
EXECUTIVE INTELLIGENCE REVIEW

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EXECUTIVE INTELLIGENCE REVIEW

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IN THIS WEEK'S ISSUE

The Israeli invasion of Lebanon... the “new tough” **anti-Soviet, anti-SALT** line taken by President Carter...the **immediate angry Soviet response**...unprecedented levels of **terrorism**... the explosive events that last week defined the headlong rush toward a nose-to-nose U.S.-Soviet confrontation — all too possibly, **the beginning of World War III**... In the **INTERNATIONAL** report, Israeli’s military offensive is analyzed... in terms of what it means for the Mideast... and its relation to the **triumph of war-hungry Zbigniew Brzezinski** over White House policy-making...with a **sampling of the response** to Israeli action from the Soviet Union, the Arab states, and Western Europe... **Featured**: an **exclusive report** on the **mounting suspicions** that the March 11 PLO attack that provided the pretext for the Israeli invasion... may have been **linked to Israeli intelligence!**... with evidence from **security specialists** and intelligence analysts from several nations...

* * *

How can Mideast war... and the threat of worldwide holocaust... be **turned around?**... Two policy statements from the **U.S. Labor Party** pose the task before all sane forces in the U.S.... First, **a choice has to be made** between the psychosis of the so-called Israeli Lobby... and the **real interests** of both the

United States and Israel... Second, an immediate effort must be launched, together with the Soviets, for a **reconvened Geneva peace conference**... while Brzezinski and his factional allies are **cleared out** of all positions of power... The text of the Labor Party resolutions, in the **INTERNATIONAL** section...

* * *

As we go to press, the fate of former Italian Premier Aldo Moro is still unknown... Has British run terrorism **added another victim to its list?**...**COUNTERINTELLIGENCE** offers evidence of the **clear political purpose** of this “surrogate warfare” that should be enough to convince every responsible law enforcement and legislative official to crack down on terror **at its City of London source**... in an annotated grid of terrorism’s targets over the past year... **The pattern is unmistakable**: and the **qui bono?** points stright at London...

* * *

This week’s **U.S. REPORT** looks at both sides of the battle inside the Carter Administration, as it shaped up over a week that **severely tested** which way Carter will go...How the **Israel Lobby mobilized to force Carter** into the arms of the Brzezinski-Blumenthal-Schlesinger

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faction... and the issue that is galvanizing their prodevelopment opponents: **exports** and **a real future** for the U.S. economy...

* * *

The City of London command center has come **out in the open** with its economic program... and **ECONOMICS** has the story that explains where the clamor in the U.S. for "wage-price restraints" and "reduced oil imports" was **originally scripted**... The British-led **attack on the dollar in world money markets** is dissected.... with a hard look at the **failure of the U.S. -West German initiative** to stop the dollar's plummet...

* * *

But one bastion of Britain's policy has taken a **hard knock**... when Energy czar Schlesinger's "nuclear nonproliferation policy" was confronted with the "proliferation-proof" **Civex fuel cycle process**...In **ENERGY**, a report on Civex by nuclear engineer Jon Gilbertson...explaining **how the process works**, and how it's different from that used in conventional nuclear reactors...why the objections raised by the environmentalist no-growthers **don't hold water**... **Plus**: where the *New York Times* is getting its "expert advice" on energy...

Elsewhere in this issue: Our **LABOR** section examines the Institute for Policy Studies terrorists' efforts to scuttle the **latest try at a coal contract**... with a shocking exposé of how **the big-league press is creating terror** where the IPSers haven't...and in **LAW**, a report on the White House's role in the plans to **flood the U.S. with heroin** ... based on the **British model!**...

Brzezinski Stages Coup In White House:

Israeli Invasion Of Lebanon Hurls World Toward U.S.-Soviet Showdown

The Israeli invasion of Lebanon, raising the threat of a confrontation with Syria, has drastically raised the stakes in international relations and pushed the world closer to a Cuban missile crisis-style showdown between the United States and the Soviet Union.

As a result of the Lebanon invasion, the Cold War faction led by National Security Advisor Zbigniew Brzezinski has staged a coup within the Carter Administration, seizing control of the White House and plunging the country into a direct confrontation with Moscow. The State Department and its allies, sources report, have been shut out of policymaking.

The Brzezinski triumph was signaled by a sabre-rattling speech by President Carter on March 17. In a message that the *Washington Star* called the Administration's "new tough line," Carter warned in the strongest terms that present Soviet military policy is unacceptable to the United States, and threatened to unleash an arms race, effectively destroying the SALT talks. The Soviet Union, Carter warned, is pursuing an aggressive policy of "projecting its military power" around the world in hotspots like Africa, the Middle East, and the Persian Gulf, and had thereby undermined American public support for détente! Any Soviet attempt to pursue a war-winning policy would be tantamount to "national suicide," concluded the raving Carter.

Soviet response was immediate. Against the background of strong USSR warnings about Lebanon, Moscow — via TASS — condemned the Carter speech as "moving away from détente," an "alarming" provocation signaled by a "policy of threats."

Backing up its strong response, Moscow made a series of on-the-ground moves last week that left no doubt about the seriousness of the emerging crisis. A Soviet delegation arrived in Zambia, the *Daily Telegraph* reported, to plan for Soviet and Cuban assistance to the African front-line states in their war against the British-Rhodesia bloc. In the Horn of Africa, Moscow made it clear that it would not withdraw its forces from Ethiopia until there was a normalization of the regional situation, despite the Somali withdrawal, and Cuban Premier Castro echoed the Soviet statement. On the Middle East, the Soviets began the closest consultation with Syria and the Palestine Liberation Organization — after visits to Moscow by PLO Chairman Arafat and Syrian President Assad — and demanded an immediate withdrawal of the Israeli invaders, linking the U.S. to the invasion (see below).

From all indications, however, Washington is ignoring the pattern of Soviet activity and plunging ahead with its

confrontation policy. A virtual troika has assumed power, over Carter's head, composed of Brzezinski, Energy Secretary James Schlesinger, and Treasury Secretary Michael Blumenthal. Their goal is to effect a permanent alignment of American policy with Britain in both economic and military policy, namely a Cold War policy toward the USSR and a policy of Schachtian austerity and dollar collapse on the economic front. A crucial aspect of the Brzezinski-Schlesinger-Blumenthal thrust is to sever American ties to Saudi Arabia, the main prop of the dollar and the only source of additional petroleum supplies for the medium-term period.

War In Lebanon

According to the latest reports, the Israeli army in Lebanon is extending its presence and introducing a series of new elements into the already highly explosive situation. Despite reports that only a limited "mopping up" is taking place, it is apparent that Israel intends to expand its occupation to include the key port city of Tyre and possibly parts of the Hasbaya and Bekaa valleys in southeastern Lebanon as well. Israeli Prime Minister Begin stated defiantly that Israel would stay in Lebanon "indefinitely" until the security of Israel could be guaranteed by the Arabs, who must, in effect, dismantle the PLO! Physical evidence supported this concern, including the construction by Israel of roads and infrastructure that indicated that the Israelis were digging in for a long stay.

At least 25,000 Israeli forces are involved in the invasion. Air force jets hit targets as far north as Beirut, Damur, and Sidon, and for the first time the highly sophisticated F-15 fighter bombers were used in offensive actions. Hundreds of civilian casualties were reported in Lebanon, and some accounts told of atrocities committed by Israeli forces, including deliberate mass murder of Lebanese civilians and Palestinian women and children. In addition, Syrian and Saudi peacekeeping forces in and around Beirut have come under Israeli attack, but so far there has been no direct military response.

Immediately threatened was Syria, which, while maintaining close contact with the Soviet Union, has been extremely cautious in its response. The Syrians pledged the use of their Air Force to defend Palestinian camps in north and central Lebanon, and some Syrian troops have reportedly shot at Israeli jets, downing at least one. On March 15, the 30,000 Syrian peacekeeping troops in Lebanon were placed on alert, and then on Thursday the entire 227,000-man Syrian Army was

alerted. On the same day, Syrian President Assad received a letter from Soviet President Brezhnev.

The Israeli blitzkrieg followed a staged provocation on Saturday, March 11, when Palestinian terrorists seized an Israeli bus, an event that ended with a bloody massacre of several dozen Israelis by Israeli troops. The massacre whipped national emotion into hysterical demands for revenge, and gave Begin and Foreign Minister Dayan their pretext for launching the invasion.

State Department Isolated

Although the Israeli invasion of Lebanon was ostensibly aimed at crushing the PLO in Lebanon, in fact the operation has no real military objective. It is meant as a purely political provocation. It was launched in the midst of intensive U.S. and West German efforts, backed by Saudi Arabia, to establish the cornerstone of a new world monetary system initially by stabilizing the falling dollar and then pegging the dollar to the deutschemark at a much higher dollar value. This effort, which had the backing of the State Department and the Office of Special Trade Negotiator Robert Strauss, was wrecked by the Israeli terror and counterterror and the continuing refusal of Treasury Secretary Blumenthal to stop the dollar rout.

Throughout last week, the State Department played a rear-guard role in defending the national interest, but was increasingly isolated by the Brzezinski faction. After a paralyzing two days in which the Administration did not respond to the Israeli invasion, in the early evening of Thursday, March 16, the State Department issued a mild condemnation of Israel and demanded its withdrawal from Lebanon. Although this was a shift from previous Administration positions, which had virtually endorsed Israeli actions, the Thursday official statement did not set any time limit for the Israeli withdrawal. "The State Department virtually admitted Israel's right to invade Lebanon!" said a jubilant spokesman for the Israel Lobby.

An initial U.S. call for a United Nations peacekeeping force for the south of Lebanon was quickly wrecked by Israel, and Brzezinski forced the U.S. to go along. Israel demanded that any withdrawal by Israeli troops be linked to the arrival of an "active" UN force with "muscle" for use against the PLO, a condition that neither the Arabs nor the USSR could support — but the U.S. accepted the Israeli position. Thus, the specter loomed of a Soviet veto of the UN Security Council resolution, and apparently Lebanon is considering withdrawing its request for such a Security Council meeting.

Meanwhile, the Brzezinski forces' pressure on the Administration was stepped up to coincide with the crisis in the Middle East. In a speech to the Chicago Council on Foreign Relations Friday, March 17, Aspen Institute co-director Harlan Cleveland warned the President against breaking with Brzezinski. In his speech, which was entitled "The Carter Administration — Some Lessons He Should Have Learned," Cleveland declared that Carter had done well in his 1976 campaign because "his speeches were written by Zbigniew Brzezinski." He then went on to say that there would be a "Cabinet reshuffle which could go two ways — if Carter breaks with Brzezinski's policies now, he warned, it would mean a whole new leadership in the U.S. If Carter followed Brzezinski's lead, then the changes would be minor. Cleveland called the President inept without Brzezinski. This speech followed an article in the London *Times* of March 16, entitled "Carter at the Crossroads." The British paper warned that Carter faced major challenges, on the Middle East situation, the coal strike, the Panama Canal Treaty, with the fate of the Administration resting on how he handled them.

Earlier this week Senator Henry Jackson (D-Wash.), a key collaborator of Brzezinski and Kissinger, launched an all-encompassing attack on the President's domestic and foreign policies. Jackson at a press breakfast March 14 said an inadequate White House staff had made bad decisions and showed indecision on the Middle East, Angola, the Horn of Africa, the coal strike, precisely the issues the Administration began to handle in a more positive way this week.

White House spokesman Jody Powell acknowledged in his press briefing Monday that the President's special assistant, Hamilton Jordan, has been asked by the President to conduct an Administration reshuffle. Cleveland's wild statements reflect his associates' fears that this reshuffle may well mean the sacking of Brzezinski, Blumenthal or Schlesinger.

Columnist Eliot Janeway, who is close to Administration members, noted in the *Chicago Tribune* Tuesday, March 14, that the President was interested in firing Treasury Secretary Blumenthal but was afraid of anger from the business community. Joseph Kraft noted in his syndicated column the same day that the President should centralize all domestic policy in his hands and rely on the State Department and Defense Department for policy. This would necessitate some Cabinet ousters, he noted approvingly, but added that Carter might feel still politically too weak to do so.

EXCLUSIVE

PLO Terror: An Israeli-Concocted Pretext For War?

Suspicion is growing in intelligence and diplomatic circles in Western Europe and North America that the March 11 raid by supposed members of the Fatah Palestinian commando group into Israel was an operation contrived by British and Israeli intelligence to provide a pretext for Israel's massive raid into Lebanon this week.

During the past week, several knowledgeable analysts have contributed essential pieces of a developing composite picture of the March 11 operation.

The key elements of this picture are:

(1) Israel has for months been planning a major drive into Lebanon to consolidate a protectorate-buffer area along its northern border;

(2) Intelligence agency penetration of the Palestine Liberation Organization itself has made that organization more susceptible to the adventurist concoctions of "radical Palestinian extremists";

(3) that Israeli security forces committed extraordinary, and in some cases inexplicable, security lapses in the immediate hours leading up to the Fatah raid.

So compelling is this developing profile that the top security echelons of at least one Western European country are now privately admitting that "the entire Palestinian raid affair and its aftermath were coordinated by (Israeli Foreign Minister) Dayan."

Finding A Pretext

According to a knowledgeable U.S. Pentagon source, the Israeli raid "had been planned at least two months ago, and Israel only needed a pretext" to begin the attack.

A noted U.S. expert on Arab affairs likewise claimed in a March 16 interview that "the PLO has been warning for two years that Israel would be looking for a proper opportunity to mount a major assault into southern Lebanon."

Also on March 16, the *Financial Times* of London, in a feature discussing the background of Israel's actions this week, noted that during the summer of 1977 Meir Amit, former head of Israeli military intelligence and now Minister of Transport in the Begin government, had pushed the idea that Israeli intervention in Lebanon could be used to "illustrate the need for differentiating between political and security borders."

More recently, as the peace talks between Egypt and Israel began to falter, rumors began to spread that a major Israeli move in southern Lebanon was in the works.

By mid-January, fighting flared in the south. On Jan. 16, according to the Qatar News Agency, military commanders of the "Progressive-Palestinian Alliance in southern Lebanon have warned that Israel is preparing to launch an aggression against southern Lebanon soon." On the next day, the same news agency quoted Fatah second-in-command Abu Iyad as warning that "Israel is preparing to launch an attack on the Lebanese and Syrian fronts" the aim of which would be to "occupy new Arab territory, which this time could be in southern

Lebanon, in an attempt to obtain new Arab concessions."

Days before the Fatah raid, the March edition of the London-based *Middle East International* weekly ran a banner feature entitled "Lebanon: Gathering Storm in the South." The piece affirmed:

...There is a growing fear amongst Lebanese and Palestinian circles that the coming months will bring a major tragedy in South Lebanon. It is suggested in various quarters that plans are afoot to put a final end to the armed Palestinian resistance, and at the same time to inflict a crippling defeat on the Lebanese progressive forces which largely control the south of the country...

...Israeli interest in South Lebanon is nothing new. They want a depopulated no-man's land on their northern border as a security buffer zone ... Fighters of the nationalist movement, both Christian and Muslim, stationed at military posts near the border, expect to face a major onslaught either from the Christian forces in the south, or from the Israelis directly within the next few months ... The Israelis ... having tested international opinion by bombing a few Lebanese villages, are aware that they can if necessary carry out attacks on Lebanese territory without arousing much international protest or retribution.

Virtually on the eve of the Fatah raid, the March 9 *Jerusalem Post* reported an assertion by Israeli Deputy Prime Minister Yigal Yadin that "Israel would continue to protect the Christians in south Lebanon from terrorist attacks." Israel is "closely following developments in Lebanon" and would "take such action as it sees fit."

On March 10 — one day before the Fatah raid — the *Post* reported that the commander of Lebanon's Christian-rightist militias had "expressed his disappointment with the lack of Israeli intervention" in the South and even went so far as to accuse Israel of "betraying" the Christians of Lebanon.

The Palestinian Angle

In a March 16 interview, a leading Palestinian supporter in the U.S. charged that "British and Israeli intelligence are carrying out destabilization operations within the PLO and this bears immediate investigation by responsible agencies."

Indeed, in recent weeks, there has been a marked upsurge of anti-Israel extremist rhetoric within the Palestinian movement, and several challenges to the authority of PLO Chairman Yasser Arafat from the "rejectionist" wing of the Palestinians. This process can in part be explained as an abreaction to Israel's adamant refusal even to discuss the Palestinian self-determination issue in regional negotiations. But it is also the result of continuous infiltration of the PLO by agents provocateurs.

Over the past two months, a slew of assassination threats against Arafat have led an unprecedented effort to splinter the PLO and replace it with an "alternative" Palestinian movement controlled by Britain, Israel, and British-tained networks in Egyptian intelligence.

Elements of this operation were evidenced in last month's Egyptian commando raid into Cyprus. Notably, the terrorists who raided Israel on March 11 were reported to have come from Cyprus — the notorious center of British operations in the Middle East.

Also noteworthy is that Arafat was not in Beirut during the March 11 commando raid into Israel. There is some speculation that Arafat didn't assent to the operation and that the Fatah's claim of credit for the action may have been the action of British-influenced elements within the organization.

Along the same lines, the Vienna spokesman for the PLO, Ghazi Hussein, stated on March 16 that the guerrilla raid into Israel "did not go according to plan," since "the operation had been aimed at military targets ... the killing of women and children in the raid was regrettable."

Hussein asserted that "the PLO is not fighting a war against women, children, and civilians but against the military occupying power. But sometimes guerrilla operations do not run as planned. Sometimes the campaigns by underground organizations in World War II against the Nazi occupiers also went wrong."

Israeli "Security Lapses"

The March 11 event was also characterized by what one former Israeli parliamentarian labeled "inexplicable security lapses" on the part of Israel. So great were these lapses that the suspicion must be entertained that

significant elements within Israeli intelligence *wanted* the raid to happen and to result in a bloody mess.

According to France's *Le Matin* of March 15, a faction of Israeli security with special training in counterterror deployments warned the heads of Israel's Defense Forces on the eve of the Fatah raid that such PLO action was imminent. Despite these warnings, *Le Matin* reports, only very sparse security measures were taken and a special armed unit near Tel Aviv was left stranded away from the exposed area because Israeli transport drivers were away for the weekend!

The Israeli parliamentarian speculated that the lapses were in part due to the recent death of Israeli counterterror chief Amilhai Paglin, who died in a car accident late last month.

Circles in Israel have been pushing this week for the formation of a special commission of inquiry to investigate the lapses.

There are questions to be answered about the actions of the Israeli security forces even after the terrorists had hijacked the bus. According to *Le Matin*, the security forces have been criticized for not allowing the bus to ride all the way into Tel Aviv, where reasoned counterterror measures could have been launched, thus sparing lives. Instead, Israeli forces wildly shot at the bus at a roadside cordon, causing the bus to explode and significantly raising the death toll.

Then, three of the terrorists "escaped" from the burning bus and roamed through the Israeli countryside, providing a pretext for a massive seal-and-search operation by Israeli police units; the imposition of the first curfew in Israeli history for 300,000 residents of adjacent areas; and whipping up of the population into even greater intensities of hysterical rage.

