KCIA revelation" in the U.S., rather than abating, is on the rise. This could force the reluctant Park to follow through on his threats and make public his considerable knowledge of illicit connections between Washington, Tokyo, and Seoul, connections that dwarf

the current Washington influence-peddling charges.

Bigger Things at Stake

The pressure on Park from the Carter administration has basically revolved around the much talked about Carter plan to withdraw the remaining U.S. ground troops from Korea. Washington's tactics are in part devised to spark an internal revolt against Park. High level Washington sources have reported that National Security advisor Zbigniew Brzezinski has a particularly strong dislike for Park and would like to see him replaced by a regime of U.S. university-trained technocrats. But there are greater strategic interests involved. The Carter cabinet wants to use the withdrawal of U.S. troops from Korea to force a rearmament of Japan with the anticipated help of the Trilateral Commission's Japanese Prime Minister Fukuda.

At a press conference in Washington two days ago, the chief of the international department of the Japanese Socialist Party, Hideo Den, made public a plan associated with U.S. Congressman Donald Fraser (D-Minn) to organize an international conference on "the Korean problem" some time in the near future. Den was in Washington investigating possible connections between South Korean bribery operations and Japanese politicians. Fraser, whose House Subcommittee on Human Rights has been used for some time as a forum for charges of "human rights violations" against the Park regime, was recently empowered by the House Committee on International Relations to carry out an 18-month investigation into all aspects of U.S.-Korean relations. It is expected that the proceedings of this committee will keep the Washington scandal and other anti-Park "revelations" in the news.

High level sources in Washington acknowledge that the Carter administration has directly helped Fraser's anti-Park "revelations" in the past, and has deployed present State Department Policy Planning chief Anthony Lake to aid his "investigations."

The possible military overthrow of Park has not been ignored as an option by the Carter forces. The Japanese press agency Jiji reported that then-Assistant Secretary of State Philip Habib (now Under-Secretary for Political Affairs) met last December with the chief of staff of the Korean Army to inquire as to the support for Park in the armed forces.

Most recently, the State Department went to considerable efforts to embarrass the Park regime in connection with Vice President Mondale's trip to Japan. Informed sources have reported that the State Department fabricated reports that the South Koreans invited Mondale to visit Korea — an invitation Mondale supposedly rebuffed. The Koreans however, never extended an invitation to Mondale. They did invite Assistant Secretary of State for Far East Affairs, Richard Holbrooke, who, according to the same sources, was told that he could only meet with officials "on his own level," and possibly the Foreign Minister, "if the Minister is available."

Top observers have noted that should Park be forced to expose U.S. CIA operations in South Korea, he would also have to undertake a full purge of CIA operatives who have infiltrated the ranks of the KCIA. News which sur-

facted last year of the wiretappings of Park's Blue House offices by U.S. intelligence agencies reportedly enraged the President, not only because South Korea's leaders were being spied on by the country's nominal major ally, but also because such a bugging could only have taken place with the complicity of sections of the KCIA.

Last December Park made a shift in the directorship of the KCIA, (one of several in recent years), naming to the post previous Construction Minister. The new director had been key in developing independent construction and oil-related contracts with Saudi Arabia and Kuwait.

Any exposure by Park of the CIA would hit at Moon and the Unification Church, long suspected by Park to be some sort of "dirty tricks" operation against his government. In Washington's ultra-partisan version of Korean corruption, the role of the Unification Church has been presented as relatively minor, with the main focus of attack being on Korean entrepreneur Tongsun Park — a man generally believed to be fairly close to President Park's inner circles.

Moon and his organization are key intermediaries for illicit relations between New York banking circles and their willing accomplices in Japan. Moon himself, whose main base of operations is Japan, has been heavily funded by Japanese arch-rightist Ryoichi Sasagawa. Sasagawa is an intimate of former Japanese Prime Minister Kishi and present Prime Minister Fukuda. All three have close ties to the U.S. CIA. Testimony before the Fraser subcommittee last year by ex-members of the Unification Church brought out clearly the diverse relations the Unification Church has with Park and the Japanese. One ex-member testified that in 1970 Park was seriously considering killing Moon, but the intervention of circles close to Sasagawa put a cork on these plans.

One of the more powerful threats in Park's treasure chest of damaging information against the U.S. CIA is the exposure of the full story behind the much-publicised "Kim Dae Jung Affair." Kim, a leading South Korean opposition figure in South Korea, was kidnapped from a Tokyo hotel room in 1973, and Park and the KCIA have long been held responsible. This has led to strained economic and political relations between the Park government and Japan. Speculation as to the responsibility for the kidnapping has hit the news again with the publication by anti-Park Korean journalist Julie Moon in Washington of a "handwritten" document by Kim himself which reportedly names his KCIA kidnappers. Several independent investigations into the affair have uncovered evidence that gangsters closely associated with Tatsuo Tanaka (recently named by Fukuda to head Japan's Ministry of International Trade and Industry and generally believed to be Fukuda's liaison with South Korea) aided the "KCIA" kidnappers. Recently a South Korean legislator from the semi-opposition Democratic Unification Party was in Japan — probably with Park's backing — admitting that the KCIA was involved in the kidnapping. This has given rise to speculation that Park may be willing to make public evidence that shows that sections of the KCIA infiltrated by foreign circles carried out the caper. This could prove highly embarrassing for the Fukuda government.

Brazilian Monetarists Oust Pro-Growth Minister Of Industry

The sudden ouster of Industry and Commerce Minister Severo Gomes from the Brazilian cabinet Feb. 8 leaves the Brazilian nationalist industrial and military forces without a voice in the government. Brazil's political economy is now under the control of monetarist Finance Minister Henrique Simonsen in alliance with the hard-line fascist military clique of ex-president (1969-74) Garastazu Médici.

Severo Gomes was knocked out of the ministry by a political time-bomb set off by the sudden conversion to "democracy" by right-wing businessman Jose Papa Jr. Papa's destabilizing move was termed "curious" by the First National Bank of Boston. The Brazilian weekly *Opinao* reported in connection with the affair that Papa "recently spent two weeks on the farm of the President of the United States, Jimmy Carter."

Back in January, Severo had roundly criticized Finance Minister Simonsen's vaunted economic liberalism as totalitarian. Simonsen's office had been strangling credits in industry and choking off production for the internal market by means of dictatorial decrees without consulting with the nation's industrialists. He was obsessed with meeting payments on Brazil's \$33 to \$40 million debt, while Severo argued for preserving industrial growth even at the expense of debt rescheduling.

Among other things, Severo called for "a government of participation, not of suppression," in line with his general demand for more business participation in the government.

Shortly after Severo's January statements, the reactionary Papa, who for 13 years has been a supporter of the government's authoritarian repression, suddenly transformed himself into a ultra-democrat and called for an end to the dictatorial principles on which the so-called national security regime of President Geisel was founded. The ultra-reactionary Sao Paulo newspaper *O Estado* and the pro-Carter *Jornal do Brasil* then

obligingly splashed Papa's Feb. 2 remarks across the front pages and editorially linked Papa's outburst to Severo.

In the next week, given this publicity, there was a flood of calls for "democratization" — the largest reaction of its kind since the 1974 coup. In this context the Medici fascists had little trouble convincing Geisel that Severo was no longer a useful asset in broadening the base of support for the Geisel regime but was a dangerous "subversive."

Under pressure, Severo resigned Feb. 8. Writing in the *Financial Times* of London Feb. 15, David White noted that Severo's "remarks might have produced no reaction, had not the chairman of the Sao Paulo Commercial Federation, Sr. Jose Papa Junior, latched onto them." And according to the British newsletter *Latin America*, immediately after entangling Severo, Papa quietly "explained himself to" General Figueiredo, the hard-line head of the repressive forces of the government.

Papa, who escaped unscathed from this fling with democracy, was named "Man of the Year, 1976" by the Brazilian-American Chamber of Commerce, an outfit run by the U.S. banks and multinational corporations which have long sought to undermine the nationalist and state sector interest Severo Gomes represents.

Simonsen's banker protege, Calmon de Sá, was immediately named to replace Severo — thus the financier faction laid down the law to the Brazilian industrialists. The editorials from the *Folha Sao Paulo*, translated below offer the lucid answer of the industrialists, state sector managers, and pro-development military factions to this monetarist coup.

Folha, which represents the voice of Brazil's pro-growth industrialists, repeatedly sought to differentiate Severo from born-again "democrat" Papa. At the height of the controversy, *Folha* published a blistering parody of Jimmy Carter's moralistic promises, translated below.

Severo's Ouster: A Victory For Speculative Capitalism?

The following op-ed article by Folha de Sao Paulo's Rio news analyst appeared Feb. 10 under the title "Victors and Vanquished."

After Severo's resignation was achieved, (Finance) Minister Somonsen issued his verdict "sotto voce" in the best operative style, "There have been neither victors nor vanquished."

...There were victors and vanquished, dead and wounded, losses and damages, found and lost — and many.

Leading the list of the victors is the finance minister himself, the enemy in body and soul of former industry and commerce minister Severo Gomes, not only in the government agencies in which they worked but also in daily life. Another winner is former banker Calmon de Sá, who took Severo's place. Also victorious is the tendency to place maximum value on the financial system — so-called speculative capitalism — to the detriment of productive capitalism.

If before (the ouster of Severo) the Ministry was more one of industry than of commerce, now it will be neither....

The victors are those who label "communists" any person who is more enlightened and anyone with greater social consciousness. All the hard-line and recalcitrant types ended up winning. All those who consider intelligence, culture, and courage as baggage which shouldn't be carried in public life are now rubbing their hands with joy. The entire Médici group is exultant... The powerful international groups were the victors...