Soviets Hold U.S. Responsible For Middle East Crisis Outcome

In authoritative statements issued after Israel's invasion of Lebanon March 14, the Soviet Union charged the United States with responsibility for arming Israel and approving the incursion. On March 15, the Soviet news agency TASS stated that the operation launched by Israel was possible only by virtue of direct U.S. support.

TASS was empowered on March 16 to state that "what is happening in Lebanon is not a local conflict, but a premeditated strike against the Arab liberation movement and the possibility of a settlement in the Middle East." According to Eastern European radio reports, "TASS demanded the immediate withdrawal of the occupying troops from southern Lebanon. The Tel Aviv government bears sole responsibility for the new dangerous situation in the Middle East."

"In the judgment of the USSR," continued TASS, "the occupation of Arab lands by Israel and its trampling on the legitimate national rights of the Palestinian people create a situation conducive to military conflicts and leads to serious consequences."

The radio reports also referred to an article in *Pravda*, charging that the Israeli operation was carried out "with the knowledge and agreement of the United States."

Soviet Army Paper: Beware of "Nuclear Arms Race" in Mideast

On the eve of the latest crisis, the Soviet military paper, Red Star, warned that war in the Middle East could mean nuclear war. The article, titled "The Nuclear Ambitions of the Israeli Militarists," appeared on March 11 under the byline of R. Nikolaev.

The world press has reported more than once that Israel has at its disposal not only the means to deliver a nuclear weapon, but the nuclear weapon itself.

...At the time of the 1973 war, Israel — and this the weekly *Time* confirms — was ready to use the mass destruction weapon it possessed: the atomic bomb. In

other words, at that moment, the Middle East was at the brink of a devastating atomic war....

Until the 1973 war, Tel Aviv officially denied any reports by the foreign press on Israel's development of a nuclear weapon. However, the October 1973 war showed that by ordinary means the Zionists could no longer achieve a clear superiority over the Arab armies. That is why the Israeli "hawks," not wanting to give up their

Soviets Warn Carter Policy 'Threatens Buildup Of Tension'

The Soviet Union harshly denounced President Carter's March 17 defense policy speech at Wake Forest University that same day, in a lightning-fast response which termed Carter's comments "alarming." The official Soviet news agency TASS declared the speech incompatible with Carter's earlier expressions of peaceful aims, and warned that the U.S. President was moving from a policy of detente to a policy of "threats and a build-up of tensions."

In a separate response to the ominous prominence of National Security Advisor Zbigniew Brzezinski in the making U.S. foreign policy, *Pravda*, March 16, issued a new, authoritative article warning the U.S. to stop delaying the SALT negotiations. According to summaries in the *Baltimore Sun* and on East German radio, *Pravda* said that U.S. foreign policy appeared incoherent and deplored the "contradictory statements made of late in Washington, including the White House." This mention of the White House is significant, because until yesterday's denunciation of Carter and this pointed attack, *Pravda* was confining its chief criticism to National Security Advisor Brzezinski.

Pravda commented that if U.S. officials "merely pretend that the U.S. is in favor of (SALT), while in reality having quite a different purpose, such a stand cannot be maintained for long, for the truth will be revealed.... The U.S. will be fully responsible for the consequences of a further delay of the SALT agreement.... The U.S. should understand that the patience of the Soviet Union is not without limits and that the U.S. should understand what is at stake if there is a further delay of the SALT agreement." *Pravda* specifically attacked the linkage of SALT to African affairs.

Soviet ambassador to the U.S. Anatoly Dobrynin has flown home to Moscow for consultations.

In another *Pravda* article March 15, the Soviets predicted that with the failure of the "Ogaden operation" on the Horn of Africa (referring to the ongoing border dispute between Ethiopia and Somalia) the "hot spot" focus would shift to the Eritrean rebels within Ethiopia. The article signals that Moscow is not going to pull its advisors out of the area until the situation is completely stable.

expansionist policy in relation to Arab land, stopped hiding their nuclear ambitions.

The nuclear-missile preparations of the Israeli aggressors, encouraged by American circles, cannot but call forth the most serious apprehension from Arabs as well as the whole world. The Soviet government warned of these dangers in a statement on the Middle East, published April 29, 1976. It said, in particular, that "Israel is continuing to accumulate weapons on an enormous scale. The United States of America is sending there various modern weapons, including missiles capable of carrying both conventional and nuclear warheads. In this connection, the reports that Israel is creating or has already created its own nuclear weapon are alarming."

But deliveries of American arms, some of which are potential carriers of nuclear warheads, are continuing. It is evident that the introduction of the atomic element into the Middle East crisis not only does not bother Washington, but actually corresponds to long-term American plans in the region. There is no doubt about the goals of the U.S.-Israeli nuclear intrigues: to intimidate the Arab states and compel them to give up on the liberation of the extensive territories occupied by Israel....

But playing with nuclear weapons is playing with fire, a dangerous game. Tel Aviv's atomic pretensions, relying on support of their overseas patrons, could turn the Middle East into an arena for a race of nuclear weapons, which would avert for a long time to come the achievement of a long-lasting, firm and just peace in the region.

Arabs Stress International Help In Solving Mideast Crisis

The Arab world has made a carefully calculated response to this week's invasion and massacre of Palestinians in Lebanon. While universally condemning the raid, the Arab nations have made it clear that they want not revenge, but an intervention to restore order in the Mideast by the international community, especially the Soviet Union and the United States. In the case of the Egyptian response to the incursion, that country continued to stress that it was not bowing to pressure to sign a separate deal with the Israelis.

Syria's restraint in responding directly to Israel's invasion of southern Lebanon should be viewed as a signal by the Soviet Union to the U.S. that it should exercise its political leverage inside Israel. To date, the Soviet Union remains Syria's closest ally and protector, as a result of the mutual defense pact signed in Moscow recently by Syrian President Hafez Assad and Soviet head of state Brezhnev. Immediately following the Lebanon invasion, the Syrian government summoned the ambassadors of France, West Germany, the U.S., the Soviet Union and China to the Foreign Ministry to demand that their governments, the permanent members of the United Nations Security Council, "take the necessary steps to end the Israeli invasion."

Syrian radio also announced that it had put "air defense units at the disposal of the Arab peacekeeping

forces in Lebanon." In addition, Syria's 30,000 troops in Lebanon, which make up the bulk of the peacekeeping forces commissioned by the Arab world to maintain peace there after the 1975 Lebanese civil war, were put on a state of high alert. Assuring Syrian firm support for the PLO, Foreign Minister Khaddam sent a message to PLO head Yasser Arafat detailing his country's backing for the Palestinian population.

The Algerian newspaper *El Moudjahid* declared March 14 that "Israel was seeking the genocide of the Palestinian people and intended to pit the Lebanese against the Palestinian population." In messages to Lebanese president Elias Sarkis and PLO head Yasser Arafat, Algerian President Houari Boumediene affirmed Algeria's full support for the Lebanese and Palestinians.

No Separate Peace

Meanwhile, official statements from the Egyptian government indicate that President Sadat is not leaning in the direction of a separate peace with Israel and is instead pursuing a course of action similar to Syria's. Egyptian Foreign Minister Kamel denounced Israel's actions against Palestinian citizens as "organized genocide" and aggression that harmed Cairo's peace efforts. Speaking to a group of reporters, Kamel said that "the Israeli invasion aims at the complete annihilation of the Palestinian people" and was a "flagrant violation of Lebanon's sovereignty." He then called on France, West Germany, the U.S., and Great Britain to intervene immediately "to stop Israeli aggression." The Foreign Ministry also issued a statement in which it condemned the Israeli action as "a new and dangerous escalation of events in the Middle East."

In his first public statement issued after Israel's raid into Lebanon, Sadat delivered a stinging denunciation of the attack "with even more vehemence" than his condemnation of the Palestinian terrorist raid of March 11. According to the March 17 *New York Times*, "Egypt has left the impression that it would adopt a much tougher policy if the Israelis held onto the border strip seized in the invasion." While calling for an emergency session of the Egyptian Security Council, Sadat said: "In this Arab-Israeli conflict, Israel should know that force will not provide security, others' land will not provide security, others' sovereignty will not provide security."

Egypt's open criticism of Israeli actions indicates that Israeli Foreign Minister Moshe Dayan's latest offer has been flatly rejected. According to Dayan's gameplan, the "Fatah" raid in Israel was to be used to bring about a definitive break by Egyptian President Anwar Sadat with the PLO. Sadat's relations with the PLO have been strained after that organization was implicated in the fighting between Egyptian commandos and Cypriot national guardsmen last month at Cyprus's Larnaca airport.

The Saudi Response

The Saudi response has brought into relief the crucial role which the Carter Administration must play in curbing Israel's actions. Hinging on Carter's willingness to intervene to stabilize the Middle East is whether Saudi

Arabia can continue to support the dollar and assure the United States an unlimited and price-controlled supply of oil.

The Carter Administration also faces the important decision to sell Saudi Arabia a series of the advanced F-15 jet fighter. Saudi Arabia has let it be known that it would consider any delay on the part of the Administration to be a negative response and would go elsewhere for the planes. King Khaled addressed his call directly to President Carter to "influence the Israelis to end their attack," and said that the Israelis launched their operation in "direct challenge to Mr. Carter's advice and disregard of his efforts to reach a just and lasting peace in this sensitive part of the world." The Saudi Arabian ambassador to the U.S., Ali Abdullah Alireza, said, "The Israeli invasion of Lebanon must be viewed with great concern" and that "such actions can only escalate violence and disruption in the region."

Italian, West German Press Denounce Invasion

The European reaction to the Israeli invasion of Lebanon has been either to condemn the invasion outright, as did the Italian and certain West German newspapers, or to adopt a wait-and-see attitude while gauging American reaction. In no case, it should be noted, did any European institution praise the invasion.

The Italian Foreign Ministry, on Mar. 16, issued a communiqué stating: "Israel's military action in southern Lebanon elicits maximum preoccupation. Such a deplorable initiative into the territory of a sovereign state which is a member of the United Nations introduces further obstacles in the already difficult task of national reconstruction and reconciliation courageously undertaken after the tragic episodes of 1976 by the Beirut government."

L'Unità, the daily of the Italian Communist Party (PCI), on Mar. 15 called the invasion "a large-scale operation conducted with the cooperation of the right wing in Lebanon.... United States Secretary of State Vance was trying to persuade the Israeli Ambassador in Washington all day Monday not to go ahead with the invasion."

The Federal Republic of Germany as of Mar. 15 had not issued an official statement on the invasion, but sources in the West German Foreign Ministry said, "we are watching the events carefully and with worry, with the rest of our European partners." However, the same source expressed his inclination to accept Israeli justifications for their invasion at face value, referring to Israeli Defense Minister Weizman's statement that the invasion was just a "limited operation and that we hope that Syria and the world will understand that."

The Schmidt government, however, refused Israel's demand that PLO representatives in Bonn be ejected from the BRD.

Although most of the West German press is crippled by the printers' lock-out, a few regional dailies closely connected to West German Chancellor Helmut Schmidt's ruling Social Democratic Party were published, with severe criticism of the Israeli operation. The March 16 *Mannheimer Morgen* asks: "Why did Israel decide to

make this intervention? It should be generally well known that (PLO Chairman) Arafat does not have the international reputation he had before. A political intervention to establish peace in the Mideast would have been more suitable than this military action which may only lead to higher levels of confrontation. It is up to Israel to make positive steps now."

The March 16 *Ruhr Nachrichten* in Dortmund wrote: "What Israel is doing in Lebanon can only lead to further escalations and may have consequences like what we

know from Mideast confrontations in the past."

The *Südwestpresse*, in the Stuttgart region, published the strongest condemnation of Israel to come from West Germany in many years: "By its invasion of Lebanon, Israel went far beyond what otherwise could be justified as a mere retaliation for the terrorism. By this invasion, Israel is fueling tensions which may lead to general war in the region, as soon as the Arabs are driven into a hard line position by the invasion."

Israel Massacres Palestinians In Lebanon

Reports from Lebanon are fast confirming Egyptian Foreign Minister Mohammed Ibrahim Kamel's charge that the Israeli military incursion into the country is nothing less than "organized genocide".

The Israeli invasion—the largest military action since the 1973 war—began as a three pronged attack, with Israeli forces moving toward Naqura on the Mediterranean coast, Rmeiche on the south central border, and the eastern Arkub region near Mount Hermon. After seizing a strip four to six miles wide along the 60-mile border, Israeli troops concentrated their attacks on the key port city of Tyre and into the Arkub, to further extend their positions to the south. Heavy shelling of Nabatiye, situated several miles north of the Litani River, was also reported as another sign of Israel's intentions to continue the offensive.

In launching the operation into Lebanon, Israel announced that "special Palestinian operations centers" as well as refugee camps would be targeted, giving the invading Israeli forces license to massacre the population at will.

The Israeli attack was hardly limited to the south. Israeli jets bombed and strafed population centers as far north as Beirut, leaving hundreds dead or wounded. A particularly vicious assault was carried out on Damur, a town located 10 miles south of Beirut on the Tyre-Saida-Beirut coastal highway. Badly destroyed during the 1975-76 Lebanese civil war, Damur nevertheless was home to thousands of the survivors of the Christian siege of the Tel Zaatar refugee camp in the summer of 1976.

At noon on March 15, a flight of two F-15 fighter bombers and three Mirage jets made three bombing runs completely destroying the city in 40 minutes. Thousands of refugees fleeing on the coastal road were also bombed and strafed. According to an eye witness report from Agence France-Presse reporter Ignace Dalle, the road was littered with bodies. "It is impossible to know how many victims there are," he reported. Automobiles packed with refugees were transformed into "mountains of charred metal." Dalle continued: "The inhabitants are fleeing without knowing where they are going... The anguish that a new raid may follow is fanning the panic...

Women, covered with tears and dragging terrorized children, are hurling themselves to the highway trying to hitch a ride."

The Israeli jets then dropped heavy bombs on Uzai, a residential area outside Beirut, adjacent to the Beirut Airport, flattening 300 to 400 yards of one and two-story houses. Of the 40 killed in the raid, none were reported to be Palestinians. Many people were buried alive.

In both the Damur and Uzai bombing raids, several civilian centers were hit, including a hospital. In an interview with Associated Press correspondents, Dr. Fathi Arafat, brother of PLO leader Yasser Arafat and a physician at a Beirut hospital, pointed to a wounded woman and two white sacks containing the bodies of children and stated: "Do these look like military targets to you? They rocketed the camps indiscriminately."

In the south, Tyre remains a prime target of the Israeli forces. Blockaded from the sea by Israeli gunboats, Tyre is being bombed from the air, shelled from the sea, and attacked from the south. March 15, panic-stricken inhabitants fled to the north along the coast road, only to find Israeli fighter bombers striking at the northern urban centers that Israeli leaders had pledged to spare. Several Palestinian refugee camps near Tyre were also attacked. A doctor at an hospital in Tyre criticized the Israelis for deliberately obstructing access to the Rash-diye refugee camp for more than one hour.

In the towns and villages strung along the border region, heavy house-to-house fighting took place, with strong resistance put up by Palestinians at Bint Jbeil. "We are not going to let ourselves be annihilated," said one Palestinian soldier, as the Israeli troops moved into isolate and wipe out "pockets of resistance", later defining these "pockets" as "anything to do with the Palestinians — bridges, houses, vehicles, as well as military installations." Before moving into the region, the Israeli Air Force conducted heavy air strikes, followed by artillery barrages lasting in some instances for as long as eight hours without pause, clearing the way for tank-led assaults.

—Nancy Parsons

Dump The Jewish Lobby For Mideast Peace

It has come down to a choice between the psychotic Jewish Lobby or the survival of the U.S.

Israeli Prime Minister Menachem Begin — the Britain-hater whom the British wrap around their little finger — announced today that the genocidal Israeli raid into Lebanon is over. Over, that is, except for the six-mile strip across southern Lebanon which the Israeli army intends to occupy until they have “assurances” of Israeli security. Over, especially for the unknown hundreds of men, women, and children who were massacred by Israeli airraids on Palestinian refugee camps, and carried away in gunny sacks to be buried in mass graves.

Begin’s announcement confirms that Israel was indeed carrying out its murderous, psychotic blitz on a British leash that stopped them just short of an invasion of Syria and the precipitation of World War III. The question, as it was at Sarajevo in 1914, is: will the leash hold?

THE BRITISH PLAN

The British plan went into effect sometime last Friday or Saturday *before* the Al Fatah attack on Israel. That attack was an exact rerun of Hitler’s 1939 Polish operation — a deliberate setup, to perpetrate terror, to justify the *preplanned* Israeli Anschluss into Lebanon.

preplanned Israeli Anschluss into Lebanon.

The goal of the Israeli atrocity was threefold: 1) systematic mass extermination of the Palestine population and their leadership in the Palestine Liberation Organization; 2) an escalation of international terrorism by so-called Palestinian terrorists run by British Intelligence; and 3) the destruction of developing political agreements between the United States, Europe and OPEC nations toward support of the dollar based on high-technology, economic development programs.

The first of these operations, under cover of nauseating Jewish hypocrisy over the murder of one of their children to every hundred Palestinian infants, has already made considerable headway. The second is inevitable once Israel’s butchery is publicized. The third has been announced blatantly in the editorial pages of the New York Times and London’s Guardian today, as well as from the mouth of London agent-of-influence G. William Miller at the U.S. Federal Reserve. Cut oil imports and impose wage and price controls on the U.S., goes the line. Put the U.S. under the heel of the International Monetary Fund.

It is obvious to every banker sitting in London, and to not a few investment and commercial bankers in the U.S., that these “fiscal conservative” measures to “save

the dollar” will send the whole world into the hellhole of genocide and disease which Britain has created in all of her colonies. It is equally obvious that the Israeli blitzkrieg in Lebanon calls into question the relationship of Saudi Arabia, the financial bankers of the PLO, with a United States that condones the genocidal activity of its client state. Having failed to pry the Saudis and Europe away from collaboration with the technological giant, the United States, the British have moved against the vulnerability of Europe and the U.S. in the Middle East. The financial destruction of the U.S. they failed to accomplish by persuasion and assassination, they now plan to accomplish with genocide and regional war.

THE JEWISH LOBBY

It is by no means clear that the Israelis will stop where they’re told. The Syrians have already taken limited action to stop the butchery in Lebanon. If the Israelis take any action against Syrian bases in Syria, they will immediately bring Syria’s military ally, the Soviet Union into the confrontation. Unless the U.S. joins the Soviets in bringing Israel under control, that means one thing only: World War III.

So far the U.S. Administration has been paralyzed, supine before the “Jewish Lobby,” has turned its back on the butchery of Lebanese and Palestinians for 20 years, while self-righteously bleating over the death of each innocent Israeli. What kind of morality is it that raises cries of outrage every time an Israeli civilian falls victim to terror, and bellows and belches in smug contentment every time hundreds of thousands of Lebanese or Palestinians are butchered? If the U.S. government had followed the lead of the Jewish Lobby with Henry Kissinger and Henry Jackson at its head, Israel, and more, would have been obliterated a long time ago.