Among the long list of the defeated appears the thesis of expanding the internal market to avoid foreign dependency and smash abysmal income differences. Here, too, among the defeated are the small and medium businessmen, the people who thought of Severo as the good conscience of the government. The proposal for a more politically reasonable and more socially modern national life was defeated. The fragile bridge built between the nation and government was broken with the sudden dismissal of the one person who understood our collective aspirations....

Those who thought of this creative and superior opposition as an escape valve in a country without debates have been defeated. Now the government is monolithic; the independent and questioning voices are silenced, as are reasonable criticism and healthy doubts.

In the euphoria and grandiosity of his triumph, Simonsen couldn't discern that — once again — the country is divided.

The Government has Chosen Its Weapon

An editorial in Folha de Sao Paulo Feb. 11 reviewed the "bleak political party situation" to show the worthlessness of the political channels that the government told angry industrialists they should use to make their opinions heard. Folha's conclusion is excerpted below:

Once more the facts disprove the leftist vision that our governments are formed to serve as "gendarmarie" obedient to the demands of the "bourgeoisie." On the contrary, the present economic crisis has widened the distance between the entrepreneur and the governors, the holders of state power.

Once again the government now faces a climax of political difficulties. The growth of material difficulties, engendered by the fuel crisis and the structural faults of our economic and social system, are finally hitting the business class — as they have already strongly afflicted the working and middle classes.

In this context, the resignation of Sr. Severo Gomez symbolically shows that the government has now chosen its weapon.

Jimmy's New Metamorphosis

The following excerpts are from an op-ed article by Arquimedes Leite in Folha de Sao Paulo Feb. 6 entitled "BORN AGAIN."

These days it's no longer news that Jimmy lives in a cycle of periodic spiritual rebirths. The phenomenon is preceded by astounding intensification of his ego appetite. He devours administrations and positions whole during that frenetic intensification of his psychic metabolism. His permanently kindled smile burns with a continuous fire of optimism and omnipotence with which he constructs a cocoon of unreality.

The voracious preaching of the larval stage serves for Jimmy to store up the material and energy needed to build his cocoon. Once the cocoon is built, his activities die down until they completely cease. Inside, Jimmy undergoes fantastic metamorphosis. His entire personality structure goes through a transformation. When he emerges from the cocoon, Jimmy is completely new, in shape and color, and has entirely shed his old identity, including beliefs and promises.

The last larval phase of Jimmy coincided with the presidential campaign in which he voraciously consumed millions of dollars and excreted a trillion promises. Now, comfortably cocooned in the White House, Jimmy is passing through a new metamorphosis....

The most difficult of his rebirths was his first. "My name, as everybody knows, should have been James, but I preferred to take the affectionate diminutive form of Jimmy, since I didn't feel myself. To tell the truth, I'm certain that I'm really the identical twin of myself, as a matter of fact, the youngest of the two."

"Jimmy," I interrupted, "be careful with that red button of the atomic arsenal. Don't move. I'm gonna jump a jet now and tomorrow I'll be there to continue our rap. Until then, keep cool...."

I heard Jimmy exhale and I could imagine that smile that he learned from "Jaws." "I don't think I'm crazy or that I don't know my identity. I know very well. I know that it isn't mine; it's my younger twin brother. Let me continue my explanation.

"The spermatazoid which carried my genes suffered a

breakdown of its navigational system and ended up disappearing in the scatological cavities of my mother. The mission was carried out by the sperm behind it. Because of this, I had to go through intrauterine metamorphosis without defining my identity; was I me or was I my brother?"

Carter's 'Intentions Are Hardly Peaceful'

The following excerpts are taken from an article written by the Brazilian political scientist Theotonio dos Santos and published in the Mexican daily El Sol Feb. 15.

Carter's international policy takes its inspiration from the conceptions of the Trilateral Commission, created in 1973 by David Rockefeller....

In spite of what the State Department says about the "impressive" positive results of the vice president's trip, the facts indicate that the much hoped for trilateral unity cannot be achieved now, and that the general crisis which capitalism is experiencing accentuates inter-imperialist rivalries....The pressures which the United States will have to bring to bear to achieve its objectives could obtain immediate results, but they cannot substantially change the basic situation. Thus, Carter's Trilateral strategy does nothing more than add still another element of conflict to the many difficulties we have analyzed in his (foreign) and domestic policies.

The fact that Carter has begun to test the North American security systems reveals that his intentions are hardly peaceful. The psychological threat of a major

confrontation which the Soviet Union could be the unifying element that the present situation cannot achieve. Beginning on the ideological plane around a handful of "dissidents" in the socialist camp, the confrontation could assume a more open and dangerous character for world peace.

As we have indicated earlier, it would not be the first time that liberal language serves as a cover for adventurist militarist policies. In the end, it was Democratic administrations that brought the U.S. into the Korean and Vietnam wars, without even counting the adventure of the Bay of Pigs invasion, the military coups in Brazil and Indonesia, and other such demonstrations of military adventurism. Carter's trilateral wilfulness will be the source of many conflicts, and his desire to present a unified and developed capitalist world to the Soviet Union and the Third World must come into direct contradiction with his peaceful political speech. This otherwise pacifist language is always impregnated with a moralist, threatening, and arrogant tone.

Carter's 'Feelers' To Cuba: Step-By-Step To Confrontation

United States businessmen are unduly optimistic that trade relations with Cuba will be resumed soon after an expected move by the Carter Administration to lift the 15-year ban on direct trade with Fidel Castro's government. For months now American businessmen dealing in foods, pharmaceuticals, machinery and sugar among other items, have been ignoring the travel ban to discreetly visit Cuba to investigate trade possibilities. Cuban imports of U.S. goods could be expected to equal \$450-\$500 million in the first year of trade, rapidly approaching the century's peak figure of \$547 million in 1958, the year before the Cuban Revolution.

But the fact is, U.S. business interests are in for a rude disappointment, because the current "overtures" by the Carter Administration are in bad faith, part of what high level sources in Washington described this week as an "Egypt strategy" designed to woo the Cubans away from their close relations with the Soviet Union — as the U.S. at least temporarily succeeded in doing with Egyptian

President Anwar Sadat. Carter is prepared to offer Cuba a substantial trade and aid package, according to the same sources, to compete with the nearly \$2 million a day in aid now received from the Soviet Union. But Fidel Castro is not Anwar Sadat, and socialist Cuba is not "Bonapartist" Egypt.

The actually bellicose nature of the Carter "feelers" has been obvious since the outlines of the Carter strategy were first published last December in the so-called Linowitz Report, prepared by the Council on U.S.-Latin American Relations. The report ties potential "concessions" by the U.S. in negotiations for the normalization of relations with Cuba to reciprocal actions by the Cuban government which are completely inimical to the established socialist policy of Cuba. Cuba, unlike Egypt, has consolidated a socialist revolution and is firmly committed to cooperation with socialist countries and Third World national liberation movements. Cuba has even taken steps recently to strengthen its economic and

military ties to the nations of the Warsaw Pact.

The step-by-step negotiations as the Carter cabinet is now carrying them out will only lead to a headlong confrontation with Cuba and the Soviet Union itself — and that is precisely their intention.

Carter made clear his adherence to the Linowitz Report's perspective last weekend when he told reporters, "The main thing that concerns me about Cuba is the human-rights questions, political prisoners and so forth. The release of "nine" CIA agents jailed in Cuba and several anti-Castro Cubans convicted of treason are among the "gestures" the Linowitz Report suggests would be appropriate for the Cubans before negotiations begin. Cuban Vice President Carlos Rafael Rodriguez identified Cuba's policy on this question last week in London. Cuba has no political prisoners, he stated flatly.

Congressman Jonathan Bingham (D-NY) returned from Cuba this week after five days of talks with Cuban officials, including a reported seven hour meeting with Premier Castro. The message Bingham had for Carter is that Cuba is not willing to begin negotiations on the normalization of relations until *after* the trade embargo has been lifted. The lifting of the embargo as a precondition for negotiations has been a long-standing position of the Cubans.

Whether or not the embargo is lifted sooner rather than later, this does not change the use to which Carter plans to put the human rights issue. As one source close to the State Department said this week, "You cannot separate trade and human rights, at least not regarding Cuba." Even if President Carter ends the embargo on Cuban exports of nickel, sugar, rum, shellfish, cigars, and other

commodities to the U.S., these will be subject to prohibitively high tariffs under the 1974 Trade Act. And under the provisions of that act, low tariffs and Export-Import Bank credits are linked to free emigration from the trading country.

Other concessions provocatively demanded of the Cuban government include disavowal of aid to anti-imperialist governments and movements in the Third World, withdrawal of Cuban troops from Angola, and compensation for U.S. firms nationalized after the 1959 revolution. To these, the Carter-Trilateral cabinet have recently added "concern" over Cuban plans to build a nuclear power plant, supposedly because of fears that an impossible "accident" at the plant might "endanger Florida's coastline."

The danger of the Carter confrontation policy has been heightened by the failure of Fidel and other Cuban officials to call a hawk a hawk. The Cubans know the Carter team to be the retreads of the Kennedy administration that carried out the abortive 1961 Bay of Pigs invasion of Cuba and orchestrated the 1962 Cuban Missile Crisis. But Fidel, adhering to the foolish policy of the Soviets with respect to "grand deception" postures toward Carter, has given Carter's speech pronouncements an air of legitimacy by praising him as a man with a "sense of morals," who "may abide by...the universally accepted principles among people." Such statements only serve to increase the Carter cabinet's maneuvering room, for a war program which will publically emerge for what it is at the moment that the Cuban government appears "intransigent" in the face of demands that it abandon its revolution.

Venezuela's CAP Threatened With Coup, Assassination

President Carlos Andres Perez now faces the gravest threat to his government and person since his inauguration two years ago. CAP's opposition has publicly stated its intentions in the country's press: scandals, subversion of the armed forces, a coup and even perhaps assassination of CAP. All signs are that the "internal opposition" to CAP is being directed from the White House.