To Americans, unlike the psychotic Menachem Begin, genocide is morally repugnant. The U.S. cannot endorse genocide under any pretext. Carter must be freed from the Jewish Lobby, and their frontman Brzezinski.

While Henry Kissinger is leading the Republican National Committee around by the nose and Sen. Henry Jackson is scooping out dung in the names of the Democratic Party leadership, the majority of American businessmen, trade unionists, and scientists have rejected the brinkmanship of the Jewish Lobby. It is this majority which must get its message through to Jimmy Carter and those elements of the U.S. Administration who want to avoid World War III.

SUPPORT THE LABOR PARTY

The Labor Party has a plan for Middle East peace, a plan already being widely discussed in U.S. and foreign government, scientific, and industrial circles, a plan totally technically and politically feasible. The core of this plan is joint economic development for Israel and the Arab countries based on nuclear and agricultural projects financed by U.S., European and Soviet credits and technological input. Israel has to do nothing but recognize the PLO and withdraw to her recognized borders, and peace, progress, and security will be hers.

If she won't do it voluntarily, the U.S. and Soviets must impose it in the world's interest.

The U.S. Labor Party program is the only one that will work. Right now Carter is being insulated from this program by Brzezinski, Schlesinger, and Blumenthal. To shake him loose, your voice must be heard.

Declare your support for the Labor Party Mideast program. Announce you agree with the Labor Party's demand to oust British agents Brzezinski, Schlesinger, and Blumenthal. Speak out for the Labor Party and America. It's the psychotic Jewish Lobby or the U.S.

An American Policy For The Middle East

An Israeli-PLO Accord At Geneva

The United States of America must immediately join with the Soviet Union in a joint effort to reconvene the Middle East peace talks at Geneva in order to prevent the ongoing serious deterioration of the Palestine conflict from sliding toward general war. President Carter and Secretary of State Vance should announce that the national interest of the United States fundamentally requires that a peace settlement be imposed with utmost urgency, and that the Egypt-Israel bilateral talks have failed.

The situation demands that the Administration be brutal. The President must seek a national consensus behind the policies outlined below, and make use of the enormous weight of Presidential prestige to rally American public opinion. The posturing of loud-mouthed Congressmen and the broken-record braying of the Israel Lobby should be branded, not so subtly, for what it is: Treason. And the leading upholders of the inglorious Lord Balfour tradition in the American Cabinet, James Schlesinger and Michael Blumenthal, must be made to join the ranks of the unemployed.

The President must read the riot act to Israel. No dramatic ultimatums will be necessary; but a firmly delivered statement to the Israelis — that their childish and hypocritical policy must change, and change radically — will be effective if it is coupled with an unequivocal refusal to underwrite Israeli military adventurism. Israel is an American client state, and should be treated as such. Under such circumstances, the despicable irresponsibility shown by virtually the entire Israeli leadership will come to an end, and a responsible group of leaders will emerge to bring Israel peace.

The terms of a Middle East settlement are quite simple. Israel must be compelled to come to an agreement with the Palestine Liberation Organization on a permanent division of historic Palestine into two states, one Jewish and one Arab. Such an arrangement would be endorsed without hesitation by the Arab world, and would bring about a stable set of peace treaties between Israel and its neighbors. The responsibility of the United States, together with its Western partners and the USSR, is to underwrite the political agreement with a package

of economic development credits, capital, and technology.

There is no alternative to such a policy. To fail to act in such a manner is to give the City of London and Henry Kissinger a license to murder peace in the Middle East. President Sadat, Prime Minister Begin, and PLO Chairman Yasser Arafat have proved themselves incapable of negotiating a settlement alone. In the best interests of the parties concerned, Washington and Moscow should impose a solution — ruthlessly ignoring squawks of protest from Israel and from irredentist Palestinians.

AMERICAN NATIONAL INTEREST

There is no question that a permanent peace in the Middle East is a matter of the most urgent national interest. First, in strategic terms, the security of the Middle East is intimately related to a stable East-West balance in global terms, and any attempt to shift that strategic balance unilaterally by confrontation in the Middle East is certain to plunge the world into thermonuclear holocaust. The anti-Soviet "step-by-step" diplomacy of Henry Kissinger, which was aimed at expelling Soviet influence from the Arab world and the Persian Gulf, and which is the guiding philosophy of Zbigniew Brzezinski, is a suicidal game of chicken.

Second, for the next ten years, the oil-producing nations of the Persian Gulf, particularly Saudi Arabia, will be the sole available source of petroleum for an expanding world economy. Until advanced forms of nuclear power, including fusion energy, can be brought on line, the industrial might of the Western world must depend on Saudi Arabia. That fact, which is unchallengeable, makes political stability in the area imperative.

A stable Middle East will free the Arab states to develop healthy economic ties to both the Western industrial and Comecon sectors, and long-term oil-for-technology arrangements between OPEC and the industrial world will replace the shaky and uncertain price and supply relationships that now prevail. The Arab surplus petrodollars will be made available to help finance a vast

expansion of industrial output in the West and to fund a Renaissance in the Middle East itself, in which the state of Israel will benefit enormously.

These considerations largely motivated President Nixon and then Secretary of State Rogers in the period after 1969. In conjunction with the Soviet Union, Nixon and Rogers sought to propose an equitable Middle East solution and brought to bear the full weight of the United States to achieve this objective. Plans initially developed in the Eisenhower Administration for regional nuclear power development were updated and put forward as concrete proposals. Careful diplomatic moves were set into motion to win Israeli and Egyptian support for the Rogers Plan, in the framework of the United Nations.

But, as history records, from his command post at the National Security Council Henry Kissinger worked tirelessly to undermine the Rogers initiative. Under Kissinger's guidance, Jordan exploded in bloody civil war in 1970-71. In 1973, Dr. Kissinger ousted Rogers and replaced him as Secretary of State just weeks before the October 1973 war. And, with the advent of Kissinger's shuttle diplomacy, a civil war wracked Lebanon from 1975 through 1976.

Now, Brzezinski, Schlesinger, and Blumenthal have formed a troika in the Administration to continue the Kissinger method. They and the "Israel Lobby" have entered a conspiracy to destroy the U.S.-Saudi relationship — and the U.S. dollar — and force America into Nazi-modeled austerity and autarky. In the United States, a great deal of the political power of the industrial faction associated with the Rockefellers, John Connally, and Bert Lance is dependent on Saudi Arabia, and a rupture of the American-Saudi relationship would vastly weaken that faction relative to the Lazard Freres monetarist clique that sponsors Blumenthal, Felix Rohatyn, George Meany, and the Israel Lobby.

WHY SADAT FAILED

The Sadat initiative begun with his state visit to Israel in November 1977 did not necessarily have to end in failure. Sadat's action came as a desperate response to a growing crisis in which the Kissinger forces and the Israel Lobby had paralyzed the Carter Administration with respect to the Oct. 1 joint U.S.-Soviet statement on Geneva. His goal was to achieve a joint Egyptian-Israeli "statement of principles" in which Israel would commit itself to recognize Palestinian national rights.

The collapse of the Sadat initiative is directly to be attributed to the intervention of British Intelligence through the exercise of a powerful international apparatus involving key agents-of-influence not only in Israel, but in Egypt, the PLO, Iraq, Libya, and Western Europe. Inside Egypt, the clique of fervent Anglophiles associated with the pre-Nasser regime of the perverted King Farouq, now centered around the Cairo daily Al Akhbar and Prime Minister Mamdouh Salem, have a powerful hold over the Egyptian President and his entourage. The various factions of the PLO are ridden with rabble-rousing extremists who recall the anti-Jewish fanaticism of the Nazi Mufti Haj Amin al-Husseini, and can be traced to explicit British Intelligence channels through "radical" Arab nests in Iraq and Libya, but which primarily operate from British safehouses in Jordan and Iran. It was this rise in power of British in-

fluence in the region recently that was welcomed by Israeli Foreign Minister Dayan upon the visit of Foreign Secretary David Owen to Israel and Jordan last month.

At the time of Sadat's trip, he had valid reason to believe that Begin, who is by no means a British stooge like Dayan, might be able to rise above the organized psychosis that passes for Israeli politics and lead the nation to a compromise for peace. The qualities of a statesman were not absent in Begin, and at the start it was apparent that Begin had begun to move toward peace. For the first time, the Israeli state acknowledged that the Palestinian problem was the core of the conflict in the Middle East.

But gradually, Begin's position hardened. After a visit to the United States in December, Begin increasingly became a prisoner of Dayan and the hawks in the Cabinet, and as a result the Christmas Day summit between Sadat and Begin in Ismailia, Egypt, was a miserable failure. A deterioration began, in which the deeply religious Jew and holocaust-dominated Begin was more and more provoked into intransigence. Within Israel and Egypt, British Intelligence networks began an anti-Palestinian putsch, aimed at cutting loose Sadat and Begin from their commitment to a Palestine resolution, and pushing them toward a separate peace. With Sadat's — and King Hussein's — refusal to travel that route, the deadlock was complete, the talks broke down, and the stage was set for the Israeli blitzkrieg into Lebanon.

During this process, the United States failed to recognize the ongoing deterioration and threat of war. Under pressure from the City of London agents in his Cabinet and from the Jewish lobby, Carter insisted on what proved to be hopeless efforts to breath life into the dead Israel-Egypt talks. Thus, the world was to watch the pathetic spectacle of State Department Undersecretary Alfred Atherton being batted helplessly back and forth like a shuttlecock from Cairo to Jerusalem to Amman in search of an impossible formula.

Throughout this period, neither Egypt, Israel, nor the PLO exhibited the necessary political responsibility for actual peacemaking. Sadat, blinded by anticommunism and forced to deal with a hardened pro-British faction within the Egyptian establishment, blundered his way into isolating Egypt from its Arab allies, from key African countries, from Cyprus, from the PLO, and from the Soviet Union. Begin proved sadly incapable of filling the role of the world-historical statesman into which he had been cast. PLO Chairman Arafat, instead of leading a disciplined Palestinian government-in-exile, found himself weak and unable to control the extremist and terrorist factions of the Palestinian movement, which culminated in the successful effort of British Secret Intelligence Services to implicate Arafat's Fatah organization in the March 11 terrorist atrocity in Israel.

ISRAEL'S PROPER ROLE

Provided that the United States takes the situation in hand and determines to crush the "rejection front" on both sides of the Arab-Israeli conflict, then Israel will have an important role to play in the future of the Middle East. Otherwise, the state of Israel is likely to disappear in a radioactive cloud.

First of all, it should be made clear that informed Israeli circles are fully aware of the enormous leverage

that Israel has by obstructing a Middle East peace. A recent conversation with an active Israeli Intelligence officer revealed the extent of this irresponsible cynicism: When apprised of the tremendous importance that the U.S., Europe, and the Arabs place on a stable Middle East, including its implications for urgent efforts to establish a workable new monetary system and a coherent energy policy, he replied, "Then all this can be blocked if we refuse to cooperate, can't it?"

It is that kind of remark which provides some justification for the view that Israel — if it refuses to cease its actions in Her Majesty's secret service — may do more than "call into question its justification to exist," as the Soviets wrote in 1956. It may forfeit its right to exist at all.

Surely not all Israelis intend so cynically to hold the world hostage to their distorted concept of the Israeli security. In the context of a no-nonsense American ap-

proach to Israel, which is totally dependent on almost an hour-to-hour basis on U.S. infusions of food, fuel, weapons, and money, thoughtful Israelis will happily accept parallel American offers to guarantee Israeli security and to provide stable, long-term security through plans for economic cooperation with the Arab states. In this context, Israel's highly developed technology and capital goods industry will become an important component of an expanding Middle East economy.

Israel must learn, finally, to act as a state among states, and must be made to swallow the concept of a Palestinian state.

—by Bob Dreyfuss
U.S. Labor Party Director of
Middle East Intelligence

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Jewish Lobby Shoves Carter To Mideast War

Acting as a direct arm of City of London political intelligence networks, the so-called Jewish Lobby in the U.S. has gone on a public rampage against the Carter Administration with the explicit goal of preventing the President and Secretary of State Cyrus Vance from forcing Israel out of Lebanon and back to the bargaining table.

Fielding wild allegations that the Administration is "anti-Israel," "anti-Semitic," and worse, such Israeli lobby mouthpieces and controllers as the *New York Post*, Henry Kissinger, and Zbigniew Brzezinski (despite the cultivated impression that he is the leader of the Arabist faction in the Administration) have attempted to persuade Carter and the propeace forces in the White House that to forcefully stand up to the unconscionable Israeli attack on Lebanon would be tantamount to committing political suicide.

It should be stressed at the outset that, as the accompanying chronology shows, this Jewish Lobby deployment (which has included threats to withdraw financial backing from the near-bankrupt Democratic Party during the 1978 election year) had been underway for at least a week prior to the staged "Palestinian" raid on Israel. This not only underscores that the guerrilla attack was merely the pretext for a *preplanned* Israeli military operation against its Arab neighbors, but also demonstrates how painstakingly Brzezinski, Kissinger, and their cronies went about creating the climate in which Carter would be forced to go along with the City of London's Mideast scenario for war.

March 7: Mark A. Siegel, the President's official liaison to the American Jewish community, announces his resignation charging that he can no longer accept the Administration's Mideast policy. A former assistant to Hubert Humphrey, Siegel informs his associates that he was particularly angry at White House National Security Advisor Zbigniew Brzezinski who, he claimed, had given him false information concerning the Administration's proposed arms sales to Saudi Arabia and Egypt.

March 9: Rabbi Alexander Schindler, head of the Council of Presidents of Major Jewish Organizations, initiates a meeting with White House staffers Hamilton Jordan and Robert Lipschutz to inform them Carter was now "a question mark" in the eyes of the American Jewish community and that Jews regard Brzezinski especially with "anger and mistrust." According to press accounts, Schindler complained that Brzezinski, in a meeting with Jewish leaders a few weeks earlier, had been "antagonistic, blustering, threatening" — a posture

which Brzezinski has deliberately adopted in order to provide a pretext for Jewish Lobby complaints about the Administration's Mideast policies.

March 10: The *New York Times*, contacted by Rabbi Schindler, carries a front-page article headlined "Jewish Leader Says Mideast Policy Makes a 'Question Mark' of Carter." The story quotes Brzezinski accusing the Jewish community of trying to paint him as "anti-Semitic." In "explaining" the Jewish campaign against him, Brzezinski cites advice given him recently by former Secretary of State Henry Kissinger — whose war-provoking Mideast policies are precisely what Brzezinski is attempting to implement now. "Henry told me a few months ago that I'll be in for a rough time. There will be an effort to discredit me in the eyes of the President. He later was praised and appreciated... and that I should be prepared for it. I'm prepared to take it but I won't be intimidated."

March 10: Rep. Jonathan Bingham (D-N.Y.) announces that he has signatures of 21 out of 37 members of the House International Relations Committee on a letter urging President Carter to renege on his proposed arms sale to Saudi Arabia and Egypt, charging that selling Saudi Arabia F-15 fighter jets would put it "on Israel's strategic map, raising tensions and increasing the likelihood of Saudi involvement in any future Arab-Israeli conflict." The development is run as the lead story by a gleeful *Washington Post* March 11. Buried at the end of the article is a report that two days earlier, U.S. Ambassador to Saudi Arabia John West had warned the top staff of the Senate Foreign Relations Committee that if the U.S. fails to deliver the F-15s, the Saudis might be forced into hiking the price of its oil exports.

March 11-12: News of the alleged Fatah attack near Tel Aviv dominates the U.S. news media, replete with pictures of dead bodies and Israeli citizens hysterical with grief and anger.

March 12: Columnist George Will writes in the *Baltimore Sun* that when Begin arrives in Washington this week, he will know "that, more than at any time since 1948, the White House is among Israel's afflictions, not its assets." Will reports also that the next issue of the *Washington Review of Strategic Studies*, published by Henry Kissinger's Center for Strategic Studies at Georgetown University, claims that the U.S. "has approached Iran about stopping the flow of oil to Israel until the Israelis make certain concessions, and has also "asked" various nations to delay arms purchases from Israel. Furthermore, charges Will, during the "last days of Hubert

Humphrey's life, the Administration pressured him to send a letter reprimanding Begin for not making concessions," but the day before he died, Humphrey rejected the Administration's draft.

March 13: The media is filled with stories about an impending Israeli retaliatory action. For example, the lead editorial in Rupert Murdoch's *New York Post* avers that because of the Saturday guerrilla incident, "the PLO has once more shattered any claim to a valid role in the peacemaking endeavor. At the same time, Israel's apprehensions over the 'evenhanded' plane deal projected by the Carter Administration have undoubtedly been fortified on Capitol Hill. The case for a standstill on shipments has been clearly reinforced." In an interview with the *Newark Star Ledger* the same day, Clifford Case (R-N.J.), known widely as "the Senator from Israel," raves that since the Saudis back the Palestinian case, the "Fatah" raid proves that the proposed F-15 deal should be halted immediately.

March 14: State Department press chief Hodding Carter III's regular press briefing erupts in bitter infighting among the press and vicious attacks on the Carter Administration. Carter is repeatedly asked by representatives of the Jewish Lobby press if the George Will column is accurate. He tells them it is completely wrong. One member of the press corps compares the staged "Fatah" attack to Ku Klux Klan persecution of American blacks, and demands to know why the Administration won't condemn the PLO.

March 14: Senator Henry Jackson (D-Wash.), the leading spokesman for the cold war faction of the Jewish Lobby in the U.S. Congress, calls a press conference to accuse the Administration of incompetence on a broad array of issues, ranging from its handling of the coal strike up through its failure to take a hard enough line against Soviet "aggression" in Africa and elsewhere. As for the Administration's proposal to sell jet fighters to the Saudis and Egyptians, Jackson asserts that the sale "is no longer a package" as a result of the guerrilla raid March 11.

By this time, Israeli ground, sea, and land forces have begun to move into southern Lebanon.

March 15: Silent for nearly 24 hours after the onset of the Israeli raid, the Administration finally issues a comment on the escalating Mideast crisis. As presented by Hodding Carter, the statement declares "it has been clear for some time that the presence of Palestinian units in southern Lebanon has posed a threat to Israel's security." Speaking to reporters the same day, Cyrus Vance refuses to either approve or disapprove of the Israeli action, noting merely that it, along with such incidents as the "terrorists' act the other day...are impediments to the peace process." Later that evening, Henry Kissinger

applauds the Israeli action, labeling it "inevitable."

March 16: The Administration's weak response fails to mollify the Israeli lobby fanatics. In his *New York Times* column, William Safire berates President Carter for "double crossing" the Israelis. "Our only democratic ally in the Middle East has been getting a raw deal from Mr. Carter," complains Safire, citing the proposed arms sale to the Saudis and Egyptians, and the Administration's opposition to Menachem Begin's West Bank settlements policy in particular. Safire concludes by urging a separate Egyptian-Israeli peace: "The least that America's Arabist diplomats can do," he admonishes, "is to stop bad-mouthing a 'separate peace' and to start encouraging President Sadat to lead the Arab world into a succession of individual peace treaties with the survival-minded nation he dared to recognize."