A month ago, spokesmen for the major opposition party, COPEI, declared that CAP must go the way of Nixon in the U.S. His replacement, it was said, should be a "Venezuelan Jimmy Carter." Charges of widespread corruption and a "crisis of leadership" within the top levels of the government, now receiving big play in the press, followed immediately upon COPEI Party Secretary Pedro Pablo Aguilar's personal discussions with Carter in Washington, at his first "Prayer Breakfast" as president.

COPEI-linked columnist Tarre Murzi made it clear in the Caracas papers that no mere traditional party opposition is involved. Venezuela's democracy is still "immature," after an earlier statement that the country was

not back to "October 1945" — the date Standard Oil agent Betancourt and allied military circles pulled a coup against the government of Medina Angarita.

Assassination and terror capability has been activated in Venezuela's extensive Cuban exile community. A well-known front-group for CIA-controlled Cuban exiles in an ad in a Caracas daily last weekend, warned CAP he could soon become "another Kennedy." Terrorist leader, Orlando Bosch, presently under arrest in Venezuela for his role in the bombing of a Cuban airline last September which resulted in 73 deaths, made the scenario more specific. From jail, Bosch told the press that Castro would be sending terrorists to Venezuela — distinguished as exiles — who would carry out a wave of assassinations including high government officials!

Border tensions have been exacerbated with Venezuela's three neighbors: Colombia, Guyana and Brazil. With the country supposedly surrounded by menacing nations, the military is much more easily aroused against the government under the guise of guaranteeing "national security." Eliot Janeway's now famous piece in the *Washington Star* Jan. 5 launched the ensuing

escalating pressures around Venezuela's borders. Aiming to goad Brazil into invading Venezuela, Jane-way's article virtually promised Secretary of State Vance's support for a Brazilian invasion.

CAP's counterstrategy has been straightforward: detente with Brazil eased by oil sales on favorable terms, and consolidation of the Colombia and Guyana fronts through negotiated accords backed by economic integration. When CAP began meeting with the country's opposition parties almost a month ago however, to discuss proposals for a resolution to the long-standing border dispute with Colombia, his proposals were met with cries of "sell-out." COPEI's official party position was a blanket "no" to any discussion of joint exploration of the area's resources, precisely the proposal the press reported CAP made. COPEI's ex-Foreign Minister Aristedes Calvani threatened that the population was "emotionally charged" about any loss of sovereignty.

Last week Ramon J. Velasquez, the powerful head of the Senate Foreign Relations Committee, called for a plebiscite to be held within the Armed Forces on the border negotiations! Velasquez' attempt to pull the military into the factional debate was immediately and quite bluntly rejected by CAP, who reminded Velasquez that the Armed Forces are "obedient, not deliberative organisms," as any jurist should know. CAP's statement

received immediate support from the Minister of Defense, Alvarez Torres.

But Velasquez' call has already sent rabid nationalists into action. A group calling itself the "Comite Rafael Urdantea," reported by reliable sources in Caracas to be organizing an Argentine Triple-A style death squad capability, took out an ad in a Caracas paper backing the call for a plebiscite in the Armed Forces, and blustering that "traitors" to Venezuelan interests will be stopped.

CAP has continued to use trade and economic cooperation as the keystone of his defense. Greatly expanded economic integration was, in areas other than the disputed Gulf area, announced between Colombia and Venezuela following last weekend's meeting between the country's two finance ministers. The plan includes the formation of mixed national companies for joint investment in agroindustrial projects in Venezuela and technification of coke production in Colombia, as the initial steps in longer-term development plans for the border region. The post of "flying ambassador" was created in both countries as well, designated specifically to handle the increased commercial and economic deals.

Simultaneously, a trade mission in Guyana is holding discussions on joint development of fishing and wood industries and increased trade between the two countries.

Third World Think Tank Announces Study Of Debt Burden

On Jan. 25 the Third World Center for Economic and Social Studies (CEESTEM), directed by former Mexican president Luis Echeverria, opened its doors to invited guests and the press to provide a progress report on the CEESTEM's activities. The Center was inaugurated in mid-September 1976 in the presence of United Nations Secretary-General Kurt Waldheim, and it is developing its activities in close cooperation with U.N. bodies. The following are excerpts of that report, delivered by CEESTEM spokesman Adolfo Aguilar and reprinted in the Mexican daily El Dia Jan. 27.

CEESTEM has initiated its task on the basis of a fundamental theoretical assumption: underdevelopment cannot be viewed solely as an economic phenomenon or in light of simple indicators and statistical variables. Underdevelopment is a by-product of unequal development, an historic outcome of the international division of labor and colonial heritage ... In less than three decades, the population explosion will double the populations of Asia, Africa and Latin America. Never before in the course of human history has there been a situation with such characteristics. The new needs in education, nutrition, employment, sanitation, and urban and political-economic matters is completely without precedent... In many industrial countries, because of unequal development, an opposite situation is arising: declining birth rates and the progressive, accelerating aging of the population pyramid. Magnitudes vary, to be certain, but

not the urgent obligation to confront the global contradictions of our time with a scientific spirit. Without this prior analytical effort, positive results will be minimal while conflicts will become increasingly greater.

The world economic crisis is reflected, materially, in inflation, monetary instability and the general deterioration of job opportunities. Three hundred million people are jobless in the Third World; 17 or 18 million, according to estimates, in the industrial nations. Juxtaposing these two figures would be irrelevant, since unemployment in the peripheral regions is of a structural nature, and points to the existence, as new categories, of underemployment and marginalization as essential and precise features of social disintegration.

In one way or another, this is a global crisis, a crisis of the monetary system and the way in which the economy is organized, based on the irrational exploitation of resources and people.

The concrete result of these facts is multifaceted: soaring increases in the public debt of the Third World; loss of capital and the subsequent decrease of the ability to invest; the increasing Third World balance of payments deficits; and the growing contradiction between rational options for development and the whimsical suppositions of utopian change. As a result, violence and irrationality today have become a heavy burden on all peoples.

The lack of international solidarity, the prediction of the World Bank that resources allocated for aid will be

vastly reduced by 1980, and the amortizations and service on foreign debt, all testify to the necessity of the adequate conditions, logically and collectively determined, for a new world economic order. The material means at the disposal of present societies, without having to use messianic language, present the potential for a real transformation of the world, or, as the thinkers of the atomic age put it, for a constant change in what has already changed.

Precisely because of this very fact, a rational, renovating alternative is absolutely necessary. CEESTEM, in summary, begins its task with this purpose, departing

from these concrete facts determining present reality.

From this perspective, CEESTEM has proposed a series of parallel and distinct research projects, which form an organic whole, on those problems that can be of extraordinary global importance. Toward this end, we have begun an analysis of the public foreign debt of the Third World, which will probably go beyond the \$200 billion level in 1977, and which threatens to strangle the Third World's potential for investment and development. The object of this study is none other than to present this phenomenon and propose the reasonable and viable alternatives at this time.

Colombia—A Nation Of 'Dead Cities'?

The city of Pasto in southwestern Colombia has been without water, electricity, and fuel for two weeks. All production and commercial activity has ground to a halt, leading the local press to label Pasto "the dead city." During this same period, Colombian Finance Minister Espinosa Valderrama has decreed a series of "drastic" financial and economic austerity measures which will reduce every major industrial city in Colombia to a "dead city" if his "war economy" plan succeeds.

Espinosa's decrees fall into four major categories: (1) severe restriction of the money supply which increased 36 percent in 1976 over the previous year's levels; (2) limitation of investment to labor-intensive export-oriented enterprises such as mining, and to small- and medium-sized business establishments; (3) drastic escalation in debt payment schedules; and (4) the launching of an "anti-monopoly" campaign.

Espinosa's proposals to restrict the "inflationary" flow of money into the economy have taken several forms. Two weeks ago, he raised the marginal reserve ratio of bank deposits to 100 percent while increasing the reserve ratio of dollar-denominated deposits from 6 to 18 percent, thus freezing most available liquidity in the economy. Secondly, Espinosa reduced the payments deadline for imports to six months for raw material and consumer goods imports, and to three years for capital goods imports. According to the Colombian press, these measures are deliberately intended to force businesses to contract large debts with banks and financial institutions in the exterior. As noted by one knowledgeable New York banker, Colombia's Finance Ministry maintains strict controls on debt contraction with foreign banks, controls which will enable the extremely selective granting or denial of financing to Colombian businesses.

Espinosa's "anti-inflationary" measures are designed to complement his investment policy. According to Espinosa, all financing will be limited to a few large and labor-intensive enterprises like mining — which are guaranteed to bring in substantial foreign exchange through exports — and to "the small and medium labor intensive businesses which can absorb the growing labor force."

Colombia's foreign reserves — which soared to over

one billion dollars this past year due to Colombia's "coffee bonanza" — have been fully committed by the Finance Ministry to payment of Colombia's present and future debt obligations. Espinosa has responded to increasing demands from Colombia's credit-starved industrialists that the bonanza be used for productive investment in the economy with the assertion that as far as he was concerned "the reserves have been spent on the country's extensive back debts to the exterior...indulgent overspending on imports has led to an overdue debt burden which must immediately be corrected."

Espinosa unveiled his "anti-monopoly" campaign earlier this week. The Finance Minister invoked Article 32 of the Colombian Constitution which gives his ministry the right to intervene, by mandate of law, "in the production, distribution, utilization, and consumption of the goods and services of the private and public sector." Espinosa's "interventionist" pronouncement is an attempt to divert working class anger away from the government's looting designs and with the help of well-funded agents, to turn that rage against the nation's industrialists.

One of the agent organizations, the year-old Colombian organization Common Cause (modeled on its namesake in the United States) broke heavily into the media. Through favorable newspaper coverage and a weekly television program, Common Cause is bringing its "timely" campaign against monopolies and corrupt bureaucracies before the public.

Creating the appropriate atmosphere for Espinosa's war measures and Common Cause's crusade was the glowing press coverage given this week to the North American "prophet" of deindustrialization, Ralph Nader. One Colombian newspaper praised Nader for his untiring assaults against U.S. industry: "Who is this extraordinary man...this David of the XXth Century...? This poor, modest, almost ascetic man is a person of few words. But he is a fighter, an apostle. The most powerful industrialists in the world tremble before him."

"War Economy" Takes Its Toll

Espinosa's declarations of war have intensified a World Bank-directed looting scheme which has already

taken its toll on the Colombian economy. Production in the major industrial department of Antioquia has been seriously threatened as a result of devastating 12-16 hour a day rationing of water and electricity. Most schools, clinics and commercial establishments have been shut down for an undetermined period. The country's association of small and medium businesses, ACOPI, has declared itself in a state of national emergency, protesting publicly that the unavailability of credit, stratospheric interest rates and collapsing consumer demand has brought it to the brink of bankruptcy — which will produce severe unemployment and consumer and industrial shortages.

The living standards of the Colombian population have plummeted. One newspaper reports that health standards for over one-third of the population are considered below minimal recommended levels. Another article reveals that meat consumption per capita has fallen from 23 kilograms in 1961 to less than 14 in 1974, threatening to lead to reduced work capacity among the working class and lowered resistance to disease. Unrelieved drought conditions in major regions of the country have led to the fear of epidemic outbreaks. Stories are beginning to spread of people resorting to drinking sewage for lack of potable water.

EXCLUSIVE

Mexican Chief Of State Slapped Around By Carter, Brzezinski On Washington Visit

In a scandal which will have wide reverberations in the Third World and Europe, the Carter Administration welcomed its first official state visitor, President José López Portillo of Mexico, to Washington this week with a combination of brutal private armtwisting and public snubs. The Mexican chief of state, who according to inside sources came to Washington "ready to give 90 percent" on the U.S. demands, left the capital deeply shaken by the affronts.

This is the story, constructed from a variety of well-placed sources, of how this diplomatic disaster — kept largely out of the press of the two countries — was engineered. This story is especially of interest to other Third World and European leaders who are being lured to Washington on the Carter promises of a "new era" of "open and friendly" diplomacy.

López' willingness to please his hosts had been evident for months. He made it clear he would interpret Mexico's foreign investment laws "flexibly"; he accepted plans for a massive increase of Mexican oil exports to the U.S.; he accepted a stringent International Monetary Fund program of austerity to reduce deficits and increase debt repayment. He drew back sharply from the insistent Third Worldism of his predecessor, Luis Echeverría, and on arrival in Washington delivered a cut against those "ambitious and bad-intentioned ones" who "would impede good U.S.-Mexican relations" — a comment widely taken to be aimed against Echeverría's group. In an eight-column headline, the daily *Excelsior* reported the comment as a commitment to "repress" such elements. In exchange for his concessions, López was asking for increased exports to the U.S. and some breathing room on the debt.

Yet in Washington, López' accommodation apparently served for nothing. After being knocked sharply about, López emerged empty-handed. High sources report that National Security Council chief Zbigniew Brzezinski personally took charge of the discussions and insisted that Mexico cede control of its oil development, now

under state monopoly, to U.S. firms.

Well-informed sources have speculated that a subsequent "leak" to the *New York Times* that Mexican oil reserves are considered by U.S. government officials to total a whopping 60 billion barrels, putting increased pressure on Mexico to bring in U.S. contractors for offshore drilling, came directly from Brzezinski's NSC offices.

In addition to the pressure on the oil question, inside sources report López was pressured to purge remaining Echeverristas from his government, and told that Mexico's population growth must be reduced — a pressure point vented publicly by Carter conduit James Reston late in the week.

The effect of the Carter Administration's snubs and slaps to the face, according to the qualified observers, is to undermine López' balancing acts within Mexico and to increase the chances for an early social explosion. These observers have indicated that such may in fact have been the purpose of the Carter treatment, and have linked the hard-line treatment to imposition of the so-called Paddock Plan which calls for reducing Mexican population of 60 million by half.

The visit began on Valentine's Day — an appropriate day for a meeting prepared so effusively from both sides of the border as the "healing" of the U.S.-Mexican relations strained during the term of Echeverría. In reciprocal greetings on the White House lawn and the toasts at Carter's first White House state dinner that evening, the two presidents stressed the warm personal relationship developing between the two First Families. López thanked Carter as a representative of "Latin America and the developing world."

But if López' historical sense served him right, he already must have been taken somewhat aback by Carter's toast comment that Carter knew what Mexico felt about Yankee imperialism, "being from Georgia" himself. During the Civil War, the Confederate States allied with the hated Emperor Maximilian of Austria —

imposed on Mexico by European powers to collect foreign debt — in common cause against Lincoln and Mexico's nineteenth century statesman Benito Juarez.

In private talks the next day, Carter reportedly made a few introductory remarks and then Brzezinski completely took over and ran the show.

By the time López entered the National Press Club for an address an hour later, observers noted that he looked poorly, his face drawn. In his speech, given with more vehemence than expected, he included a defense of the Third World's "right of association" among his protestations of cooperation with the U.S. to ease mutual problems, an uncommon addition for him.

That evening, López Portillo and his wife prepared a reception of 1,000 guests for the Carters to reciprocate the White House dinner the night before. There was only one hitch — the Carters were not coming, as they informed the Mexicans only that morning. In his place Carter sent his evangelist "born-again" sister, Ruth.

Top Congressional sources acknowledged in embarrassment that some "eyebrows were raised" from the Mexican side; British press headlined that "Carter Upsets Mexican President."

Things got worse for López. In a quick trip to Chicago the next day, he was flatly turned down by bankers on a \$380 million syndicated loan package he sought.

But nothing could have prepared him for the events of his last day, Thursday. Although top members of the House Foreign Relations Committee have privately tried to cover the scandal by emphasizing how "most unfortunate" it was to schedule an address to Congress during a "district work period," the national press was not so kind. Public accounts emphasized that only a small fraction of the House showed up. Pages were dragooned from the corridors to fill empty seats. Applause interrupted the speech only once — when López declared "Mexico must solve its own problems." Repeating his

snub of Tuesday night, Carter did not show up — though Mexicans in López' entourage had been led to expect the Chief Executive would continue the established custom of presidential attendance. House Speaker Tip O' Neil told a group of Mexicans he thought López' speech was lousy and threw a copy on the floor in front of them. He then announced to the press that he thought it a "waste of time" for the House to receive foreign dignitaries.

One Carterite Congressman who hosted López for the House visit and was clearly dismayed by the accumulated offenses against the visitors to the U.S. indicated privately that perhaps the U.S. had been "overly blunt and direct" in its treatment. "Let's hope they understand that we did this because of our proximity to Mexico, because we want them to be as frank with us," he said. Yet he emphasized that Carter's snubs, under the rubric of "reduced protocol" will be the norm for future state visits. A top west coast Latin American expert, similarly inclined to minimize intended offense in the Administration reception, nevertheless conceded that the affair showed all of the same "clumsiness" as the Administration's "awfully belligerent" attitude toward the Soviet Union on the "dissident" question.

From the Mexican side, López and his advisors have not made any public protests over the treatment they received. But a source close to U.S.-Mexican business circles stated circumspectly that "I did get the idea that López Portillo was not entirely pleased."

López' speech to the House provided perhaps the most fitting rebuke to the hosts he had previously been so willing to accommodate. He renewed Mexico's call for a "New World Economic Order" in much stronger language than he has used before, warned of excessive power of "private interests," defended the living heritage of the Mexican Revolution — and, of all U.S. historical figures, chose to quote Abraham Lincoln.

The Plot To Drug America

For the first time, a President of the United States has publicly advocated a policy of eliminating criminal penalties for the possession and use of marijuana. Nowhere is the connection between the Carter cabinet's commitment to reduce the productivity of American labor power and the administration's antipathy to science more obvious. Despite knowledge of overwhelming scientific evidence showing that this psychoactive drug has deleterious effects on human immunological, reproductive, and cognitive processes, Carter and his Trilateral cabinet intend to make mass narcosis — first using marijuana, then cocaine and heroin — the cornerstone of their domestic social policy.

The visible effects of chronic drug use — mental passivity, docility and eroded higher cognitive powers — are entirely compatible with the adopted economic policies of the Carter administration. Their plans for de-industrialization, energy rationing, and labor-intensive employment projects can proceed apace regardless of the psychological, intellectual and emotional depletion of the U.S. working population.

Carter intends to draw the field marshalls for his drive from the heavily-funded U.S. network of drug users and pseudo-scientists in the following of Aldous Huxley, Timothy Leary, and others. This gameplan was certified this week with Carter's appointment of Dr. Peter Bourne, his close associate since 1970 and an internationally known drug advocate, as the president's Special Advisor on Drug Abuse. Bourne joins Dr. Robert Dupont, director of HEW's National Institute on Drug Abuse and a vocal advocate of "decriminalization" as the second administration "scientist" in charge of drug policy. Bourne and company are pushing a state-by-state decriminalization strategy in preparation for an act of Congress.

"This is really a radical proposal which is not politically acceptable at this time," Bourne has been quoted assaying of his bid for decriminalization, "but we may end up looking at something like a move toward worldwide decriminalization of the use of heroin." Last week, DuPont stated that not only should marijuana be decriminalized, but also suggested its "home cultivation for personal use."

On Feb. 7, Carter dispatched Peter Bourne to Geneva, Switzerland to address an United Nations conference on stupefying drugs. According to sources close to the UN Commissioners, Bourne's presence was greeted with alarm by most of the international representatives because of his outspoken endorsement of drug use.