The separate peace theme emerges elsewhere: *The Times* lead editorial on the same day is an implicit call for such an arrangement. Meanwhile, the latest issue of *Commentary* magazine hits the newsstands; its featured article is a lengthy polemic against any attempts at a comprehensive Mideast settlement, written by Robert Tucker, a conduit for the Kissinger-Rand scenario of 1974 for an Iranian invasion of Saudi oil fields.

March 16: Escalating the pressure on the Administration, Aspen Institute director Harlan Cleveland lectures a Chicago Council of Foreign Relations forum that if Carter doesn't return to the policies of Brzezinski, then he will push for a "more responsible" leadership. Terming the Israeli incursion "a brand new tactic," Cleveland gloats that "Geneva is now impossible." Cleveland also calls for a ban on arms sales to Saudi Arabia even if this forces the Saudis to impose an oil embargo and move out of the dollar.

March 16: The Jewish Lobby mobilization pays off in spades. More than two days after the Israelis commence their military offensive into Lebanon, the Administration finally announces its official response. Although originally scheduled to be presented in the early afternoon by the President, the statement is not issued until the evening by Hodding Carter. The statement itself, praised to the skies by the British Broadcasting Corporation as a sterling example of Anglo-American collaboration, calls for an Israeli withdrawal but refuses to set down any timetable.

March 17: President Carter, now apparently totally under Brzezinski's spell, gives a major foreign policy address in Winston Salem, N.C., wildly threatening the Soviets with, among other things, an interminable delay in the SALT negotiations, unless they stop their "adventurism" in the Horn of Africa and elsewhere.

—Kathy Murphy

British Boast Of Sending Carter Into Tailspin

Enumerating the myriad crises facing President Carter—issues which are geared to send him into a political tailspin—the Financial Times of London gloated that the crucial question facing Carter's backers now is simply "whether or not Mr. Carter can get things done." The newspaper then helpfully ticked off six items: the dollar, energy, the Panama Canal issue, the coal strike, the Mideast crisis, and rumors of a Cabinet reshuffle — any combination of which could result in Carter's Waterloo. Following are excerpts from the March 14 article written by the Financial Times' U.S. Editor, Jurek Martin:

... Suddenly a series of disparate yet inter-related problems is coming to a head to test his (Carter's) leadership qualities severely. If he wins enough of them, as Mr. Robert Strauss, his resident political expert, claimed yesterday that he would, then confidence will be restored, and the dollar, inter alia, will rise. The consequences of failure were not touched upon by Mr. Strauss. The state of play on the salient items looks roughly like this:

The Dollar: Once again the Administration seems to have made the mistake of allowing expectations to be built up too much.... Since marshalling additional financial resources to protect the dollar is impressing no one, all eyes are turned to the next link in the chain, the energy policy.

The Energy Bill: This now possesses huge symbolic importance. In whatever form it emerges—if it does emerge—it will have a minimal impact on oil imports for a couple of years.... Increasingly, Administration sources are speaking of the necessity for the President to impose additional levies on imported oil,.... With relations between Capitol Hill and Dr. Schlesinger, the Energy Department, fractious at best, the impression exists that if anybody is calling the tune on energy, it is

such senators as Long and Jackson, not the Administration.

The Panama Canal: ... This has now become the litmus test of the Administration's ability to persuade Congress and opinion still remains finely divided on how the vote will go.

The Coal Strike: ... This has to date been more a test of Mr. Carter's executive leadership rather than his powers of persuasion over the legislature....

Foreign Affairs: ... the PLO raid has patently reduced the leverage which the President can bring to bear on Israel in the negotiations. It has certainly made more difficult the task of winning approval for the arms package. Failure to deliver the arms will not improve relations with Saudi Arabia, in particular which could have further ramifications for the dollar.... The President also faces a test on Soviet and Cuban involvement in the Horn of Africa.

The White House Staff: The hot gossip is that a big reshuffle is in the offing, perhaps accompanied by the infusion of new talent. Mr. Hamilton Jordan... is said to be masterminding this effort. Too much still arrives on the President's desk for resolution, which is partly Mr. Carter's own fault and partly reflects deficiencies in the White House Staff. There is no suggestion of immediate Cabinet changes pending....

... The specific dollar measures announced today are just part of this complex mosaic. It is true that there is now a greater awareness of the dollar problem than there was only a few months ago.... But it is just as true that, if what is needed to help the dollar is evidence of Presidential leadership and Presidential success, then that could be provided on one of a number of matters which may not be casually connected.

Panama Canal Treaty Vote Gives O.K. To Carter

The Carter Administration won a significant test of their ability to conduct foreign policy when the Senate ratified the first part of the Panama Canal Treaty March 16 by a vote of 68 to 32.

During the last days the fight for passage of the treaty was carried out successfully by the veteran center forces of the Democratic Party, particularly Senators Robert Byrd (W.Va.), Russell Long (La.), and Herman Talmadge (Ga.) who were acting closely with the chief White House lobbyists and Special Trade Negotiator Robert Strauss. A source in the Administration commented, "This gives us survival, it keeps us from losing. It gives a chance to consolidate, to get on with our relations on the Hill."

Senator Talmadge in his speech endorsing the treaty declared that its ratification would allow Carter to move

on with the urgent tasks of a SALT accord and efforts to strengthen the dollar through expanded exports. "Many problems are far more important to our national security than the canal treaties. The most important problem facing our country today is the need for some kind of enforceable and binding agreement to limit nuclear arms and to lessen the likelihood of nuclear war with the Soviet Union which would destroy civilization as we know it. We also must devote our energies to avert the possibility of another explosion in the Middle East which could bring the U.S. and Soviet Union to a nuclear confrontation. The most important national issue facing the U.S. is the deplorable state of our economy which is bringing down the dollar abroad.... The trade deficit threatens to destroy the value of the dollar."

Eximbank Chief Calls For Low-Interest Development Fund

In testimony before the Senate Banking Committee's subcommittee on International Finance March 9, John Moore, chairman of the U.S. Export-Import Bank, called on Congress to authorize the creation of a special Eximbank fund to finance long-term, low-interest credits oriented especially to development projects in the Third World. In response to Moore's claim that such a fund was necessary to make the United States "competitive" in world markets — given that France and Japan among others offer 15-30 year development credits for hard-commodity purchases at only 3-6 percent annual interest — Sen. Adlai Stevenson III (D-Ill.), chairman of the subcommittee, called for the Administration "to take a harder look" at the idea.

Moore's testimony, carried on the front page of the *Journal of Commerce* March 10, reflects in part the influence of the U.S. Labor Party's proposal to extend Eximbank lending to \$200 billion a year, primarily in long-term, cheap credit for nuclear technology-related industrial development packages. The Labor Party policy, aimed at securing worldwide industrial expansion, represents a head-on challenge to the protectionist zero-growth, cut-oil-imports-and-force-industrial-contraction strategy of Treasury Secretary W. Michael Blumenthal and Energy Secretary James Schlesinger.

Eximbank chief Moore specifically put forward a proposal for loans of up to 18 years duration at rates of 6 percent, to be administered through the bank's soft loan window. When asked whether such financing would not be better done through the Agency for International Development, Moore replied that AID and Eximbank pursue entirely different policies and labeled AID, which finances counterproductive labor-intensive agricultural and food control projects, "a poor man's World Bank."

In the Stevenson subcommittee hearings on the Eximbank authorization and chartering, and in similar hearings last week held by the House Banking Committee's subcommittee on International Trade, Investment and Monetary Policy under chairman Rep. Stephen Neal, Moore and other Administration officials have cautiously pursued their primary objective of securing a five-year extension of the bank's charter and expansion of its lending authority from \$25 to \$40 billion, which, they

calculate, will produce a modest five percent rate of growth for U.S. exports in real terms.

In testimony before the Neal subcommittee, Assistant Secretary of State Julius Katz, doing his best to downplay the Schlesinger-Blumenthal nonsense that rising U.S. oil imports are responsible for the massive U.S. trade deficit and decline of the dollar, said, "The fundamental point is that lagging U.S. exports, not surging imports," are the major factor in the poor U.S. trade position. Answering the "free market" line that trade financing is strictly a matter for the "private sector," Undersecretary of Commerce Frank Weil emphasized that "the role of the federal government is crucial in creating an overall environment to facilitate U.S. exports." A spokesman for the U.S. Chamber of Commerce vigorously condemned a whole series of restrictions previously attached to Eximbank lending authority, including those to limit nuclear exports; former Congressman Reese of California specifically attacked the notorious Jackson-Vanik amendment making trade with East bloc countries subject to U.S. approval of their emigration policies.

Attacks on Exim

Conducting a major assault on the Eximbank, however, are the AFL-CIO and such zero-growth spokesmen as Sens. Ted Kennedy (D-Mass.), Abraham Ribicoff (D-Conn.), and Rep. Clarence Long (D-Md.), all of whom intend to attach further restrictions to the bank's charter, further crippling its ability to finance industrial exports. The AFL-CIO, for example, is demanding what amounts to a total ban on East bloc export financing, as well as "job impact statements" on Eximbank-financed deals.

At this writing, the mood of Congress, and of the nation's large commercial banks and corporations, is decidedly against the zero-growthers, and prospects appear favorable for the pro-Exim forces' limited objectives. Whether basic U.S. economic policy is soundly overhauled to reflect their orientation, however, will depend on the success of a political mobilization to rid the cabinet of Blumenthal and Schlesinger.

Supporters Of Eximbank Expansion Line Up In Maryland

The Maryland State House Committee on Economic Matters became the third state legislative body to consider a U.S. Labor Party-inspired resolution demanding expansion of the Export-Import Bank of the United States. The resolution which memorializes Congress and the Carter Administration to adopt a "bullish" policy of dollar support, has already been passed by the Georgia state legislature and has been sent on to the U.S. Congress. The New York State Senate passed a similar resolution two weeks ago which now awaits approval of the State Assembly.

The first day of legislative hearings on the Maryland resolution were described by observers as "excellent," and easy passage of the memorial from the committee to full legislative consideration is expected within a week. Introduced by two Democratic State Delegates, David Shapiro (Baltimore) and Casper Taylor (Cumberland), House Joint Resolution 95 has picked up support from throughout the state.

Earlier this week in a letter to Delegate Shapiro, Enolia McMillan, President of the Baltimore Chapter of the National Association for the Advancement of Colored People (NAACP) extended that organization's formal support to the bill. "We believe that passage of this bill, with its proposed policies will provide our nation with the research, the trained workers, and the energy which is essential for a healthy economy with an adequate supply of jobs. We urge you to vote for its passage..." the letter read.

Testifying today for the bill were Dr. Myron Miller, science advisor for the Maryland State Legislature, Delegate Shapiro, who stressed the need for and timeliness of the bill, Robert Primack of the U.S. Labor Party, and a representative of Maryland Department of Economic and Community Development.

Several calls and letters of support from public utility and research spokesman were received by Delegate Shapiro March 15. A sampling of these sentiments appears below.

Patrick D'addario, representative of the Congressional Relations Department of the Eximbank: "We (the Eximbank) hope to be able to continue and expand the financing support which we have been able to extend to American exporters, especially those in Maryland, over the next five years."

Dr. James H. Baroff, energy consultant for the Energy Center, Washington, D.C. noted that he planned to testify as a private citizen for the bill.

Vladimir A. Wahbe, the Secretary of State Planning in Maryland wrote: "It is the export side of the nation's balance of payments...that is all too frequently neglected in current discussion. The resolution is thus to be applauded for its timely reminder of sound principals of international economics."

Thomas J. Hatem, chairman of the Maryland Public Service Commission: "The Public Service Commission

of Maryland would favor the enactment of the comprehensive and balanced energy program based on advanced technologies that would benefit the citizens of Maryland in addition to others throughout the nation."

The enormous support for HR 95, and in particular the NAACP endorsement, raises serious questions about the position of Baltimore's two Democratic U.S. Congressmen — Clarence Long, a vocal critic of the Eximbank, and Parren Mitchell, Congressional supporter of a myriad of legislation antagonistic to goals of the Maryland memorial. Mitchell is being challenged by U.S. Labor Party candidate Dr. Debra Hanania in the November election.

In addition to New York, Georgia, and Maryland, legislation in favor of the expansion of the bank and related high-technology development are pending in the state of Connecticut, Pennsylvania, New Jersey, Delaware and Wisconsin.

Industry Backs Exim Expansion in Connecticut

In Connecticut, an Exim resolution still awaiting assignment of a bill number before consideration by the Joint Committee on State and Urban Development has already garnered support from state and federal governmental offices as well as the state's export-oriented high-technology industries. On March 15 United Technologies, which includes Pratt and Whitney, the largest employer in the state and the key to the northeast aerospace industry, called publicly for rechartering the Eximbank in a paid advertisement on the editorial page of the *Hartford Courant*. Citing the United States' record trade deficit and the necessity for increasing exports, the ad declared that it is time to take a look at the "single most important agency" available for fostering jobs, the Eximbank. They cited a \$72 million power equipment sale United Technologies made to South Korea last year — impossible without the Eximbank. Stressing that it is more urgent than ever that the U.S. expand exports, that exports mean jobs, the advertisement concludes with a call on Congress to recharter the bank for a least five more years, increasing its lending authority, thus expanding jobs at home.

Here are excerpts of resolution HJR No. 95 now before the Maryland State House Committee on Economic Matters:

A House Joint Resolution Concerning Technology, Production, Energy, Growth and Trade

For the purpose of requesting that the Congress of the United States enact a comprehensive and balanced energy program based on advanced technologies; requesting that Congress act in a timely fashion to recharter the Export-Import Bank of the United States

before a certain date and facilitate the bank's ability to play a major role in American trade policy; and requesting Congress to expand the funding base of the Export-Import Bank and view the sponsorship of high technology trade for the purpose of creating jobs....

It is important that we remain sensitive to our traditional goals which made the United States the commercial and trading center for the entire world. Our government must pursue policies that will modernize our industry through utilizing the most advanced technologies. This will require rising rates of new capital formation, ensuring high employment levels at wages adequate for the continued education and cultural development of the population. This will ensure increased productivity, the expansion of exports and the efficient utilization of energy necessary for the stability of our nation's and Maryland's economies.

The stability of the United States dollar is a matter of concern to the security and economic well-being of the entire world. The most viable means of reversing declining production and employment is an emphasis on high-technology exports to create millions of new, high-paying, skilled, and productive jobs. The largest immediate markets, on the order of \$50 billion yearly, exist for nuclear power technologies, which our closest allies abroad are supporting for trade both in the advanced

sector and the developing world. A high-export policy in the United States and accompanying investment in hard-commodity production in the United States is a measure which can support the value of the dollar...

The Export-Import Bank of the United States, created in 1945, is situated to finance increased exports from the United States, having financed \$8.6 billion in export financing support in 1976, which generated nearly \$12 billion in United States export sales and generated approximately 500,000 jobs...

The United States now has a trade deficit estimated on the order of \$25 billion, and an aggressive export drive is needed; Now, Therefore, Be It Resolved By The General Assembly of Maryland, That The United States Congress:

(1) Enact a comprehensive and balanced energy program based on advanced technologies....

(2) Act in a timely fashion to recharter the Export-Import Bank of the United States well ahead of its September 1978 expiration...

(3) Expand the funding base of the Export-Import Bank from its present \$50 billion level towards the \$200 billion mark and view the sponsorship of high technology trade as the United States "jobs" policy, with the estimate that such funding will create 11 million high-skilled jobs for American workers....

British Announce 5-Pt. Plan To Bring Down Dollar

The British government, personally represented by Prime Minister James Callaghan in a speech March 14 to the London Finance Houses Association, has announced a "Five Point" international economic policy offensive, centered around the upcoming series of international summits. The British objective is to push the governments of the world into the City of London's idea for a Coordinated Reflation Action Program (CRAP) by eliminating the U.S. dollar as the world reserve currency in favor of Special Drawing Rights, deflating the U.S. economy into a depression, and subordinating the international banking structure to the International Monetary Fund.

Within 48 hours of Callaghan's speech, the leading British-influenced economic authorities in the U.S. made major public calls for these policies, including Federal Reserve Board Chairman G.W. Miller and Council of Economic Advisers Chief Charles Schultz.

U.S. and continental European reaction against the Blumenthal-Schlesinger sabotage of a West German-U.S. agreement on gold and on London's "five points," however, has been as intense. Swiss, West German, and Washington financial and official sources report the central bank gold swap and U.S. Export-Import Bank export expansion program are still being heatedly discussed for immediate action in the world's capitals. "Callaghan is talking more than he can deliver at the moment," a senior partner at London's Lazard Freres New York office told NSIPS.

Her Majesty's Government's Five Points

Prime Minister Callaghan announced the following economic points to his audience of the Finance Houses, London's elite merchant banks as reported by the *London* and *New York Times*:

1. Greater stability among currencies
2. Increased growth
3. Increased aid for the less-developed countries
4. Much tighter energy conservation policies
5. Increased world trade to forestall protectionism

Translated into plain American these points mean:

1. *Destroy the dollar-based international monetary system* and replace it with the SDR. The basic documentation here is the British interpretation of Blumenthal's actual U.S.-West German dollar communiqué March 13. In its March 14 editorial "Buying Time for the Dollar," (excerpts below) the *London Times* announced that the Blumenthal communiqué as it finally emerged, contrary to the market's reaction, "should be welcomed as evidence that these two countries wish to lead a cooperative effort to overcome the world's economic and monetary problems... (at) the Bonn meeting (of heads of state scheduled for July)..." The *Times*

continues that the role of the dollar as a reserve currency is in question. Next day, his call for the U.S.-West German communiqué to be made the basis of an entire series of international summits which would stabilize currency arrangements by resorting to SDRs as numeraires, deflation in the U.S., and reflation in Germany and Japan, and other trade surplus nations, removal of OPEC from the dollar standard and so forth (see excerpts below).

This reading of Callaghan's currency program was corroborated by spokesmen at Brown Brothers Harriman and Lazard Freres in New York (see interviews below) who stated openly that the International Monetary Fund was to become the new international monetary system center; Harland Cleveland, who yesterday told the Chicago Council on Foreign Relations that the U.S. should deliberately provoke the Saudi Arabians into dumping the dollar and moving into SDR; and above all by reports on the upcoming meeting of the IMF Interim Committee (IC) scheduled for Mexico City in April.

According to a West German political economist in Washington, (see interview below) the IMF Committee meeting's agenda will be a revival of the three-year old plan of C. Fred Bergsten, then of the Brookings Institution, and now Assistant Secretary of the Treasury by appointment to Blumenthal, to convert the entire "dollar overhang" into Special Drawing Rights (SDRs) accounts at the IMF. That is, central banks, multinationals, and foreign banks around the world who hold dollars would transfer them to the IMF, be issued SDRs, and the dollar as a reserve currency would cease to exist. The IMF, explicitly under this arrangement, would entirely control world liquidity and would have the political power to dictate lending, repayment, and monetary policy to sovereign nations around the globe, emphatically *including the United States*. Blumenthal's version of the March 13 communiqué on the dollar, which sends the U.S. straight to the IMF for loans with "conditions," makes clear this is what the British intend.