The Decriminalization Drive

In less than three weeks, the Carter administration has taken the following steps toward marijuana decriminalization:

* Bills removing federal penalties for marijuana possession and use have been reintroduced, for the third

time, by Sen. Jacob Javits (R-NY) and Rep. Edward Koch (D-NY) in the two houses of Congress.

*For the first time, full back-up by Carter Democrats in Congress make the bills' passage possible. Beginning in early March, the House Select Committee on Narcotics Abuse and Control chaired by Rep. Lester Wolff (D-NY) will hold hearings on decriminalization of "not just marijuana, but with major emphasis on cocaine and heroin," according to Joseph Nellis, the committee's Chief Counsel. Since early January, the committee has been in consultation with Bourne on hearings they held previously on federal drug enforcement, drug abuse and drug traffic in New York City.

*A plan is to make New York the pilot state for marijuana "decriminalization" in the next several weeks. On Feb. 16, the New York Assembly Codes Committee under Rep. Bartlett sent a marijuana decriminalization bill to the floor of the state legislature. The bill has the full support of Governor Carey, who introduced his own, unsuccessful bill last year.

Last week, a well-timed "leak" of the Wolff committee's not yet released report on narcotics in New York revealed that the New York City police department had adopted a defacto policy of making no arrests for street traffic in any narcotics. Though police officials from City Commissioner Michael Codd to members of the Narcotics Patrol have denied that such is the policy, the New York police admit that massive city budget cuts make it impossible to enforce the drug laws. The overburdening of prisons, hospitals, courts, and law enforcement due to austerity policies, and cutbacks in services are hailed by Bourne and his associates in a Ford Foundation project called the Drug Abuse Council as the reason why "recreational" drugs like marijuana and cocaine must be legalized to free law enforcement officers to go after "real crimes."

Mandate for Progress

In 1974, some 25 medical researchers throughout the United States were called before a subcommittee of the Senate Judiciary to testify on the harmful effects of marijuana use. The scientific evidence of medically harmful and socially destructive effects of marijuana use presented at those hearings remains unrefuted in the public record. (See appended interview with Dr. Gabriel Nahas.) Only hastily prepared apologies for rising crime rates have been put out by Dr. Bourne to justify "decriminalization."

Nevertheless, there remains a deeply-rooted moral resistance among the majority of American citizens to the decriminalization of narcotic drugs and their widespread social use. This resistance, mobilized and focused against the Carter administration drug pushers, will increasingly result in the defeat of these policies, as evidenced in the overwhelming defeat last week of a pro-marijuana bill in the New Jersey State legislature.

A Who's Who Of Carter's Drug Pushers

In the last year, a small but heavily funded network has been thrust into public view to create a political atmosphere for legitimizing and legalizing narcotics use. Without the Carter administration this network would remain a fringe lobbying operation, but the presidential appointment of *Dr. Peter Bourne* has brought this "pot lobby" into official government policymaking channels.

The two major aspects of the network are the *Drug Abuse Council*, a privately financed clearinghouse for all pro-drug "scientific findings" and the *National Organization for the Reform of Marijuana Laws (NORML)*. *Thomas Bryant*, the President of the Drug Abuse Council and an Advisory Board member of NORML described the relationship as the following: "We provide the scientific backup for NORML's hoopla." So far, NORML efforts in lobbying in state legislatures and interventions into criminal cases have resulted in removing the criminal penalties for marijuana possession and use in six states.

The Drug Abuse Council (DAC)

The DAC was commissioned in 1970 by Ford Foundation President McGeorge Bundy, former national security advisor to President Kennedy, and created as a permanent body in 1972 to popularize the recently tested use of methadone maintenance on heroin addicts.

Methadone was developed by Nazi doctors in Germany during World War II to replace cutoff supplies of morphine. It was imported to the U.S. and developed for large scale use by the Rockefeller family and their scientists at Rockefeller University.

DAC's policies — from the proliferation of opiates used to kill physical and psychological pain, to strategic hamlets in the form of community mental health-drug rehabilitation programs — are the domestic recreation of Bundy's Vietnam counterinsurgency programs. The DAC has held seminars for criminal justice personnel from drug enforcement agents, to judges, and social workers and thereby functioned to break down staunch resistance to drug legalization and foster a "treatment" solution, rather than a cold-turkey "enforcement" solution.

DAC functions on a budget of over \$2 million a year, provided by the Ford Foundation, Carnegie Corporation, Commonwealth Fund, and the Henry J. Kaiser Family Foundation. The agency produces the special studies and composite of pro-drug research that forms the backbone of Carter's decriminalization drive. DAC drafted a position paper on heroin decriminalization for a conference of the National League of Cities several months ago.

A recent study by Paul Danaceau strongly supports the need for heroin maintenance programs. "If a legal distribution system were established to compete with the illegal one — at considerably less cost and less risk to the user, importing and selling heroin would be less profitable," wrote Danaceau. Similarly, a study by Peter Bourne on methadone states: "The argument is made that

methadone maintenance is merely the substitution of one drug for another... The major problem with this argument is that it revolves around certain ethical or moral beliefs about drug use."

DAC also funded a study into the shortlived morphine clinics run in the United States from 1919 to 1923, now used as an illustration that drug addiction was "not always" stigmatized in the U.S.

Emory University

An apparent adjunct of DAC is the previously little known *Emory University* in Atlanta, Georgia, from whose Department of Psychiatry has come all the leading figures in the Carter administration drug drive. Emory University has been given over \$80 million by philanthropic fronts of the Coca-Cola Corporation, whose president, J. Paul Austin, "discovered" Jimmy Carter as the future presidential candidate, and serves with him on David Rockefeller's Trilateral Commission. Until about 1903, Coca-Cola used cocaine as an active ingredient and still uses the non-narcotic portion of coca leaves in its manufacture. The Emory products include:

Peter Bourne, M.D.: Carter's drug czar, soon to be named as Director of the Office of Drug Abuse Policy. A leading drug advocate, Bourne is trained in behavior modification techniques and psychological profiling, the methods he used to help create the terrorist zombie group Vietnam Veterans Against the War (VVAW). Graduating Emory as an M.D. in 1962, Bourne received his early drug experience in Vietnam conducting stress profiles of Special Forces teams on the Cambodian border. Here Bourne interfaced with the notorious CIA run Golden Triangle heroin running operation. He later served as Southeast Asia consultant to the State Department's Agency on International Development.

After leaving military service in 1966, Bourne hooked up with the anti-war, counterculture operations run through the Institute for Policy Studies. These connections persisted through his work at Stanford University and the Haight-Ashbury Free Medical Clinic, and later as an advisor to war resisters inside the military, such as Dr. Howard Levy who refused to train Green Berets. In the late 1960s, Bourne created VVAW.

In the early 1970s, Bourne served with Institute for Policy Studies head, terrorist controller Marcus Raskin, as a director of the Institute for Southern Studies, an Institute for Policy Studies offshoot. Simultaneously, he was Georgia's special advisor on health and holder of the only methadone license in the state during the governorship of Jimmy Carter.

In 1972, Bourne joined the White House's now-defunct Special Action Office on Drug Abuse Policy and became a consultant to DAC.

Boisfeullet Jones: A Director of DAC, and head of three foundations controlled by Coca-Cola Corp. families, with oversight on some \$23 million in funds per year.

Jones holds an administrative post at Emory University and was head of "Economic Opportunity Atlanta," the chief conduit of federal Office of Economic Opportunity funds which went for Bourne's community mental health and drug dissemination centers. Jones previously held a health administration post in the Kennedy Administration.

Robert DuPont, M.D.: Director of the National Institute on Drug Abuse (NIDA) since 1974, and strong advocate of drug decriminalization, DuPont graduated from Emory in 1958 and received his M.D. from Harvard. NIDA is housed in the U.S. Department of Health, Education and Welfare and is the clearing house for both the funding of drug programs and the funding of research into medical and social effects of drug abuse. DuPont recently shocked the international anti-drug delegations at the United Nations by "suggesting" that once marijuana is decriminalized, home cultivation might be considered. Several years ago, a UN commission on narcotics pledged that all countries would strive to wipe marijuana cultivation off the globe by 1986.

Before becoming Director of NIDA, DuPont ran a methadone maintenance program in Washington, D.C.

Thomas J. Bryant, M.D., J.D.: President of DAC since its inception in 1972, Bryant graduated an M.D. from Emory with Bourne. Before joining DAC, Bryant was a specialist in medical law for the Office of Economic Opportunity and later directed the OEO's Office of Health Affairs. Bryant also serves as advisory board member of NORML and arranges seminars and training sessions for government officials on decriminalization and legalization of drugs.

National Organization for the Reform of Marijuana Laws (NORML)

NORML was founded in 1971 by Keith Stroup, a former public interest lawyer working with the President's Commission on Product Safety with seed money from the Playboy Foundation. NORML funding from Playboy was increased to \$100,000 around the time of the Hugh Hefner cocaine scandal involving the arrest and subsequent suicide of his aide, Bobbie Arnstein for alleged cocaine running. Other financial backers include Stewart Mott, who also finances the entire network of Institute for Policy Studies fronts and the *High Times* magazine, a glossy sex and drugs publication devoted to promoting every drug from marijuana to heroin. Recently *High Times* was banned from distribution in Canada for promoting and advocating a criminal act.

NORML functions with a high-powered advisory board including American Civil Liberties Union Director, Arveh Neier, former Attorney General Ramsey Clark, Sen. Philip Hart, Sen. Jacob Javits, Dr. Benjamin Spock and a network of doctors from DAC and Harvard University, including: David E. Smith, Lester Grinspoon, Norman Zinberg, Andrew T. Weil, and Thomas Bryant.

Much of NORML's budget goes for flying these experts around the country to intervene in court cases and state legislatures to push decriminalization. Recently, Stroup lined up a testimony for Chip Carter, Carter's son in an Oklahoma court case. When cautious White House aides intervened, Stroup was quoted over national radio, "There are people in the White House who smoke pot.