2. *Coordinated Reflation Action Program*, the officially announced strategy of the most recent meeting of the NATO-linked Organization for Economic Cooperation and Development (OECD). According to the press coverage of Callaghan's speech, and according to on-record official British government policy, British and OECD strategy are the same, as described in previous editions of this magazine: the United States is to deflate, cut money supply, hike up interest rates, and stabilize the dollar at the expense of a prolonged perhaps terminal U.S. depression. West Germany, Japan, and Switzerland are to reflate, that is depreciate their currencies by printing money, extensively, with the political compromise that Britain, France, and the rest of the OECD nations will

reflate "each according to its abilities."

3. *IMF takeover of developing countries economies* with the double aim of enforced military austerity in the LDCs and the bankrupting of the United States commercial banks. The March 16 *Financial Times of London* reports that the IMF has just refused a previously-arranged \$250 million loan to the bankrupt Peruvian government explicitly to "pull the plug on Peru" and has thrown the U.S. commercial banks, expecting the IMF's loan as backup to their own efforts at rolling over Peru's overdue debts, into total confusion. Sources at the Treasury in Washington told NSIPS that the Blumenthal group and his collaborators at the Comptroller of the Currency which oversees the loans on the banks' books intend, in coordination with the IMF, to force the Peruvians into default, "make a lesson of Peru," and to let the banks sink or swim. If Blumenthal decides to expose the fact, via the Peru default, that the U.S. banks have over \$20 billion conservatively estimated in unpaying and unpayable LDC paper on their books, then we are in for major bank failures a la "Crash of '79."

4. *Energy conservation* needs no translation of the Queen's English; see G.W. Miller's demands for the Schlesinger energy program in direct response to Callaghan's speech below.

5. *Forestalling protectionism* is code for the fact that the British government at UNCTAD, and Harlan Cleveland at the Chicago CFR explicitly called this week for the "Common Fund" approach to commodity cartels, artificially hiking world commodity prices of all sorts to fleece world industry.

— K. Burdman

Callaghan's Common Program

New York Times, March 16:

The Prime Minister has made no secret of his disappointment at the outcome of the economic summit conference in London last spring. He said last night that he shared in the "growing recognition among world leaders that we cannot let matters drift."

"Different countries would, of course, take different forms of action at differing times depending on their circumstances," he told the bankers. "The important thing is that we should agree on a common program and then adhere to it. There is room for maneuver in the world now without creating another inflationary surge."

"The world is not in the grip of immutable economic forces. We can overcome them. What we need is the political will."

London Times:

End Dollar as Reserve Currency

March 14:

Yesterday's communique from the American and German governments about the dollar should be welcomed at one level as evidence that these two countries wish to lead a cooperative effort to overcome the world's economic and monetary problems. In the last year evident tensions between the United States and

West Germany have been a growing source of concern in this respect. In recent months a general lack of will to tackle the central problems of recession, inflation and monetary disorder have put at risk the Bonn economic summit meeting, scheduled for July. After yesterday's announcement, it seems more likely that the Bonn meeting will be made to seem a success for cooperative international effort.

For the central problem of the dollar now relates to its weakness as an international reserve currency. Since the external sector is such a small part of the American economy no American government has been willing to allow concern for the external value of its currency to affect substantially domestic economic policy.

The result now is that we have an increasingly unstable system of international liquidity based largely on a dollar which is in substantial excess supply. Any policy that fails to recognize and react to this central fact has no chance of long-term success. In the end, the dollar balances will have to be funded into some reserve asset which present owners of portfolios overloaded with dollars find more attractive.

Interview with International Economist At Brown Brothers Harriman....

Q: Is British Prime Minister Callaghan's speech to the Finance Houses an indication that he wants to use the U.S. -BRD dollar communiqué as a first step upon which to hang an international phase out of the dollar and the Coordinated Reflation Action Program?

A: Certainly, the current situation is, the more we talk, the more governments talk, the better. If they don't talk, they'll be in more trouble than now. The Coordinated program is the most important international effort now...

Q: But will the Germans bite?

A: Ah, yes, it is true that the U.S.-BRD communiqué is one minor step if only a tiny step toward the Bonn heads of state summit. Now the Germans endorsed the Coordination policy at the OECD —but they often talk and then do not act. One can't be sure of the Germans — that is why we must have more discussion, that is why Callaghan is coming to the U.S.

Q: And what must be the U.S. economic contribution to the Coordination?

A: We need to have an energy program in place.

Q: Surely the Schlesinger program is dead in Congress...

A: Well, that's true... then we will need to raise interest rates and cut the monetary aggregates, deflate a bit. But Miller, on the other hand, is not the only member of the Federal Reserve Board of Governors, and he has opposition on deflation from State, Commerce, Treasury, the White House, it's problematic, he has much less freedom than he'd like....

Interview with Senior Partner At Lazard Freres in New York

Q: What do you think of Mr. Callaghan's speech and program?

A: Callaghan's my hero, but quite frankly in this case Callaghan is talking more than he can deliver at the moment. For example the Germans and reflation. Now the Germans have made it perfectly clear that they won't reflate, not in a locomotive strategy, not in a convoy strategy (the other name for C.R.A.P. — ed.), not in a lifesaver, not in a choo-choo train. Forget it.

Q: Well, what about Miller's push for deflation, which Callaghan also wants, here in the U.S.?

A: Deflation, forget it, we're much more likely if anything to have inflation. Miller can't deflate — Carter won't let him.

Q: What about Strauss?

A. Sure, like I said, Carter, Strauss, these are political animals, Congress, too — any kind of monetary cutback at all right now and there will be a depression in this country and none of these politicals want that, do they? Miller is Carter's man when all is said and done. His talking on tight money is a PR job to gain credibility with the markets — and that's all.

West German Political Economist in Washington...

Economist: What you told me about the proposed agreement between Carter and Schmidt was totally correct, my contacts at the IMF confirmed the fact that Carter was considering a gold proposal, an import tax and some way to limit oil imports. But there are two new proposals that the IMF thinks will be coming up too. The old C. Fred Bergsten proposal on how to deal with the

dollar overhang is going to be presented to the IMF Interim meeting of 20 foreign ministers in Mexico City. This was the proposal that countered the old Rogers plan, remember? Under it, the IMF will be allowed to issue Special Drawing Rights to central banks that have lots of dollars. The central banks get the SDRs, and the IMF will take the dollars and destroy them.

Q: But this is totally deflationary, it is exactly what Miller would want — to take the flip side of the inflation issue, and use it to make a deflationary attack on the dollar that would cause a crash.

Economist: True, but that is not all. At the same conference the Callaghan plan will be presented.

Q: The five points that I outlined earlier?

Economist: No, everyone has been talking about that for years, what Callaghan is going to do, say people at the IMF, is that he will come out supporting a strong dollar! He is dropping his locomotive theory about West Germany, and will propose that all countries that hold plenty of dollars join together to wipe out the speculators and support the dollar by giving the U.S. foreign cash to shock speculators. His line will be that countries should stick together to support the dollar, by sheer will power...as for Carter doing something, what I heard is that he will not do anything until after the successful passage of the second Panama treaty. Then he will come out with a strong line on monetary problems, but not before. But the point to remember about the Callaghan plan in particular is that it is a multilateral plan that is designed to fit right in with the support for the dollar.... Callaghan will change his line and will no longer call on Germany and Japan to be the locomotives. Needless to say, both plans will be considered to be very important, and will be billed as stabilizing the monetary situation.

British Call For Tight Money Regime In U.S.

Following the March 13 release of the U.S.-West German joint communiqué on stabilizing the dollar, the City of London and its allies in the U.S. — most notably the new Federal Reserve Chairman, G. William Miller — began calling for a "dollar support program" that emphasizes tariffs on future oil imports, a British-modeled incomes policy, and a tight money regime. That this is a

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program for collapsing the U.S. economy, *not* defending the dollar, should be obvious if it weren't for the years-old brainwashing of top policymakers in the bankrupt economics of Milton Friedman, London's "conservative" foil to "liberal" John Maynard Keynes. As a result U.S. conservatives are now falling for the idiocy that the dollar can be stabilized and inflation brought under control by purely monetary means.

The *Financial Times* of London and the *London Times* opened London's latest disinformation blitz on March 14, demanding a strong dose of "conservative" monetary

policy for the U.S. economy. The *Financial Times* editorial, "Raising the Dosage," lied that the weakness of the dollar is "essentially a monetary problem (which) can only be cured by measures which involve monetary policy." The FT urged Fed Chairman G. William Miller to curb potential money supply growth by allowing interest rates to rise and by putting a lid on credit demand from U.S. business. The *London Times* editors explained that an "excess" supply of dollars is putting downward pressure on the dollar and fueling the unstable world monetary system.

Technically speaking this is true, but the solution is not to reduce the dollar supply by cutting off credit to industry. Rather, outstanding dollar liquidity should be fed into high-technology, productivity-boosting investment.

London's agents in the U.S. have promptly begun to sing the same tune. Miller, in his first major public address before the Senate Banking Committee on March 15, called for executive imposition of fees or quotas on future oil imports to cut energy consumption and to close the trade deficit. Miller added a demand for a tough anti-inflation program and a reduction in the Fiscal Year 1979 federal deficit. "If anything, Mr. Miller was even more

outspoken than his predecessor, Arthur F. Burns, in warning of the dangers of inflation," the *New York Times* subsequently commented.

Immediately seconding Miller was Council of Economic Advisors head Charles Schultze, formerly of the Brookings Institution, who called for the imposition of a (British) incomes policy — again under the cover that this is necessary for defense of the dollar. As Schultze and Miller were broaching the possibility of wage-price controls, business and labor leaders began receiving invitations from the Council on Wage and Price Stability to come to Washington to discuss "voluntary" wage and price guidelines. In its 1977 annual report released at the beginning of the month, the New York Federal Reserve Bank for the first time in its recent history ventured a call for an incomes policy — modeled on "the British experience in combining tax cuts with voluntary wage restraint."

Conservatives Falling Into Line

Friedmanite economists are playing right along with London's game plan for collapsing the U.S. economy. In its lead editorial March 15, "Perpetual Motion Machine," the *Wall Street Journal* went to great pains to argue that the U.S.-West German plan for supporting the dollar does not make a dent in the fundamental problem — the excess supply of foot-loose dollars in the markets. When the Fed activates its swap line with the Bundesbank, it uses deutschemarks to buy dollars in the open market, thus draining reserves from the banking system. However, the West Germans take the dollars they get in return and immediately buy interest-bearing U.S. Treasury securities from the market, putting reserves back in the banking system.

Additionally, the *Journal* warns, the Fed open-market desk can offset dollar purchases by its foreign-exchange desk by putting reserves back in the banking system through its own purchases of Treasury securities. The *Journal* recommends that the Fed would defend the dollar more efficiently by selling some of its own portfolio of bonds to buy marks, a formula for permanently removing reserves from the banking system and, in the process, collapsing economic activity.

In fact, since early October the U.S. money supply has grown at an annual rate of only four percent — well below the Fed's target range — a development which primarily reflects the collapsed level of economic activity over the winter months! The main worry of Citibank's economics department currently is that the economy will recover and spark a new burst of money supply growth.

There is complete unanimity that a tight monetary course will bring on a new recession. Eugene Sherman, the chief money market economist at Merrill Lynch, has said that further tightening by the Fed, which he expects will begin in late April, will undoubtedly take its toll on the economy. Sherman, however, thinks this is the necessary antidote to resurgent inflation and the decline of the dollar.

Even the shadow Open Market Committee, a self-appointed group of Friedmanites who usually attack the Fed for loose monetary policy, called on it to raise the monetary growth rate to six percent in a statement last

week. "We cannot expect to avoid recession in 1979 if monetary policy shifts suddenly to combatting inflation."

Financial Times Defines U.S. Policy

"*Raising the Dosage*," *Financial Times*, March 14:

So far as the dollar is concerned, there is still no sign that the American authorities recognise that exchange rate weakness, which is essentially a monetary problem, can only be cured by measures which involve monetary policy...

Until quite recently credit creation in the U.S. banking system was proceeding at such a rate that it was able to finance a growth in the U.S. money supply above the target rate, as well as an outline across the exchanges of no less than \$28 bn. in a few months — a flow much larger than the current account deficit in the same period. Recent indicators suggest that credit growth has now been checked, though not halted. The outflow across the exchanges has drained away most of the recent potential growth in the money supply. If this is a trend rather than a statistical accident, and if the Fed allows it to continue then the market should stabilize itself before long, as private credit demand in a growing U.S. economy drives up interest rates to whatever level is necessary to attract the funds needed — and incidentally to finance the current deficit.

This helpful result will only follow, however, if the Federal Reserve Board under its new chairman wishes it to do so; in other words, the monetary background will only come right if the Fed realises that when central bank intervention is the rule, and exchange rate stabilisation the aim, then potential money growth, measured through domestic credit, rather than the actual growth of the money supply, is the appropriate yardstick for policy.

Miller, The Mimic

Speaking before the Senate Budget Committee on March 15, G. William Miller backed an import fee on foreign oil to force reduced usage, saying that Congress should give the President the authority to impose such a fee and to "scale it as necessary to deal with the problem." On the fee itself Miller stated, "I hope that takes place. We're getting down to very few choices and we need to do something soon."

Miller went on to blame inflation as the nation's number two enemy. "I hope we have the courage to make inflation our highest priority for domestic economic policy...The Administration (must) come up with a strong anti-inflation policy." Failure to deal with inflation, and the possibility that the Federal deficit could get "out of hand" would force interest rates up. "The consequences of that would be the opposite of what we need," and could result in a new recession "in the next year or two."

New York Times: High Praise for Wage-Price Controls

New York Times, *lead editorial, March 15:*

Equally important, the White House must fight to keep American goods competitive in world markets by keeping the lid on prices. Business and labor bitterly oppose any form of "incomes policy"-government interference in setting prices and wages. But since the prospects for controlling inflation without some sort of incomes policy are dim, Mr. Carter must persuade them of the need.

New York Times, "*Economy: Toward a 'Carrots' and-or 'Sticks' Cure*": letter to the editor signed by Henry Wallich, member, Board of Governors of the Federal Reserve System; Arthur Okun, the Brookings Institution; Walter Heller, Robert Solow, James Tobin, and Sidney Weintraub, March 12:

The first step is realistic recognition that traditional instruments of fiscal and monetary policy are by themselves inadequate. Additional measures are needed to restrain the rise of wage and salary rates and of production costs, markups and prices.

The Federal tax system could carry "carrots" or "sticks" or both to induce business and labor to comply with disinflationary guideposts. Thus guideposts would

apply to everyone fairly and uniformly. (The carrots are tax incentives to industries and unions which moderate wage and price increases below a certain level, while the sticks are penalties for those that don't — ed.)...I support the general concept of a tax-based, anti-inflation policy and specifically that version that, since 1970, has been associated with the name of Sidney Weintraub and mine."

New York Times, "*Administration's Next Task: Seeking Check on Inflation*," by Leonard Silk, March 16:

After delaying for a couple of months while the coal negotiations were absorbing most of its attention on the collective bargaining front, the Carter Administration is about to return to its "deceleration strategy" for checking inflation. Worries that inflation is in fact accelerating rather than slowing down have given extra urgency to the Administration's effort to build a "voluntary" incomes policy with the hoped for cooperation of labor and management....a spokesman for the President's Council on Wage and Price Stability said that the council would begin a series of meetings before the end of this month with industry representatives in an effort to get them to reduce price increases in the coming year....

By early April the Council expects to have a "full plate" of industry discussions before it. Later — probably by summer — the Council intends to initiate a similar round of discussions with labor leaders...

Blumenthal, British Subversion Weakens Dollar

A dirty British operation has momentarily dashed hopes of an early stabilization of the U.S. dollar. Early this week, British agent-of-influence Treasury Secretary W. Michael Blumenthal doctored the text of a U.S.-West German agreement on dollar support, removing all of the provisions which would have clamped down on British "bear" raid dumping attacks against the dollar. This was soon followed by the British-engineered Israeli

dollar stabilization. Informed circles in Europe and the U.S. concurred that the Schmidt-Carter talks had focused on the formation of a dollar-yen-deutschemark currency snake, based on U.S. gold transfers to major central banks in return for foreign currency loans amounting to \$10 billion.

The communiqué issued later that morning contained none of the expected provisions. It announced that West Germany was going to provide the U.S. an additional \$2 billion in "swap" facilities, for which the U.S. would make available 600 million International Monetary Fund Special Drawing Rights. Ominously, the text also stated that if necessary, the U.S. would go begging to the IMF for an international loan. All mention of gold was missing in the text.

The dollar immediately started falling on international exchanges, hitting 2.05 marks within hours. Subsequently, Switzerland's *Neue Zürcher Zeitung*, several well-placed West German journalists, and interviews with Washington observers revealed that U.S. Treasury Undersecretary Anthony Solomon, acting under Blumenthal's direction, not Carter's, had worked out the details of the published text.

Carter had withdrawn from deliberations on the agreement under pressure from Blumenthal cohort Energy Secretary Schlesinger. Schlesinger told Carter over the weekend that imposition of tariffs on U.S. oil imports would have to be included in the agreement. A minor fray

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invasion of Lebanon, which threatens among other things to rip Saudi Arabia out of the West German-U.S. networks which have been pushing for dollar support.

Although Swiss sources emphatically stated March 15 that intensive discussions are continuing on official levels to bring the dollar up to the 2.20 deutschemark target agreed upon last week by U.S. and West German officials, the British moves have seriously worsened the conditions of political battle directly connected to bringing about a dollar stabilization policy.

The dollar opened at a high of 2.08 marks on the morning of March 13, due to expectations that President Carter and West German Chancellor Schmidt had successfully worked out a groundbreaking agreement on

broke out between Schlesinger and Carter's closest advisors, culminating in a compromise: mention of gold would be deleted from the communiqué, if Schlesinger would withdraw his oil tariff demand.

The *New York Times* and *Washington Post* ran panic headlines on the communiqué March 14, predicting that unless emergency measures, such as Schlesinger's energy program, and even wage-price controls were quickly imposed, there would be no end to the dollar's fall in the near future.

Dollar Won't Go Overnight

International moves to back the dollar were strong enough to keep the currency at the 2.04-2.05 deutsche-mark range through March 14 and the first half of March 15. Strong evidence that private corporations and the central banks of West Germany and Switzerland are continuing to coordinate dollar transactions to keep the currency up is the fact that the outbreak of fighting in the Mideast late March 14 failed to crack the foreign exchange markets.

This is the first occasion since the 1974 Arab-Israeli war that serious fighting in the Mideast did not trigger downward pressure on the dollar.