They have an obligation to change the marijuana laws."

Dac and NORML sponsored "research" on marijuana and other stupefying drugs is devoted almost entirely to finding the loopholes in studies which confirm their harmful effects. Since 1968, their basic framework has been the statement by cultural primitivist Margaret Mead that "marijuana smoking is less dangerous than alcohol and tobacco." While pointing out that peasants in South American countries, Jamaica, and certain areas in northern Africa subsist on a steady diet of marijuana and coca (the leaves of the plant from which cocaine is derived), Grinspoon, Weil, etc. all ignore the strong commitment by developing countries' leaders to rid their populations of the yoke of drug addiction.

NORML Doctors

Lester Grinspoon, M.D.: Advisory board member of NORML. Received medical degrees and served on psychiatric faculty contemporaneously with Leary's LSD experiments. Recently authored *Cocaine*, a mass popularized history of the drug to sell its acceptability to the general population.

Norman Zinberg, M.D.: Advisory board member of NORML. Faculty member in psychiatry at Harvard University. Recently testified for the defense in a Massachusetts cocaine case along with Dr. Joel Fort. Here the judge ruled that cocaine possession is not a crime. Zinberg is one of NORML's pro-pot activists.

James Q. Wilson: While not part of the pro-drug lobby, Wilson, a Harvard criminologist and director of the Police Foundation, another of the Ford Foundation's pet projects, plays an important role in softening up the law enforcement resistance to drug decriminalization. NORML has identified the International Association of Chiefs of Police and the International Narcotics Association as the only remaining organized bastions of resistance to the drug legalization drive. Wilson teaches criminology at Harvard and served as chairman of the Law Enforcement Assistance Administration's National Advisory Commission on Drug Abuse Prevention. Wilson has retailed the line to police organizations that drugs are so widely used that they must be decriminalized or the entire criminal justice system will be obsolete for stopping real crime.

Andrew T. Weil, M.D.: Advisory Board member of NORML. Formerly at Harvard University, now a freelance researcher in Colorado. Weil is sometimes known as "Mr. Natural" for his recent studies of raw coca leaves which he is now attempting to have licensed for prescription to selected patients. Weil has stated, "(chewing coca creates) a nice warm feeling in the stomach and that nice feeling spreads out. The more I chewed it, the more I noticed it. I liked it very much."

David E. Smith, M.D.: Advisory board member of NORML, Smith is director and founder of the Haight-Ashbury Free Medical Clinic in 1967, now funded by the National Institute of Drug Abuse. Peter Bourne is one of his early associates, a volunteer psychiatrist at the clinic. Smith's book *Love Needs Care* profiles the Haight-Ashbury acid culture, and the youth who went from pot, to speed and heroin, or to mental institutions or a criminal life. (Charles Manson is one of the "failures" of the clinic). Smith frequently lectures to judges on decriminalization at post-graduate seminars.

Smith is the direct descendant of the first generation of acid-culture creators around the Stanford University Institute for the Study of Human Problems, including Dr. Richard Blum, author of *Utopiates: the Use and Users of LSD 25*, Dr. Richard Alpert who "dropped out" to head an Eastern mystical cult, and Dr. Joel Fort, director of "Fort Help," a San Francisco community mental health center frequented by the United Prisoners Union, a support group involved in the creation of the Symbionese Liberation Army.

Publications

The newest addition to the pro-drug lobby is a group of magazines devoted to pushing counterculture and advising its readers on the best quality marijuana, cocaine, and other narcotics and their uses. The largest of these is

High Times a creation of one Tom Fourcade, a former controller of the "Zippies," the group of anarchist provocateurs who helped provoke the riots at the 1972 Democratic Party convention in Miami. Secondary drug magazines include *Flash*, *Head*, and *Rush*, the latter two owned respectively by the pornographic magazines, *Club* and *Swank*. A composite sampling of the recent headlines from these magazines include: "Mind Shattering Dope and Mayan Death Gods," "Is Driving High Really Dangerous?" and "Free, Legal Backyard Dope."

The Drug Abuse Council has funded the creation of a monthly newspaper directed at physicians entitled the *U.S. Journal of Drug and Alcohol Dependence*. This publication has taken as its task in depth coverage of ongoing developments in drug decriminalization and is being distributed free of charge to contractors of the National Institute of Drug Abuse.

A Physician Takes Aim At The Pot Lobby

The following is an interview conducted by Ned Rosinsky, M.D., with Dr. Gabriel Nahas of the Department of Anesthesiology at Columbia University's College of Physicians and Surgeons. Dr. Nahas, who at the time of the interview had just returned from a pre-meeting of the United Nations Commission on Narcotics conference now underway in Geneva, has spent the past 25 years engaged in laboratory studies of the effects of drugs on the human body. He has become an expert on the effects of marijuana, publishing the book Marijuana: Deceptive Weed, and his most recent, Keep Off the Grass (Readers Digest Press, 1976). This work summarizes and documents the harmful mental and physical effects of mari-

juana.

Dr. Nahas was initially asked to comment on an article by Dr. Norman Zinberg of Harvard University which appeared in the latest edition of the magazine Psychology Today. On the confidence provided by a few carefully selected studies, Dr. Zinberg in effect recommended widespread use of marijuana, dutifully refraining from any mention of the proven deleterious effects of the drug on the brain, sex glands, and cell reproduction processes. As Dr. Nahas commented just before the interview began, the article's effect, and perhaps, its intention, is to make a pot-head of any high school student who reads and believes it.

Dr. Nahas: The first thing about this article is to stress that Dr. Norman Zinberg is a member of the advisory board of NORML, the National Organization for the Reform of Marijuana Laws, and I don't think that he is really competent to write an objective article on this matter. He is acting as judge and party. And I think that *Psychology Today* has shown, in asking Dr. Zinberg to write this paper, that they are profoundly biased towards the use of marijuana, and are pushing the use of marijuana among the American people. And I think they made a great mistake there and this is what I wrote them after reading this article. The author has always pioneered the general idea that marijuana is not a harmful

substance. On the other hand Dr. Zinberg has been exceedingly intolerant of all those who state opinions which are opposite to his own, which should really be a welcome attitude for any scientist. For instance, Dr. Zinberg has claimed, and I quote, that all I have written on marijuana, including my book, *Marijuana: Deceptive Weed*, was 'meretricious trash', and nobody should read it — instead of welcoming an opposite viewpoint.

Q: Has Dr. Zinberg done any research on drugs other than marijuana?

Dr. Nahas: He's not a researcher. Dr. Zinberg is a psychiatrist. He has never gone into a research laboratory

and has never worked on a bench. He is like many of those who are promoting marijuana today under the guise of science. They are mostly psychiatrists who just go from their impression, their gut feeling about the subject. And he's certainly not qualified to write about the pharmacology of marijuana which he has attempted to do in this article.

Q: What are some of the problems with research which alleges to show that marijuana is not harmful?

Dr. Nahas: In a letter to *Psychology Today*, I rebutted a few of the more blatant errors Dr. Zinberg made in his "review of the field," especially on the doses of marijuana which were used by different investigators. He claims that the amount of marijuana which was given to certain subjects amounted to 50 to 100 cigarettes a day, and this was emphasized in the article. Well, this is not true. The amount of marijuana which was given in those experiments which he quoted amounted to about 10 cigarettes a day.

Q: Which experiment is this?

Dr. Nahas: This is the experiment in which subjects were given some marijuana by mouth, and presented, following three weeks of such treatment, some definite withdrawal symptoms.

Q: I see, so it was a test of addiction.

Dr. Nahas: A test of addiction, yes. So there is a definite dependence on this drug. Also a profound modification in behavior and general attitude of these people was observed during that time. So, Dr. Zinberg claims, you see, that the amount of THC (Tetrahydrocannabinol) that they took which was 210 milligrams a day amounted to 50 to a 100 cigarettes. It's not true. This dose amounts actually to about 10 cigarettes a day. That seems already high; however, it's an amount of marijuana which is smoked by heavy marijuana users. For instance, here at Presbyterian Hospital, we studied marijuana smokers under controlled conditions and let them use as many as they wanted. So did experimenters in Boston. And in our studies our subjects smoked anywhere from 5 to 25 cigarettes a day, and tolerated them perfectly well, being aware when they were spoken to and certainly not being completely unaware of their surroundings.

Q: Does Dr. Zinberg refer to these studies?

Dr. Nahas: No. Dr. Zinberg does not refer to these studies, because they are not of those that support his view. But let me also finish indicating other gross mistakes in his article. Another gross mistake in his paper is that Dr. Robert Heath used, in animal experiments, doses which were too high. The experiments of Dr. Heath are very important. They show that following heavy marijuana smoking in monkeys, there are actual cellular alterations in the brain stem and permanent alterations in the brain waves indicating that marijuana has induced permanent brain damage. Dr. Zinberg claims that the doses used by Dr. Heath were much too great, and he quotes the opinion of Dr. Axelrod. In reality Dr. Axelrod made a mistake, like many scientists do, in evaluating the work of Dr. Heath, in claiming that the doses were much too high and never approached the

levels of human consumption. When one looks carefully at the work and one calculates the dose, one can see that the dosages used in those experiments are reached in human consumption, and this is something that any careful scientist could find out. Instead of that Dr. Zinberg, when he was writing this article, made the wrong evaluation, and on the basis of this erroneous evaluation discarded a very important piece of work.