The Miller Factor

At least some members of the U.S. Federal Reserve Board aided these dollar support moves. On March 14 and 15, the Federal Reserve intervened on the open markets with \$300 million, an unusually high level. At the same time, however, new Federal Reserve Chairman G. William Miller issued a press release stating that unless the U.S. adopted a hard stance on inflation, the dollar was finished. Miller then proposed that the U.S. impose tariffs on oil imports — exactly what Schlesinger had tried to force into the West German-U.S. communiqué earlier in the week.

Miller's statement successfully cut through the dollar support networks in the market, and within minutes the dollar began its most serious fall of the week, hitting 2.034 deutschemarks. Miller's move to "talk the dollar down" is a deliberate continuation of Blumenthal's July 1977 statements against the dollar, which kicked off the present monetary crisis. The only difference between the two is that while Blumenthal pushed for devaluation as a wedge to introducing hyperinflation, Miller has donned the costume of an "anti-inflation" fiscal conservative in order to deceive the opponents of the discredited Blumenthal.

In some quarters, the stormy events of these few days have provoked serious disorientation. The *Journal of*

Commerce, usually supportive of efforts to stabilize the dollar through increasing real economic growth prospects for the U.S. economy, published a pathetic editorial on March 16, suggesting that the Federal Reserve auction gold on the open speculative markets to simply raise cash for foreign exchange support.

More sensibly, West Germany's conservative daily *Die Welt* published a scathing commentary March 15 headlined "March 1968: When the Present Crisis Began." *Die Welt* documents how U.S. endorsement of the introduction of SDRs into the monetary system in 1968 was a "serious mistake" directly responsible for aiding the uncontrolled expansion of international liquidity underlying the present crisis situation.

The Saudi Question

There is no evidence thus far that Saudi Arabia has shifted from its preferred position of supporting an international dollar agreement to the policy of British-controlled Kuwait to replace dollar payments for oil with a "basket of currencies" including SDR's. New York traders scoffed at wire reports from London that the Arabs were behind the selling-wave following Miller's statement, while Swiss sources assert that negotiations are underway from the European side to arrange an emergency loan for the U.S. Federal Reserve with Saudi involvement — despite the disappointing March 13 communiqué.

The Saudi's patience — tested severely by the Israeli invasion of Lebanon — is no doubt partly due to the recently successful trip to Riyadh by Chase Manhattan Bank chairman David Rockefeller, who reportedly introduced the Saudis to the "currency snake" proposal. Rockefeller backed up the intent of his tour with a series of high-profile speeches and interviews in the U.S., including a presentation before the Cincinnati Council on World Affairs, where he emphatically defended the position of the dollar as the global reserve currency on the basis of the potential economic strength of the U.S. Importantly, Rockefeller also went on record in a March 10 Dow Jones interview as an opponent of emergency wage-price controls.

It is also the case that the renewed outbreak of monetary chaos has finished off whatever remained of Blumenthal's reputation among U.S. businessmen. One Administration official, just returning from a nationwide tour of industrial centers, asserted privately this week that every businessman he spoke to wanted Blumenthal out. Their only question was whether they could muster the political leverage to promote a cleanup inside the White House.

—Renee Sigerson

Gold Sale Options: Dollar Revival Or Dollar Sabotage?

In the wake of the March 12 Bonn-Washington communiqué on dollar support measures, a communiqué which ostentatiously avoided the subject of gold reserves' role, the gold issue has surfaced in the press and moved toward the center of policymakers' debates. A good deal of unclarity prevails even among those best-informed on other financial subjects.

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The choice now is essentially whether central banks will mobilize the mammoth firepower of gold reserves, upvalued to the market price and thus expanded to counterweigh the piles of footloose, speculative liquidity that have been marshaled for bear raids against the dollar, or whether the rabble of the international markets will, on the contrary, have a new weapon thrown to them as the Treasury offers to sell off those reserves. In historical terms: will U.S. reserves be beefed up and used deliberately as backing for export and industrial credit along Hamiltonian lines, or will an unprincipled Jacksonian dismantling of national financial assets accelerate?

The first gold option is one that was widely bet on by continental bankers and some antagonistic Wall Street insiders before Blumenthal and Schlesinger at least temporarily shot it down. This was what Frankfurt circles referred to as a "supersnake" — a currency stabilization agreement involving the U.S., Japan, and Western Europe — which would involve revaluing the U.S. gold reserves to the market price of at least \$170 an ounce, thus multiplying the U.S.'s non-dollar reserve holdings to the \$50 billion range, and immediately providing the resources to withstand the London-directed bear raids against the dollar which, for lack of foreign reserves, have proven so serious in the past eight months.

Most important by far, even a preliminary commitment by the U.S. to perform central bank swaps in gold at the market price — a de facto remonetization of gold — would signal a willingness on the part of the nation's leadership to use gold, not simply as a defense, but as collateral for an export offensive in what would become a self-expanding global market. If the world's major gold-reserve holders — the U.S., West Germany, Switzerland, and France — decided to jointly upvalue and deploy their gold reserves as backup for public and private long-term export credits, having swapped enough gold with Japan to draw them into the arrangement, the resulting takeoff of trade and investment would dwarf the impressive 12 percent annual increase in U.S. manufacturing sales abroad achieved during 1970-74 with a modest increase in Export-Import Bank financing, and paralleled by a growth in our trading partners' own exports.

As originally conceived by its assassinated sponsor, Jürgen Ponto of the Dresdner Bank, the gold-backed

monetary arrangement would not only funnel gold trading and currency deposits into Luxembourg as a Western center for credit issuance geared toward industrializing the OPEC nations and the rest of the underdeveloped sector, but would hook up with a gold-backed transfer ruble as the East bloc's unit of account in three-way purchases of oil, technology, and intermediate goods. By last spring the strong Comecon minority favoring the T-ruble had already been forced to back down, but all that stands in the way of starting to renegotiate this gold option is the small but ferocious group in Washington headed by Blumenthal and Schlesinger.

There are several variants of the second, and opposed gold option. It boils down to U.S. Treasury sales of gold on the open markets. The most frequently cited way to do this would be simply to offer gold for dollars. This is supposed to leave foreigners holding more gold and less unwanted dollar paper, stabilizing the dollar. It is also supposed to drive down the market price of gold, thus, by a psychological reciprocal principle, enhancing the dollar's status. Apart from the probability that "smart money," if deterred from gold speculation, would seek even more deutschemark, yen and Swiss franc outlets, thus undercutting dollar parities further to Blumenthal's delight, the U.S. would not even gain assets usable for dollar-purchase interventions to hold up dollar rates on the foreign exchanges.

Therefore — and some Federal Reserve as well as foreign sources think this is a real possibility — the Treasury might sell gold in exchange for marks or yen directly, in order to repay marks, etc. borrowed earlier in "swap" form. This also has little problems e.g., if Americans were allowed to purchase the gold, they would sell dollars for foreign exchange to do so, and if they weren't, Congress might object. Mainly, however, it shares with the other versions of gold sales more fundamental antidollar implications. Unless the Treasury sold a huge chunk of its gold — which Congress would definitely forbid — the auctions would raise a piddling amount of funds, or mop up a piddling amount of foreign dollars, at the cost of announcing that once more the U.S. is in the panicked, desperate, chaotic state of 1968-71, when London manipulated Washington into taking precisely this sort of reckless step to bolster the dollar against pressures London had created, and when the steps didn't work, inducing the U.S. Administration to cut the throat of trade, industry and labor as the only choice left.

The gold-sale scenario built up slowly from March 13 through March 17. Most glaring on Monday, the thirteenth, as the U.S.-West German communiqué got digested, was the absence of a gold reference. U.S. Trade Ambassador Robert Strauss, according to reliable sources, had inserted a reference to gold-reserve swaps which was deleted through the following classic Angloid ploy: Blumenthal and energy czar Schlesinger popped up demanding that the communiqué pledge an administra-

tively decreed impost on oil imports, and under the direction of Treasury Undersecretary Anthony Solomon, the U.S. members of the drafting team hastily "traded off" deletion of the gold provision for deletion of the oil provision.

On March 14, Hobart Rowan of the *Washington Post* quoted Treasury sources as announcing, "We are not going to give gold a monetary role" — i.e. option one is dead — while keeping mum on the gold market selloff option; Frankfurt and Zurich financial analysts remained convinced, however, that the U.S. would eventually have to sell gold to foreign central banks to defend the dollar, and reported that the West German Bundesbank directors thought so too. West German Finance Minister Hans Matthoefler had already said in connection with the communiqué, that gold swaps were "being held in reserve"; more ambiguously, Chase Manhattan Bank head David Rockefeller told the *Wall Street Journal* in a March 13 interview that he was "not averse" to a role for gold in dollar defense.

The Swiss bankers' daily *Neue Zürcher Zeitung* went public on March 15th with a report that it was Blumenthal's Treasury that had put the kibosh on a Carter commitment to gold. The NZZ added that there may, however, be a followup agreement involving central bank gold transfers — or merely Treasury sales of foreign-denominated U.S. government securities, a pet gimmick of London circles. In reporting the dollar's weakness the same day, CBS radio commented that "some think gold backing for the dollar is a good idea"; one of these, in an interview with the Swiss weekly *Weltwoche*, was Swiss central bank chief Fritz Leutwiler, who said that U.S. authorities "are still giving 'positive consideration' to the use of gold, in a cryptic reference to the faction that was undercut during the Bonn-Washington negotiations.

Meanwhile the gold markets and the middle levels of the Federal Reserve and Treasury were rumbling with rumors that the Treasury would indeed soon auction off some gold. On March 16, the gold-sale option mounted in credibility, with an allusion by Fed Chairman G. William Miller to the large amounts of gold at Treasury's disposal — immediately taken by the markets as a "threat" to

sell some of it off. The Treasury's gold specialist privately told various inquirers that Blumenthal would never consent to swaps — "our official policy is against remonetization" — but might well start selling gold in the markets. This briefing showed up in the March 16 *Journal of Commerce* editorial's report that "It now seems clear that while the U.S. doesn't want to sell its gold to other central banks for foreign currency, it will consider selling some gold at auction, either here or abroad."

As of Friday, March 17, it was reliably reported that the Treasury administrative department which would have to wrap up the authorizations for gold sales two to four weeks before an auction had not yet started any such paperwork. But the rumors — along with a certain amount of profit-taking and possibly some extra gold offerings by South Africa and the USSR — helped drive the New York spot price of gold down about \$4.00 over the course of the week; on March 17, political tensions around the Mideast and the SALT talks were said to have contributed to the \$2.00 drop in the New York price from the London afternoon fixing of \$1.8320...instead of adding to gold's attractiveness as a hedge, which is usually the case.

The logic of the gold sales as an anti-dollar ploy was smugly summarized by a senior dealer at one key London firm's New York branch: "Either the Treasury does a Mickey Mouse sale (of gold), in which case the market calls their bluff right away, and the dollar drops some more, or they do a giant sale — which people like Georgia Congressman Larry MacDonald wouldn't allow, although I would like to see them sell all the gold, half a million ounces a week, and clean up all the dollar liquidity."

To those sane enough to reject the gold sale option, meanwhile, the open market sale of foreign-currency bonds is being proffered as a more sober option — although, as one Wall Street broker put it, "That would just put us deeper in the hole, unless we wanted to run a sort of international Ponzi game." And assurances are being spread that no auctions can take place until the International Monetary Fund ratifies new rules permitting national treasuries to do so, in June.

The Price Of Tolerating British Terrorism

As this publication goes to press, the fate of former Italian President Aldo Moro—kidnapped by a highly professional team of British secret service terrorists—remains in grave doubt. Moro, whose own career has been frequently tarnished by collaboration with British networks (including terrorist networks) in Italy, became a target precisely at the point that he dared to place the interests of the Italian people above the interests of the City of London.

The brutal reality of the past year is that virtually every political leader, industrialist, and banker who has

stepped forward as a leader in the fight for global high-technology growth policies has thereby placed himself on a British intelligence assassination list. Despite the overwhelming evidence of this fact, and despite the increasingly brazen fascist policy pronouncements from such London press as the Economist and the Financial Times, the majority of leaders within Western Europe, North America, and the Middle East have blocked out the overriding necessity of complementing their positive programmatic orientation with a ruthless "expose-and-destroy" campaign against London's terror ap-

Moro Kidnapped By 'Foreign Secret Services', Italians Say

The kidnapping early Thursday morning March 16 of former Italian premier Aldo Moro, president of the Italian Christian Democratic Party, by a commando unit purportedly belonging to the Red Brigades terrorist gang, has already been denounced at the highest levels in Italy as an operation of "foreign secret services." The kidnapping took place while Moro was on his way to Parliament where the new Andreotti government was to receive its formal vote of confidence.

Unlike earlier "Red Brigades" kidnappings, the operation against Moro was highly sophisticated and points to a professional team which could have been brought in from outside Italy for the hit. Moreover, the details of the kidnapping are at odds with known Red Brigades modus operandi in such cases and instead resemble the techniques used by the kidnapers of German industrialist Hanns-Martin Schleyer on September 5, 1977.

First, Moro was heavily guarded by five bodyguards—all killed in the assault—and an accompanying police car. None of the earlier Red Brigades kidnapped victims had been guarded. Second, the kidnapers wore professional Italian air force and Alitalia uniforms. Third, one of the kidnapers was heard to have a foreign accent identified by an onlooker as either German or a similar language.

The reasons why a foreign government—especially Great Britain—would be motivated to make the hit against Moro fall into two categories. Most immediately, although his political career has been characterized for his service to British interests, Moro came to represent an intolerable threat to those interests from the moment that he bolted out of their control and became the leading figure responsible for Andreotti's success in forming his new government. The newly formed cabinet brought the Communist Party for the first into the parliamentary majority upon which the government directly depends. It was Moro who deployed to neutralize the anti-Andreotti operations launched simultaneously by British networks opposing this government formula within the Vatican

and the Christian Democracy.

Secondly, as the actions of top British operative Ugo La Malfa have made subsequently clear, the kidnapping of a politician of Moro's stature was calculated to throw the country into complete chaos. Republican Party president La Malfa joined the fascist party, the MSI, by calling in Parliament for the introduction of full martial law right after the kidnapping. Meanwhile, the Red Brigades have announced that other leading politicians will be kidnapped one after the next until the "bourgeois pigs" of the government give in to their demands of releasing 20 terrorists currently in jail awaiting prosecution.

But the fact that "foreign secret services" are behind the kidnapping has already been denounced by Italian officials and politicians:

*Industry Minister Carlo Donat-Cattin went on national TV Thursday to announce that he "firmly opposed any form of exchange between Moro and the Red Brigade prisoners.... The people behind this are foreign secret services, not sociological movements."

*Mr. Clelio Darida, the Deputy Interior Minister, gave a press conference in Rome Friday, March 17 to say that "foreign secret services are behind the kidnapping." When asked which secret services, Darida answered: "I cannot say at this moment because we have economic and cultural relations with that country."

*Italian Communist Party Secretariat members Macaluso and Cervetti stated on March 17 that some foreign secret services are behind Moro's kidnapping.

The East German radio station *Stimme der DDR* was more specific in its March 17 broadcast: "As the Roman paper *Tempo* has reported in the past, the Red Brigades have links with NATO."

A massive force of 500,000 men has been deployed in search-and-seal operations to find Moro. As we go to press the Red Brigades have given the Italian government until the morning of March 18 to give in to their demands or Moro will be executed. The Italian Parliament voted, with the support of Moro's wife, *not* to negotiate with the terrorists.

paratus—beginning at the City of London command center itself. It should take no epistemological genius to comprehend this vital lesson.

To cut short protests of "unfounded allegations," we present here an annotated list of prominent individuals whose lives were cut short by British assassins during the past year. Note that the list includes not one business or political leader from Great Britain.

Aldo Moro, President of Italy's Christian Democratic Party.

Kidnapped March 16. The terrorist Red Brigades have claimed responsibility.

Werner Lamberz, Politburo member of the German Democratic Republic's ruling Socialist Unity Party (SED).

Killed in a suspicious helicopter crash in Libya on March 6, 1978. Also killed was Paul Markowski, chief of the SED Central Committee's international relations department.

Lamberz, the SED Central Committee Secretary for Agitation since 1967, was considered by many as a possible successor to First Secretary Erich Honnecker. He was particularly influential in foreign policy matters and had undertaken numerous sensitive diplomatic missions including several trips to African countries in the past two years. Just prior to his death, Lamberz had met with Libyan Foreign Minister Jalloud. Diplomatic sources have reported that Lamberz was—just prior to his death—responsible for breaking up a massive British intelligence terrorist training and logistics operation based in Libya and run through Libyan intelligence channels dominated by British Special Air Services. The head of Libyan intelligence was removed from office in the shakeup. The diplomatic sources characterized Lamberz's death as an act of "retaliation."

Ricardo Palma, Magistrate in Turin, Italy.

Assassinated by the terrorist Red Brigades in early March 1978.

Rosario Berardi, Assistant Director of the antiterrorism unit in Turin, Italy.

Assassinated by the terrorist Red Brigades in early March 1978.

Both Palma and Berardi were murdered during a wave of terrorist violence designed to prevent the holding of a trial of Red Brigade terrorists.

Renzo Tasselli, President of Italy's leading nuclear firm, Ansaldo Nucleare.

Killed during February when a truck rammed his automobile. Also killed was Enrico Cappa, the Deputy Director of Ansaldo Nucleare.

Both Tasselli and Cappa were the leading organizers for the development of nuclear technology in Italy. At the time they were killed, the two were on their way back from Yugoslavia, where they had just signed several nuclear cooperation deals.

Youssef Sebai, Editor of the Cairo newspaper Al Ahram, and close political confidante of Egyptian President Anwar Sadat.

Gunned down by "Palestinians" on Feb. 18, 1978 during a meeting of the Afro-Asian Peoples' Solidarity Organization in Nicosia, Cyprus. The Palestine Liberation Organization labeled the assassination "an act of treason against the Palestinian cause."

Sebai was the leading internal Egyptian opponent of a separate peace with Israel and gave his qualified support to Sadat's November trip to Jerusalem, which initiated joint Israeli-Egyptian talks for a peace accord. Sebai has close ties with the East bloc and has long been an Arab nationalist spokesman. His assassination has been tied to certain Egyptian intelligence circles which date from the rule of pro-British King Farouk, circles who have opposed a comprehensive Middle East peace settlement.

Amihai Paglin, Antiterrorist advisor to the Israeli government of Prime Minister Menachem Begin.

Seriously injured in a suspicious automobile accident in mid-February 1978; Paglin died three weeks later.

Paglin was appointed antiterrorist advisor during the latter part of 1977 and was largely responsible for securing Israel against the sort of terrorist attack which occurred inside Israel on March 11. In fact, informed sources have stated that if Paglin had not been killed the lapse in Israel's coastal security that made the March 11 incident possible would probably not have occurred.

Edouard-Jean Empain, President of the Empain-Schneider industrial group, and a close confidante of French President Giscard d'Estaing.