Now, the third gross mistake in this paper by Dr. Zinberg is that he discards the "stepping stone" hypothesis, which claims that the use of marijuana in a certain number of people will be the first step to the use of more destructive drugs, such as amphetamines, heroin, and barbituates. And in this, Dr. Zinberg is absolutely mistaken because there is a statistical progression from alcohol and tobacco onto marijuana smoking, and from marijuana smoking onto the use of more destructive drugs. The most recent study on this aspect of marijuana use has been very clearly documented by one of our co-workers here at Columbia, Dr. Kandel. Dr. Kandel studied 5,500 high school students in the state of New York, grades eight to twelve, and showed this progression statistically. To give you the exact figures, 26 percent of all heavy marijuana users went on to stronger drugs, which is a considerable fraction of heavy marijuana users, especially when you consider it over the short period of time of only four years, between 14 and 18 years of age. This of course doesn't mean that all heavy marijuana users are going to progress to harder drugs. Even the majority will not, since 74 percent will not. However, taking this problem scientifically and statistically you can see that there is a definite association between marijuana and other drugs, and a dangerous one because 26 percent of a population is a very large fraction of the population.

Well, all of this which can be found out by any careful observer was completely discarded by Dr. Zinberg, showing that he has an axe to grind, that he doesn't want to listen to the facts. And the study of Dr. Kandel was, as a matter of fact, published in *Science*, December of 1975. I could go on about all the points that Dr. Zinberg makes, they're all made very superficially. Somebody went to the library, took all the publications on marijuana, had an axe to grind, and just took from those publications what indicated that marijuana was harmless. Another very important point that Dr. Zinberg forgets and completely discards is that marijuana products accumulate in the body. The half-life of marijuana in the body is eight days, which means that it takes eight days for 50 percent of the marijuana to be eliminated.

Q: You mean THC?

Dr. Nahas: No, not only THC, but all of the marijuana products which come from biotransformation of marijuana in the body, some of which are not psychoactive. In comparison, half-life of alcohol is about six hours. Why is that significant? It is because these substances accumulate in some of the more important tissues of the body, particularly in the brain and the sex glands. What do all these marijuana products do in the body? They have a fundamental effect, which is to slow down cell division. The fact that marijuana products in very small amounts slow down cell division by preventing the formation of

DNA, of RNA, and of protein, which are essential for the proper division of our cells, is a fundamental fact which has been observed by dozens of scientific workers both here and abroad.

This fundamental fact is completely ignored by Dr. Zinberg. This work was reported in 1975 at an international conference in Helsinki, the proceedings of which were published in 1976 by Springer-Verlag. It's a 600-page book in which all these papers by scientists from many countries are reported. This book was completely ignored, not only by Dr. Zinberg, but by the media. There was a press conference to announce this book in the United States in April of 1976, and Associated Press put out a release. Not a single newspaper in the United States picked up that press release, which referred to all of these basic science findings.

Now, when Dr. Zinberg speaks of chromosome damage, birth defects, or immune response, he is talking about the actual clinical expression of the slowing down of DNA and RNA production. If, for instance, you put very small amounts of cannabis products in a test tube with cells, not enough DNA will be produced, so that when the cells start dividing, the chromosomes will not function properly and will break. This shows that Dr. Zinberg is a very superficial type of, I couldn't say scientist, but of physician, because he doesn't go to the bottom of things, he doesn't try to find out the "why," as the scientist should. There is a general thread in all of the deteriorating effects of marijuana. It is a slow impairment of the production of DNA, RNA and protein in cells. All our cells are like factories, which must continuously manufacture protein and DNA, whether they are the brain cells or any other cells of the body, and what marijuana does is to slow down this basic physiological process. This explains many of the effects of marijuana on the brain and on the body. This basic point, which will be more and more evident as time goes on, was missed by Dr. Zinberg.

It is very simple to present what I just said to the public. On the question of psychosis, although many deny that marijuana can produce psychosis, it is very important to stress that all psychiatrists, including Dr. Zinberg, are in agreement that marijuana should not be used by anyone who has a psychological problem which could eventually develop into a serious mental illness such as true psychosis. In point of fact, when we performed our studies on marijuana smokers at the Psychiatric Institute of the State of New York, we were informed by the psychiatrists there that no marijuana should go to patients who were in the same wards as our marijuana smokers, because it had been observed that these patients who had a psychosis and were being treated for it were very vulnerable to marijuana. If ever they took a little marijuana they became very rapidly worse. Marijuana should therefore be kept away from any person who may tend toward psychosis.

Much has been published on this. The latest reference is by Roy Hart, *Journal of the American Academy of Psychiatry and Neurology*, October 1976. This article not only mentions the danger of psychotic break, but goes further and claims that people who were perfectly healthy mentally, after prolonged marijuana use present symptoms of mental illness which are related to psycho-

sis. I'm speaking of those young people today who have psychological problems, who smoke marijuana and who will get into a full-blown psychosis, who should never touch marijuana, especially since the number of cases of schizophrenia is on the increase in this country. A national survey in Rochester indicated that in the next five years, one should expect a 25 percent increase in schizophrenia. The schizophrenic population now is about 200,000 in this country, and there are certainly thousands of young people who might have schizophrenic breaks as a result of this drug.

Q: Much of the literature on marijuana is concerned with something called the "amotivational syndrome." Is this a useful category, and if it is, then, what is the evidence concerning this?

Dr. Nahas: "Amotivational syndrome" is a term which was coined by some American sociologist who did not want to be judgmental in describing the long term deteriorating effect of marijuana on physical and psychological abilities of people. In the old days one used to

"The psychiatrists who did some of these studies are very behavioristically inclined... they consider people like rats... I think they are corrupt."

simply call this mental and physical deterioration, which of course had judgmental overtones, but the sociologists today do not want to have any such moralistic attitude. It has been reported in the literature for hundreds of years, ever since the Arab scholars of the fourteenth century described the symptoms of marijuana, that prolonged marijuana use was accompanied by physical and mental deterioration, which I think describes very clearly what happens. It is a detachment of the individual from all of his tasks, as is said by some of the Arab historians; it affects the person in his personal appearance, in his family life, in his social disciplinability, and in his religious activities, all of them being more and more neglected. I think this is clear. And it seems clear to me that in America today, there is a new generation of young people who smoke a lot of marijuana and who fall in this specific category of mental and physical deterioration. They don't care about their physical appearance; they don't care too much about their jobs; many of them are on welfare or on unemployment; their family structure is certainly very loose; and their social activities rather limited. I think today there is an amotivational syndrome which is completely ignored by psychiatrists who only believe in a relativistic approach to human behavior. 'Do your own thing, it's okay.'

Q: What do the studies which supposedly measure "amotivational syndrome" actually consist of, and how would you go about investigating this?

Dr. Nahas: The studies which were done here in this country consisted in gathering a group of marijuana users and asking them to press a button a certain number of times in order to get a certain number of cigarettes. Their motivation was the drive that they had for the drug.

Q: I'd imagine that marijuana would probably increase your ability to press buttons.

Dr. Nahas: As a matter of fact, this is within the general outlook of the psychiatrists doing these studies, who are very behavioristically inclined, and tend to consider people like rats, you know, the rat who was taught to press a lever to get his reward. It's the same thing. I think these people are corrupt.

Q: What can we say, then, about the actual deteriorating effects of marijuana?

Dr. Nahas: Anyone who travels in the Middle East where marijuana is prevalent will observe these general symptoms of deterioration which I have mentioned. And it is for those social reasons of deterioration of performance of large segments of the population that these countries have banned marijuana usage from their population. It's not for medical reasons.

Q: Which countries are you speaking of?

Dr. Nahas: Turkey, Egypt, India, many other underdeveloped countries, which are trying to get out of this vicious cycle of poverty breeding more poverty.

One more point in the medical effects which I would like to stress, before going further into the social effects, is the effects of marijuana on the germ cells of the user. These germ cells in man are produced at a very great

"The studies we have done indicate that the higher the intelligence and ability of the worker, the more the impairment produced by marijuana... The mere process of digging a ditch might not be very much impaired by marijuana."

rate, and it is relatively easy to study their rate of production, since hundreds of millions of germ cells are produced daily, particularly in young men. When we did this study we showed that as a result of the impairment of DNA production in cells in general, the sperm cells in these men were affected during the period of heavy marijuana smoking. We studied 16 young men under such conditions of heavy marijuana smoking which lasted one month for smoking, then one month of withdrawal. Following the month of heavy smoking they presented on the average about a 60 percent decrease in sperm production. Furthermore, the quality of the sperm was mark-

edly altered. There was less DNA, more abnormal forms of sperms. This could lead not only to sterility, but also result in children who are retarded, or who have "minimal brain damage" syndrome. These symptoms may be apparent only later in the development of the child, when he reaches puberty. This is what we are speaking about, the possibility of long-term genetic damage which can only be assessed in a decade or two. It is especially dangerous if women smoke marijuana, because unlike men, women have only a limited number of eggs in their ovaries, 400,000, and no more from day of birth until death, and if ever any of those eggs get impaired it will be impaired permanently. By permanent impairment, I'm not speaking of massive impairment because such an egg will be destroyed by the body. Slight impairment is what is dangerous. There is no question that there is a genetic danger there over a long period, and this has been completely ignored by those pushing for legalization, and this is completely irresponsible of these people.

This idea of long term effects is very important, because as Dr. Zinberg says, there has not been observed any increase of infections or other frank medical disease with marijuana usage, but all these studies are over the short term. Remember that it took 60 years to prove the connection between tobacco smoking and lung cancer. We have to make the decision now, not in retrospect. Are we going to take the risk, or are we going to be careful and cautious?

Q: How did you ascertain that the drug was directly causing the metabolic changes, such as decreased DNA production?

Dr. Nahas: That was done with isotopic studies. The mechanism is very simple. Marijuana products are very fat soluble substances, and dissolve in the membrane of the cell, which are made up mostly of lipids or fatty substances. There, in the cell membrane, they prevent the uptake of the precursor of DNA, thymidine; of RNA, which is uridine; and of one of the precursors of protein, leucine. This has been found by a dozen authors, but you won't find this in *Psychology Today*.

Q: So the cell starves for the building blocks of DNA, RNA, and protein, because the THC which has attached to the cell membrane won't let them through?