Kidnapped in Paris on Jan. 23, 1978 by a professional "hit team." No less than three groups claimed responsibility; two of them are known to be connected to British intelligence. As of this writing, Empain has not been found.

Empain is regarded as one of Western Europe's most important industrialists, whose firm holds a controlling interest in Framatome, the French company which produces light-water fission reactors for domestic use and for export. His firm also holds a leading minority position in ARBED, the steel combine that dominates Luxembourg's industrial sector, over the otherwise London-oriented financial families of Brussels, centered around the Société Generale group. Empain is largely responsible for the development of the French nuclear industry, and has extensive connections with the U.S. nuclear industry, particularly Westinghouse.

Said Hammami, the Palestine Liberation Organization representative in London.

Assassinated by terrorists on Jan. 3, 1978 in London. An official PLO statement issued immediately after the assassination held British authorities responsible. Two days before, two employees of the Syrian Embassy in London were murdered when a bomb exploded in their automobile.

Hammami was a leading proponent of Middle East

economic development as the key to peace in the region, and was the central figure in efforts to establish a dialogue between propeace Israeli officials and the Palestinians, arranging several meetings in London. Just days before his murder, Hammami had publicly attacked British imperialist presence in the Middle East, and, according to Israeli radio, he pledged to eliminate their influence on the government and policies of that area.

Carlos Casalegno, Journalist for the Italian daily *La Stampa*.

Wounded by the terrorist Red Brigade during November 1977; he later died in the hospital.

Casalegno used to describe terrorism as a "sociological phenomenon," the theory propounded by terrorist creator Francesco Alberoni, a "sociology professor" at Trento University. Casalegno's son is a member of the fascist Lotta Continua. Casalegno was shot after he wrote an article which, in an apparent change in line, called for strong measures to be taken against terrorism in Italy.

Dr. Hanns-Martin Schleyer, Head of the West German Federation of Industries.

Schleyer was found murdered on Oct. 18, 1977, over a month after he was kidnapped by Baader-Meinhof terrorists on Sept. 5, 1977. The brutal kidnapping resulted in the murder of four of Schleyer's guards.

As chairman of both the West German Federation of Industry and Federation of Employers, Schleyer, at the time of his kidnapping and eventual assassination, was the country's most powerful industrial representative. His September schedule was to include an address before the Swedish Industrial Association where, according to a spokesman for that organization, Schleyer intended to speak about energy, monetary, and industrial policy, and would have called upon Sweden to join with France and West Germany in making Luxembourg a major center of the European capital market, squeezing out the City of London. He was also scheduled to visit the United States.

Lieutenant Colonel Ibrahim al-Hamdi, President of North Yemen.

Assassinated in mid-October 1977, along with his brother, Lieutenant Colonel Abdullah al-Hamdi.

The double assassination occurred one day before the President was to depart for the pro-Soviet People's Democratic Republic of Yemen—South Yemen—where he was to finalize arrangements to reunify the two countries. It would have been the first meeting of the two Yemens since the 1962 civil war. South Yemen charged that the murder was an act of "imperialist sabotage" and a "plot aimed at undermining relations between the two Yemens." Prior to his death, Hamdi was organizing a Red Sea security pact to include Ethiopia and to preempt any attempt to block the Red Sea and an attempted oil embargo. Within North Yemen, Hamdi was working to institute a "modern productive national economy founded on the principles of scientific planning."

General Mino, Commander-in-Chief of the Carabinieri in Italy.

Killed in a helicopter crash during October, 1977.

A close ally of Italy's Prime Minister Giulio Andreotti, General Mino was key in the fight then being waged to cleanse Italy's secret service of British intelligence contamination and to prevent a British takeover of the Carabinieri, the most efficient and best organized force within Italy's security apparatus.

General Mario Pensiero, Carabinieri general in Italy.

Killed during August 1977 when his car was rammed by a truck.

Colonel Giansante, Carabinieri general in Italy.

Reportedly committed suicide during August 1977.

General La Rocca, Official of military intelligence in Italy.

Killed during August 1977 in an automobile accident.

General Antonio Anza, Retired, Up for appointment as either the Army's Chief of Staff or head of Italy's Carabinieri.

Reportedly committed suicide during August 1977, but the weapon—which killed him instantly—was found several yards away from his body.

Colonel Giuseppe Russo, Carabinieri official in charge of the southern region of Italy, who specialized on the Mafia.

Murdered by a Mafia squad during August 1977.

General Ciglieri, Official of the Carabinieri in Italy.

Killed in a car accident during August 1977.

All the Carabinieri officials listed above were working on various aspects of the fight against terrorism in Italy. General Russo, for example, was investigating the terrorist kidnappings and the link between the terrorists and criminals such as the Mafia. Russo had established international connections which he was about to make public when he was murdered.

Jürgen Ponto, Chief of West Germany's Dresdner Bank.

Assassinated in his home on July 31, 1977 by the terrorist Baader-Meinhof gang. Among the "hit team" was Susan Albrecht, a longtime friend of the Ponto family.

At the time of his assassination, Ponto had become known in Latin America, Africa, and the Mideast as a "driving force" behind West European efforts to create a new world monetary arrangement, based on a strong commitment to international industrialization—the so-called Luxembourg alternative to the City of London.

Ponto closely collaborated with West German Chancellor Helmut Schmidt, who was then negotiating with the Brazilian government on a nuclear technology transfer deal. Ponto, at the time he was murdered, was in the process of extending his connections to include Mideastern and East bloc officials. Found at the time of Ponto's assassination was a Baader-Meinhof "hit list" which included names of prominent West Germans as well as Lyndon H. LaRouche, Jr., the chairman of the U.S. Labor Party and its 1976 presidential candidate.

Fulvio Croce, President of the Bar Association in Turin, Italy.

Assassinated by the terrorist Red Brigades on April 28, 1977.

A communiqué issued by the Red Brigades immediately following the murder stated that Croce's assassination had the intended purpose of terrorizing the judges who would be presiding over the upcoming trial of Red Brigades head Renato Curcio.

Siegfried Buback, Attorney General of West Germany.

Assassinated April 7, 1977 along with two companions by three terrorists on motorcycles. The Ulrike Meinhof Action Committee, linked to the terrorist Baader-Meinhof group, claimed credit.

Buback was the 1975-76 prosecutor of Baader-Meinhof terrorists. Just prior to his assassination, he had announced his intention of exposing the coordinated nature of international terrorism which was being used to put pressure on West Germany and other European nations, threatening to make public the link between terrorists like the Baader-Meinhof gang and British intelligence. In fact, in an off-the-record briefing to the Bonn press corps 24 hours before his murder, Buback expressed grave concern that a massive terrorist wave against the West German government was being planned in response to West Germany's commitment to nuclear technology and export, and its refusal to shift its policy in favor of those being promoted by "another government."

—Kathy Stevens

Will Miners Vote Yes On New Contract?

Negotiators for the United Mine Workers union and the Bituminous Coal Operators Association (BCOA) last week announced that they had reached agreement on a tentative contract that could end the now 100-day old national coal strike. On March 15, the full UMW bargaining council narrowly approved the pact by a 22-17 vote; it comes up for a ratification vote by the membership on March 24.

Preliminary examination of the pact shows that it is a marked improvement over the last UMW proposed contract. Its wages and benefit aspects are better than either the autoworkers or steelworkers agreements reached over the last year. Key UMW leaders feel that the agreement will be acceptable to the majority of the membership although they expect a close vote.

Institute for Policy Studies networks in the union are committed to disrupt the contract ratification. The terrorist networks embedded in the mining country, and augmented by recent deployments of university students, are going to have to be removed. These networks, centered around the Miners' Right to Strike Committee; are currently planning acts of violence and sabotage sometime next week. With knowledge of the contract proceedings leaked to them, reportedly by Rich Banks in the Labor Department and Bernie Aronson in Vice President Mondale's office, they were this week mapping a campaign to terrorize miners into staying off the job. Their deployments are being coordinated with various British-linked media sewers to assure maximum psychological effect.

Officials in the Justice Department and in state governments have been studying information on the IPS thugs provided by the U.S. Labor Party. For over a week, they have been reported near beginning a coordinated mop-up of these agents such as the MRSC's Mike Branch. "We know our real fight against these people is just beginning," said a Justice official today. "We have no illusions that a contract ratification, if it should occur, will stabilize things...."

The Crisis of Leadership

Another factor dangerously threatens the contract ratification process. Thus far key leaders of the traditionalist wing of the United Mineworkers union linked to former UMW Presidential candidate Lee Roy Patterson are withholding their support for the contract. At the same time they are helping circulate the line that a vote for the contract is a vote for UMW President Miller.

The traditionalist strategy is to try to torpedo what most of their faction admit to be an acceptable contract in an effort to set Miller up for ouster. Their opportunism is playing directly into the hands of the IPS dissidents,

giving the Miners Right to Strike Committee critical cover for its antileadership, anticontract organizing.

Responsible UMW leaders, including former UMW President Mike Trbovich, have stated that the contract is worth fighting for and have warned that a defeat of the contract will only help destroy the union and the nation.

Sources close to the union recognize the weakness of the Miller leadership; the key to the contract ratification from the union's standpoint, they point out, is for the Miller leadership to be strengthened by the public support of responsible traditionalist leaders for the contract. "It's about time that these guys (the traditionalists — ed.), grew up and began to think of more than intra-union politicking," said a UMW source.

The U.S. Labor Party has released a statement to the press calling for support for the contract and Miller's effort to gain its ratification; the statement denounces the opportunism of the traditionalist leaders, charging that Patterson has demonstrated that he is unqualified for national union office.

The Battle in Washington

The fact that a potentially workable contract framework was reached this week is no small achievement — especially given the campaign by the Schlesinger faction in the Administration against it. An effective counter-deployment was mounted by mainstream Democratic politicians, including Special Trade Negotiator Robert Strauss and key coal state leaders such as Gov. Jay Rockefeller of West Virginia, who have fought to keep Carter and his "Georgia mafia" locked onto the path to a negotiated settlement.

Strauss and others last week let it be known to key UMW officials and BCOA members that the Administration wanted a negotiated settlement and that they should begin industry-wide bargaining. They sat hard on the BCOA, inside sources report, forcing realignment of its negotiating team, taking it out of the hands of saboteurs dominated by U.S. Steel and placing it under control of Pittston coal head Camicia. If they wanted a pact, Strauss and others told the BCOA, they were going to have to give the union something that could be sold to the membership. "We have our ways of making these people listen," an aide to a coal state Senator said of the BCOA.

The climate of terror created by the IPS coal field networks kept miners from Taft-Hartley back-to-work orders. Schlesinger reportedly called on Carter to "come down hard on the miners" — a move which gave his IPS thugs more organizing room. But despite Schlesinger's hysteria, the Administration has not been provoked. They are following a policy analysis put forward by Strauss and others that defines the primary

national interest as the movement of adequate coal supplies to utilities to prevent massive economic dislocation, and negotiated settlement as the only basis for a lasting solution to the crisis. No one had really expected large numbers of miners to return under Taft-Hartley. Carter was told that if a small number of miners returned, if a good percentage of the nonunion mines closed by strike-related activity could reopen, and most importantly if coal supplies could be moved, then he should wait for results at the bargaining table.

According to last reports from utilities sources in the Midwest, coal is indeed flowing and without incident — thanks in large part to the political and legal penalty now placed on IPS terrorist operations by the Labor Party. This, however, will work, these sources state, to “buy a two to three week breathing space. . . .”

Utility spokesmen also indicate that the timing of the UMW ratification vote — next Friday — pushes the coal supply situation “very close to the threshold point. . . . we will lose most of our maneuvering room.”

IPS Networks Gear Up For Contract Rejection

The following is an interview with Jim Hepe, the President of United Mineworkers local 1440 in Ohio's District 6. Hepe, a former employee of former UMW Secretary Treasurer Harry Patrick, has been identified by sources close to the Institute for Policy Studies as an “up and coming militant leader in the union.” Hepe, as the interview reveals, was against the previous contract and is against the new one as well.

Q: ...What is the latest? What do you see developing. Everything looks quiet.

A: Well, it must have been about an hour ago that they announced that they had reached a contract agreement. Apparently the union bargaining council is going to look at it tonight. It didn't really say too much on the news, from what they said on the news story, it said that they agreed to drop the payment back provision in the health and retirement benefits which has been a major stumbling block and the union agreed to let the companies put a clause in the contract that said they could put a production price tag incentive on coal. If these are the two things they changed, then it's no use sending it back down here. What they are thinking is that the health and retirement payback will help. They are probably thinking that if they can slide that in there most of the guys will vote for it. All they need is 20 percent vote different from that last time to turn it around. We beat

them 70 to 30, so they are thinking that maybe with the help of the retirement payback they could swing 50 percent, enough to pass it. As far as everything else goes, it's been real quiet. Not much happening. Because of Taft-Hartley there are not many pickets. There's more law out there than there is pickets, you wouldn't believe it. Everywhere you look there are state police and national guard.

Q: Are the National Guard out in Ohio?

A: I don't know who they are. They're out in auxiliary cars and everything. I don't know what kind of title they have but they're not state patrolmen because there are not that many state patrolmen. They have some kind of task force. We call them rent-a-pigs.

Q: Are there plans for support demonstrations or rallies?

A: There hasn't been one back here for a couple of weeks. What they've been doing is in different areas they've been going out and speaking out at different rallies and things like that.... Weather's been bad too. When we have rallies we have it outdoors and the conditions have been real bad here. If something comes down this week as far as the contract is concerned they'll be a rally within the next three or four days after that.... We haven't even needed a rally to tell you the truth because they're all against it anyhow.

Q: How is it that Ohio is so strongly against the contract?

A: Well, we like to think that people down here in Ohio get their shit together...we try to keep everything 100 percent.

Q: All of this functions through the union or is there a cross local caucus that functions to organize things?

A: Everything's been done through the district. We have a rank and file committee that is working with the miners on the support thing, hardship cases, and we have a fund raising committee. But beside that everything works out of the district office.

I wish I could tell you more. You know I went to school up there, in Rutgers. I went to Labor Ed up there in 1975.

Q: How did you get into the coal mines?

A: I was in the coal mines for five days before I went to school up there. I worked for the International union up in D.C. I worked for Harry Patrick and I was his assistant. I worked with him for six or seven months and then he asked me if I wanted to go up to Rutgers for six months. I went up and took a crash course. They have a special course set up for me, set up for mineworkers. I was the first mineworker they ever had. Yeah, I was up there September, October, November 1975.

UMW Leader Calls For Probe Of Mineworkers Health And Pension Funds

Two weeks ago, former UMW Vice President Mike Trbovich issued a statement calling for an "immediate full investigation" of what he termed "the systematic destruction" of the United Mineworkers health and pension funds at the hands of former associate trustee and Institute for Policy Studies lawyer, Harry Huger. Trbovich has since called on the President or other national government officials to call for such an investigation to "help show mineworkers their good faith and aid in their good faith to get the contract ratified..."

The following are excerpted from articles appearing in the Cincinnati Enquirer on March 10 and March 11.

Ex-UMW Aide Sees Health Fund Fraud

Mike Trbovich, former international vice president of the United Mine Workers (UMW), says he would "stake his life" that an investigation of the union's health and retirement fund would uncover fraud.

"I think the Congress and President Carter are not showing respect to the coal miners by ignoring their main problem — which is the health and retirement fund," Trbovich said.

"The President should appoint a fact-finding commission, or ask Congress to investigate the fund. Should this happen, I would stake my life that they would find fraud."

Trbovich, who was the No. 2 man in the union under President Arnold Miller for five years (1972-77), spoke in an interview by telephone from his Clarksville, Pa., home.

"In the minutes of executive board meetings, there is evidence of such fraud," he said. "Some clinics, some doctors, some hospitals have been ripping the union off. Drug firms have been having a ball. Money has been going to people who don't even belong to our union."

For nearly 30 years, before July, 1977, — when the 1950 health trust was declared nearly bankrupt — miners received free health care. The money for this came from royalties paid by coal operators, based on tonnage and man hours, Trbovich said.

While in office, Trbovich said, "I asked for two investigations. I started to raise hell. So the union president (Miller) decided to send me out West." . . .

About \$2 billion went into the health and retirement fund under the 1974 contract, Trbovich said. "Now everybody is talking about the wildcat strike situation, but what the people don't understand is that the wildcats caused a loss of about 5% of that money. That is not enough to bankrupt the fund.

"Yet, it is bankrupt, and the union is broke.

"I will give you a personal example," Trbovich said. "I had a brother-in-law (a miner) with ulcers. He went to a

doctor, and was given a supply of medicine for a week.

"Then a drug firm started sending him medicine. He couldn't make them stop. Finally, he had almost a wheelbarrow full, and had to dump it. The UMW was paying for all this.

"You have construction workers in West Virginia, people who work for paving companies in Virginia, carrying UMW hospital cards. Maybe they worked in the mines years ago. When they left, they just kept their cards.

"That's why the fund is broke."...

Gradison After UMW Fund Probe

Rep. Willis D. Gradison Jr. (R.-Ohio) plans to ask Labor Secretary Ray Marshall for an immediate investigation of the United Mine Workers (UMW) health and retirement fund, based on allegations of a former UMW vice president.

Mike Trbovich, who said in an *Enquirer* story that people have been stealing from the fund, added Friday, "I am ready and willing to back up my statements. I fought those thieves for four years."

Trbovich was the international vice president of the UMW — the No. 2 man in the union — for five years, 1972 to 1977. In an interview earlier this week, he said that he would "stake his life" that an investigation of the health and retirement fund would uncover fraud.

Gradison, in a letter that will be sent to Labor Secretary Marshall Monday, said:

"The enclosed article from *The Enquirer* brought to my attention the charge that there is evidence of fraud in the United Mine Workers health and retirement fund.

"The charge has been made by Mike Trbovich, former international vice president of the UMW.

"The seriousness of the charge and its possible effect upon the current strike negotiations are matters of grave concern to me. I would like to request an immediate investigation of the issues raised by Mr. Trbovich by your department, with the assistance of the Department of Justice, if necessary.

"If fraudulent activities involving the UMW health and retirement funds have taken place, there must be swift and thorough action . . ."

In the interview, Trbovich asked for an investigation by Congress or by some sort of fact-finding commission.

He said that while he was in office, he asked twice for investigations, and was ignored.

The major reason the coal strike is still on, Trbovich said, is the health and retirement issue.

"I will bring 80,000 miners, or retired miners, to Washington if they want them," Trbovich said Friday. "I am willing to go all the way."

Press Sabotages Coal Production With Lying Campaign

“The national press focuses on negative newsworthiness, the disaster angles, not constructive angles — this is the nature of the big national press. Their reporters are reacting to what their editors want, like ‘camera-worthy’ incidents.”

This was one Virginia coal-field daily newspaper editor’s attempt to explain the “rationale” behind major East Coast press and media actions in the coal fields, misreporting or fabricating “news” in such a way as to maximize chaos and disruption of United Mineworkers Union members’ return to work this week.