Dr. Nahas: Precisely. But we have so many cells in the body, trillions and trillions, many of the damaged cells can be eliminated and we may not notice much difference. But in the long term, there is progressive erosion. And even in the brain the neurons must make enzymes, which are proteins, to make neurotransmitters, and these can be affected.

Q: We've discussed the psychological and social affects of marijuana on the youth of the country. What about the affects of the drug on our matured workforce, particularly the skilled workers? What is the affect on the ability to do intellectual work?

Dr. Nahas: The studies we have done indicate that the higher the intelligence and ability of the worker, the more the impairment produced by marijuana. The greater the education, the more one has to lose. Some of

these studies were done by Mustapha Soueif, Professor of psychiatry at Cairo University. It is natural to think that the mere process of cutting sugar cane or digging a ditch might not be very much impaired by marijuana, when you essentially only have to perform mechanical work without any imagination or special skill, just repeating the same gesture again and again. However even in this instance it has been shown especially in Jamaica that under the influence of marijuana, the farmers there work with much less efficiency, meaning that they had to exert greater physical activity to harvest the same area of

“Mr. Carter’s representative... proposed that marijuana users be encouraged to grow their own in their own backyards... When this news hit the UN delegations, they didn’t know where they were...”

land or to hoe or dig out the same area of field. They expended about 25 percent more energy doing the same amount of productive work as when they were not smoking marijuana. This was a study done by Rubin for the National Institute of Drug Abuse last year.

Q: What kind of additional research should be done in the area?

Dr. Nahas: We should do more studies on long term marijuana users, especially in Jamaica or Morocco, with emphasis on studies of lung, gonadal and immunological functions. Furthermore, I believe that these studies should be performed under the aegis of an international group of scientists, instead of only under the direction of psychiatrists, social scientists, or cultural anthropologists. Also, I believe that an international group of scientists should be selected to evaluate the research reports which have been published so far on long term, or chronic, marijuana users. Such scrutiny would not only point out the methodological shortcomings of these studies, which were not only performed in Jamaica, but also in Costa Rica, but also the pertinent areas which are to be explored and which I have mentioned to you. Needless to say, the U.S. federal government is quite satisfied with the existing reports from Jamaica, so hopefully we can get some funding from an outside source. The United Nations Commission on Narcotics, for instance, is interested in doing more studies, and is very worried about the possibility of legalization.

Dr. Bourne and Dr. DuPont, both recently in Geneva for the meeting of the Commission, are now making a retreat from their former pro-legalization positions. Prior to going to Geneva, Dr. DuPont stated that a possible remedy to the problems of illegal distribution of marijuana is for users to grow their own in their backyards. This would give him some marijuana of proper potency

and purity. When this piece of news hit the United Nations delegations, the delegates just didn’t know where they were, since the 1961 Convention clearly states that cultivation has to be banned, and they even decided that marijuana cultivation should be eliminated from the face of the earth within 25 years. That was in 1961, so in 1986 there shouldn’t be any more marijuana growing on the surface of the earth. So, when we see Dr. DuPont saying that in America, people will be growing marijuana for their own use, you wonder what is happening. And you can imagine the loss of prestige for the United States in all those countries who just don’t want it.

Q: Who seems to be behind the marijuana push?

Dr. Nahas: I’m very surprised to see that some of the major foundations, the Ford, Carnegie, and Rockefeller Foundations, are giving millions of dollars to fund the Drug Abuse Council (DAC) in Washington, which was headed by Dr. Tom Bryant, who is also on the advisory board of NORML. The DAC just came out with a report stating that not only should marijuana be decriminalized, but that one should also take a second look at other drugs, claiming that there are about a million users of heroin in this country who are able to use it with discrimination without it preventing their productive activity or damaging their health. The same report also commented favorably on cocaine. It is extraordinary to see the output of the Drug Abuse Council. After five years, they came out with a report that drugs should be made freely available, and this was with money from the major foundations. Maybe I am a naive scientist, but such things defeat my imagination.

Q: As you know, Dr. Bourne will be coming up for Senate confirmation as presidential advisor on drug abuse pretty soon. Do you have any comment on this?

Dr. Nahas: Bourne is, of course, pushing for legalization of marijuana. This must be fought.

Q: How has the media treated the marijuana question?

Dr. Nahas: The media has been extremely reluctant to publicize any evidence that marijuana is either medically or socially dangerous. For instance, my book *Keep Off the Grass* has not received any coverage whatsoever from any of the TV shows, despite repeated attempts to get on those shows. So I am very concerned that the media has boxed these points with silence, and has prepared the American public to accept decriminalization. And of course, once it is decriminalized for those over 18, as NORML is pushing for, then it will be impossible to keep those under 18 from using it.

Q: What about use in the military?

Dr. Nahas: You can imagine that since the armed forces are recruited among young people 18 years of age and older, there is a lot of marijuana usage in the army. What this does to the awareness of the members of the armed forces is a question which has not been thoroughly discussed by the responsible people in the army. However, it is germane to bring up the fact that some armies in the world, where there was heavy marijuana usage, have met with the most stinging defeats in history, for instance, the Egyptian Army. It is a well known fact that

there was a lot of hashish use in the Egyptian Army, especially before the Seven Day War, and that was a contributing factor to the extraordinary victory of Israel. It is pretty well known, as a matter of fact, that the general-in-chief of the Egyptian Army, Marshal Amer, committed suicide following that defeat, and he was a well-known hashish user and even a user of heavier drugs. So were many of the other officers in that army. So, in any type of activity which requires continuous awareness the use of marijuana is a serious problem, and it has never been discussed and aired thoroughly by the responsible

leaders in this country, military or otherwise. This is a very serious problem, because if marijuana is legalized it will be found in the PX's along with tobacco. Here, in military duty, marijuana is infinitely more dangerous in the performance of duty than tobacco or liquor. In World War II, we smoked pipe tobacco, drank wine moderately but regularly, but we never even thought of taking any narcotic drug. It was unthinkable, it would have been a disaster in that type of situation and we knew it. It is ridiculous to classify these substances together as equally "harmless."

CBS Up In Carter Appointments, Down In Viewer Ratings

The Carter administration is unofficially reported to be considering two CBS-TV bigwigs for top ambassadorial appointments...

CBS State Department reporter Marvin Kalb has refused to deny rumors that he may be the Carter team's choice for ambassador to Israel. Kalb certainly ought to know how step-by-step diplomacy is conducted... having sedulously followed the Kissinger waddle back and forth across the Middle East for CBS. In fact, Kalb might be described as Kissinger's personal Boswell... he and his brother, Bernard, CBS's Defense Department reporter, have co-authored one laudatory biography of Henry already, and Marvin reportedly has another Kissinger book on the way...

Prior to his detachment to Dr. Kissinger, Kalb was CBS's Soviet correspondent... and received his academic training in foreign policy at Columbia University's school of Russian studies, formerly headed by Carter's National Security Advisor Zbigniew Brzezinski.

Kalb's latest exploits involve a series of events beginning with the State Department Press Association's decision to expel one of its members, news commentator and Episcopalian Father Les Kinsolving, accused of paid agency for the South African government. Numerous broadcast situations found Father Kinsolving defending the South African racist regime in a fashion above and beyond the call of "objective news reporting" duty. Kalb, however, objected so strongly to the Kinsolving expulsion that he resigned from the elite press club in protest. One week later, his name turned up in well-

informed Washington gossip circles as the leading choice for the Israeli diplomatic post.

Former CBS broadcasting president Arthur R. Taylor is similarly reported under consideration for the post of ambassador to Japan. CBS chairman William S. Paley, known for his OSS background and his dictatorial way, fired Taylor from the network's presidency last year while retaining him on the station's board of directors. Taylor recently travelled to the Soviet Union as a CBS negotiator for U.S. television rights to the 1980 Olympics in Moscow ... in which CBS lost out to NBC. Diplomatic sources have it that Taylor may reject the ambassadorial position in order to remain at CBS for the upcoming transition of power from the aging Paley to his as yet unnamed successor.

Taylor's career credentials include memberships on the Rockefellers' Trilateral Commission, the New York Council on Foreign Relations, the United Nations Association and numerous other Rockefeller-connected banking and international institutes.

Prospects of new glory for CBS in the Carter administration, however, did little to lighten the "somber" scene reported from CBS network's meeting with its broadcast affiliates in Miami Beach last week. The occasion for sobriety was current broadcasting president Robert D. Wussler's report to the affiliates... CBS, long number one in the ratings, has fallen to third place, behind its competitors NBC and ABC.

Conservatives To Buy Washington Star?

The Washington Star, D.C.'s only afternoon newspaper and the sole competitor to the *Washington Post*, may be acquired by conservative publisher John McGoff. McGoff is president of the sizable Panex chain of news dailies and weeklies in Michigan, plus the southern California daily Sacramento Union newspaper. When McGoff showed up in Washington last week, present Star owner Joseph Allbritton's name suddenly disappeared from that paper's masthead.

Numerous explanations have been offered Allbritton's move to re-designate himself as chairman of the board — and no longer publisher of the Star — including the idea that Allbritton is trying to "scare" his unionized newspaper workers into accepting a third year without wage

increases at the financially troubled paper by feigning a sale. Allbritton himself has offered "no comment."

Texas banker Allbritton bought the paper in 1974 from D.C.'s Kauffmann family, he has since been under pressure from the Federal Communications Commission (FCC) to divest his Washington media holdings of either the near-bankrupt Star or its less prestigious but more profit-making broadcast affiliates, WMAL-TV and radio.

A possible clue to the situation: John McGoff himself forced the FCC to invoke its little-used divestiture penalties against Allbritton after McGoff had lost a competitive bid with Allbritton to buy the Star from the Kauffmanns. Given the FCC's current actions, an offer from rival McGoff may now look good to Allbritton.

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