The fact is, the “news events” which major media have hyped or created from whole cloth do not constitute news but “dirty tricks” to confuse and intimidate miners, the results of which are then beamed over radio and TV to viewing audiences as: “Here’s what’s happening in the coal fields today.”

Prior to the Taft-Hartley invocation last week, the national media had targeted the UMW-BCOA negotiated settlement for destruction with misinformation on its contents and disproportionate publicity for the “objections” of so-called UMW militants — that is, the Institute for Policy Studies (IPS) networks in the “Miners Right to Strike Committee.” What the national media determined to hide from miners were the national interests at stake in a resolution of the coal strike. Headlines and features in the *New York Times*, *Washington Post*, and on CBS and NBC-TV instead “predicted” a negative response to the contract and interviewed “discontented” mineworkers from the most heavily IPS-contaminated union districts to back up these “predictions.”

Once the contract was defeated, NBC, CBS, the major wire services and East Coast press served warnings like: “There will be civil war in Ohio.” Or, as one local police official put it: “They (the press) seem willing to start one (civil war) to get their footage.”

“It is not just that they are lying...they are actively trying to make their disgusting lies come true,” said a coal-state governor’s aide.

Take One: NBC

Take the case of last week’s reporting by one Mike Devlin of the Richmond, Va., NBC-TV affiliate, WWBT. Devlin was deployed into the southwest Virginia coal mining area near Norton to give a “visually effective” rendition of “violence against non-union coal operators.” After a week’s futile search for violence, Devlin drove to the entrance of the UMW Guest River Mine site to stage some “violence.” He carried with him a strip of spiked rubber, which he told his TV audience he had “obtained from UMW pickets.” He proceeded to lay the strip in the roadway entrance to the mine — in plain view of a peaceful UMW picket line. Devlin started his cameras rolling to film the action of “the problems of non-union drivers

— flat tires,” but the local UMW president, Mr. Bateman, intervened, persuaded him to stop, and leave.

Devlin later fumed to an interviewer: “Bateman’s ignorant, he doesn’t know anything about TV...He thought I wanted to take his picture. I just wanted to show the problems of non-union miners. On TV you can’t just say it, you have to reinforce it visually.”

Apparently, none of the local newspapers or media in Norton, who have been attempting to responsibly report on progress toward a settlement of the coal dispute understood “the demands of television” either. According to Devlin, their reports on his “staging” attempt the next day were “irresponsible, one-sided and unprofessional...they didn’t tell my side.” The local press reported UMW members’ “anger that UMW local president Bateman was arrested” when he intervened to stop a second staging attempt by Devlin, who had simply driven down the road after Bateman’s first warning to try his act again. This time Devlin was directly trespassing on UMW property at a mine entrance, but it was Bateman who was arrested — perhaps for interfering with the “freedom of the press.”

Richmond NBC-TV’s local News Director Ron Miller is still “backing Devlin and his camera crew 100 percent.” The Federal Communications Commission has entertained a complaint on Devlin’s activities.

Journalism for Fun and Riots

In other instances of press “strike duty,” TV cameras and correspondents of the national media converged on the entrance to Keystone Number One mine in West Virginia, immediately after receiving news of the return of a full UMW work crew to that mine on Tuesday, March 14. A bevy of cameras and reporters greeted the miners returning to work. On the following day, an angry miner summarized the result: “After what happened here yesterday, this local is marked...the whole world saw it.” He accusingly asked a *New York Times* interviewer, “Of all the mines you could have gone to, why’d you come here?” The miner’s remarks appeared in print the next day and although he did his best to withhold his identity from his *New York Times* interviewer, *Times* correspondent Reginald Stuart reconstructed the miner’s description and circumstances to the best of his ability.

On the next shift, almost no one showed up for work at Keystone Number One, the *Times* triumphantly reported.

Attempting to give the benefit of the doubt to NBC national network reporters who put a major non-union coal operator on the spot for a provocative interview, one local Virginia newspaper editor asked if perhaps “they just don’t know any better...They should have known that after that interview there would be increased violence at the mine” of the non-union company. (The next day there

was.) "They just should not have asked him to do the interview; it was in bad taste." He described the McCarthyesque "do you still beat your wife" method used by the interviewing reporters whom he identified as primarily from CBS, NBC, the Associated Press and United Press International.

Meet IPS

"Anyone who's down here long enough gets to know the Institute for Policy Studies," said one local newsman, referring to the "Miners Right to Strike Committee" and the so-called UMW dissident network. "You might say the UMW's 'reputation for violence' comes from IPS," reported another.

But *New York Times* labor reporter Ben A. Franklin, who did feature coverage of the "Miners Right to Strike Committee" for that paper, consistently and knowingly

concealed Committee leader Mike Branch's IPS credentials, painting him as a "revolutionary organizer" working at the "grass roots" in the UMW.

Take Two?

With a second contract being placed before the UMW membership at the time of this writing, a new round of the same old press tricks has begun. Washington, D.C. CBS radio affiliate WTOP announced yesterday that the UMW bargaining council meeting scheduled to vote on the contract proposal has been "postponed indefinitely." No reason given. The radio station later "corrected their mistake" — privately to an inquiring caller: it seems the bargaining council's meeting room had simply been changed. No explanation for the "mistake" ever reached WTOP's listening audience.

—Fay Sober

Civex Technology Clears Way For Breeder

The unveiling a few weeks ago of a "proliferation-proof" nuclear fuel reprocessing cycle for the fast breeder reactors has undermined the primary rationale which the Carter Administration has used to support its opposition to this advanced energy production technology.

The new process, called Civex, makes it virtually impossible for plutonium, the chief ingredient of fast breeder fuel, to be diverted into nuclear weapons production. The process defeats the shaky supposition that breeder plutonium could be diverted to "bomb-quality" material, an already ridiculous argument which has been used to stop nuclear development.

The reprocessing cycle was unveiled at a press conference on the first day of the Energy Technology Conference in Washington, D.C. on Feb. 27. The announcement was made jointly by Dr. Walter Marshall, deputy chairman of the United Kingdom's Atomic Energy Authority,

and Dr. Chauncy Starr of the U.S., president of the Electric Power Research Institute (EPRI).

Here is a report on the Civex process, its technology, its potential, and its critics, by nuclear engineer Jon Gilbertson of the Fusion Energy Foundation.

How the Civex Process Works

The Civex process underscores that the solution to all technical problems of nuclear energy development lies in advanced technologies. Not only does Civex eliminate the so-called proliferation issue, but it takes the world further in the direction of more efficient, highly automated, closed-cycle industrial systems — exactly the way industrial development must progress if it is to meet

Figure 1

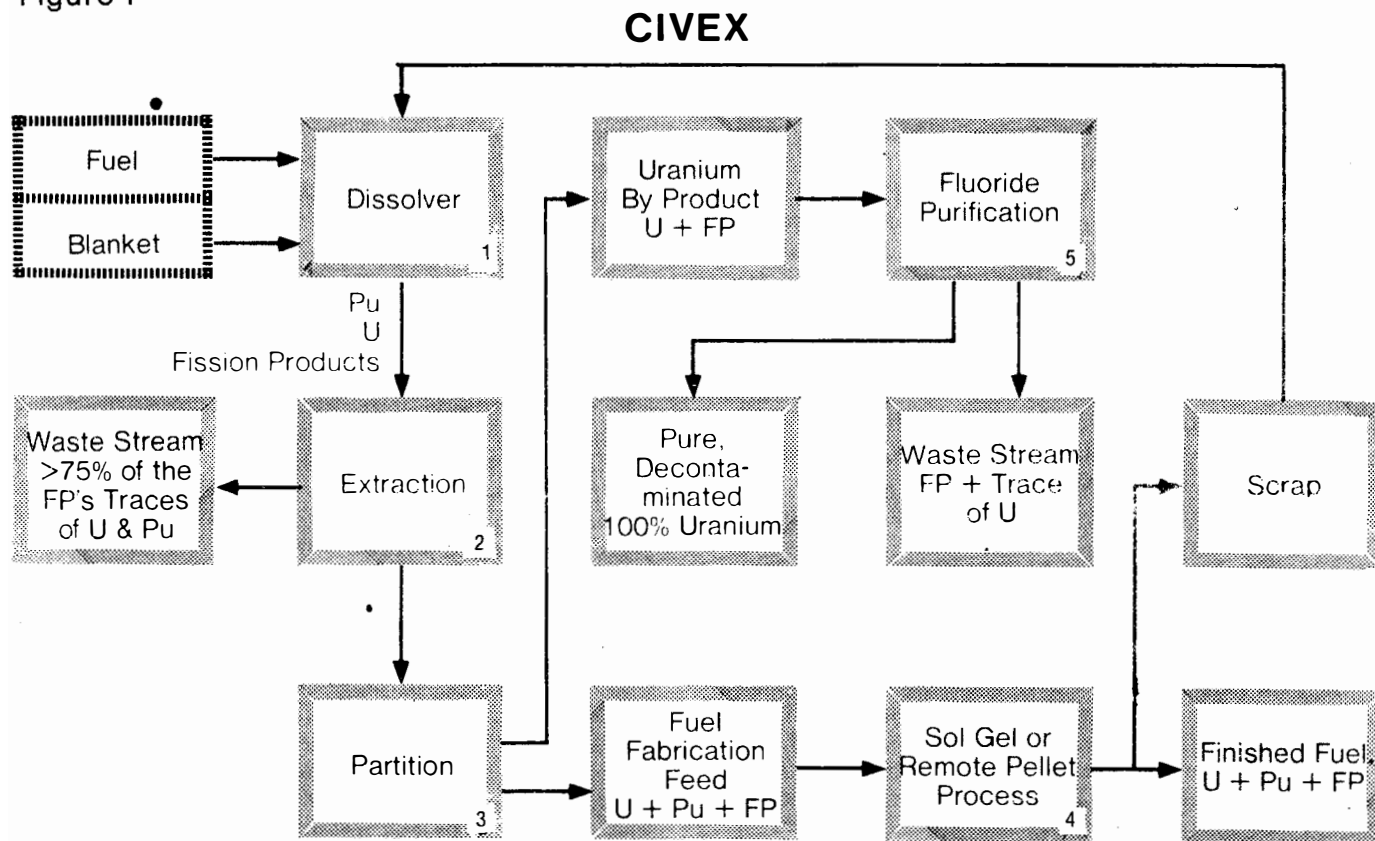
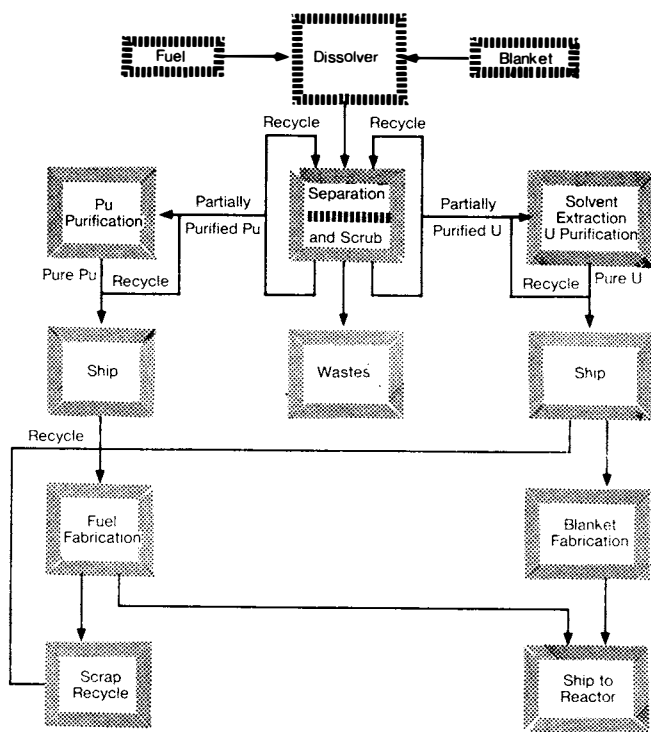


Figure 2

PUREX



the future world demands for energy, capital goods, and agricultural products.

This and similar processes brings us another major step into the transition towards a fusion-based economy in terms of providing the new technologies, the higher skilled manpower, and the engineering capabilities that will be needed for the most advanced and efficient form of breeders — i.e., the fusion-fission hybrid reactor, and eventually full fusion reactors themselves.

Civex (Figure 1) is different than the Purex process (Figure 2) now being used, in that plutonium is never concentrated in the plutonium-uranium fuel mixture beyond 15 to 25 percent, i.e., that mixture required for new fast breeder fuel. It takes over a 60 percent concentration to make nuclear weapons. Furthermore, some of the most radioactive fission products (ruthenium, zirconium, and niobium) are left within the fuel mixture when it is refabricated into new fuel, thereby making it impossible for anyone to get anywhere near it without a several foot thickness of concrete. The Purex process completely separates *all* fission products from the new fuel mixture.

This high radioactivity combined with the design of the Civex process, which is a completely remote operation, fully self-contained, fully automated closed cycle, makes it "terrorist-proof" as well.

Under Civex most of the fission products are separated from the fuel mix (as in the Purex process), stored in a concentrated liquid form in tanks for five years, and then stored in a more concentrated solid form for several hundred years, underground. This is the most efficient and economic way to handle the storage of nuclear wastes. The fuel mixture (plus selected fission products)

is refabricated into new fuel elements within the Civex plant and recycled back into the fast breeder reactors.

The major advantage of the fast breeder reactor compared to the current Light Water Reactors (LWRs) is that the breeder can expand the supply of reactor fuel by over 70 times by "breeding" plutonium out of the abundant but now useless uranium-238 isotope. LWRs are now fueled by uranium-235, the only naturally occurring fission fuel, which makes up less than one percent of mined uranium and is expected to be in very short supply by the end of this century.

The Purex process is now only a fuel reprocessing plant, while the Civex process will, as a minimum, combine the fuel reprocessing and fuel fabrication operations. That is, highly radioactive burned-up fuel will enter one end of the plant while highly radioactive new fuel will leave the other end, with no personal access to it in between. Furthermore, the cycle can be completely closed if the "reactor park" concept is used. Here, several fast breeders and a Civex plant will occupy the same site and will be completely interconnected from the time the fuel is removed from the reactor core until it returns.

The issue is therefore not whether such a system is technically feasible, but whether an economically desirable commercial large-scale Civex system can be developed. Preliminary estimates of the costs of Civex versus those of the standard Purex process have indicated roughly comparable total costs. The normal process operating costs for Civex will be much less than for the Purex process because the plant is about half the size. That is, the number of separation-process streams are reduced by about half, since plutonium, uranium, and some fission products are now coprocessed rather than removed separately. On the other hand, the remote fabrication techniques required in Civex will make capital costs considerably higher than for Purex. On balance, therefore, the total costs appear to be about equal, within a range of 20 percent. However, as the automated Civex processes gain commercial operational experience and as mass production is introduced, its costs can be expected to decrease.

Zero Growther Attacks Civex

It was inevitable that the hardbitten advocates of energy no-growth would react to the announcement of the Civex breakthrough with outrage — and, of course, with a fresh batch of untruths about the insurmountable "proliferation" and environmental dangers of this and every other form of nuclear power.

Setting the tone (see box) was New Directions, which the day of the press conference announcing Civex rushed out a statement attacking the proposal. New Directions is the "lace-curtain" end of the most sinister and most significant current in the environmentalist movement, the faction most firmly devoted to negative growth, in energy, in Third World development, in the U.S. economy, in global living standards. As its leaders it brings members of the terrorist command center, the Institute for Policy Studies, and social-control ideologue Margaret Mead together with men like cold warrior Paul

Nitze and top genocidalist Robert McNamara of the World Bank (the latter, one of New Directions' founders, in fact).

In its statement, New Directions cited five "quotes" from Civex documents to show that all nuclear power is a dangerous source of nuclear weapons proliferation, and that the Purex process in particular is a proliferation hazard. When the New Directions quotes from EPRI are compared to the Civex documents referenced, it is clear that the quotes themselves are in almost all cases taken out of context, and even tampered with.

But more significant are the "tone-setting" arguments that the New Directions statement presents. Let's compare what New Directions claims that EPRI admits, with the facts.

"We Don't Need the Breeder"

New Directions says that "the U.S. can afford to defer plutonium reprocessing and the breeder," and "quotes" Civex documents as saying: "The U.S. is currently able to defer non-military reprocessing. . . and the breeder. . . ." "The benefits of all of these options in decreasing demands for resources and increased security of supply occurs mostly after the year 2000."

Contrary to what New Directions claims are concessions made by EPRI (and therefore the nuclear industry) it is in fact generally recognized not only in the United States but, even more so, in Europe and other "fuel-starved" parts of the world that the breeders *must* come on line commercially in the very near future and with it, of course, plutonium reprocessing. To make this fact a bit more real to our antitechnology friends in New Directions, it should be strongly reiterated that France, the Soviet Union, and even Great Britain all have Liquid Metal Fast Breeder Reactor demonstration plants (equivalent to the stalled U.S. Clinch River breeder project) in operation, some for several years already, and furthermore France and the Soviet Union have commercial-size plants under construction. France's 1200 megawatt Super-Phenix is slated for a 1984-85 start-up date, while others are not far behind. Fuel reprocessing for these countries is "standard operating procedure," and this is with processes similar to the U.S. Purex process. France, Great Britain, West Germany, Japan, will soon have no alternative - but the breeder, and later fusion, and this is a well-advertised fact!

The Soviet Union and the United States are committed to the breeder for the near term because it is the cheapest and most efficient energy source from the point of view of available resources. These two countries have led the way in developing new technologies which solve the problem of "limited" and therefore increasingly expensive resources. The breeder reactor is simply another important step in this ongoing process of development which in the area of energy will eventually lead to fusion-fission hybrid reactors and, finally, to full-scale fusion reactors — the ultimate solution to the question of virtually unlimited (and therefore cheap) energy.

"The Risk is Too Great"

New Directions goes on to say that "any new fuel cycle should not have a greater risk of diversion than spent fuel from light water reactors," that "breeder reactors are a major proliferation risk," and that "several weapons could be quickly fabricated from reprocessing

plutonium." These claims, too, are supported by a series of out-of-context quotes from EPRI.

These "concessions" which New Directions says that EPRI has made, all involve worn-out, tired issues. It should be clearly stated that this is primarily a political, not a technical question, and has been so addressed for decades. What is being regurgitated in undigested form by New Directions now is nothing more than the problems discussed and *solved* in the early 1950s by President Eisenhower and his "Atoms for Peace" program. It was decided then that the only solution to such problems was to break down the barriers which lead to a nation's desire for weapons and defense, by providing all nations instead with the basis for development around a source of cheap energy — nuclear energy. This still remains the only real solution, and it's about time that the U.S. again joins with the rest of the world and gets on with the business of development.

It is a long-established fact that *any* nation, given the financial commitment, can develop and construct an atomic bomb. This has already been done by several countries, the most recent being Israel (and probably South Africa), and before that, India. It would not be done using an expensive power reactor and commercial fuel cycle, but instead with a relatively less expensive research reactor, small-scale reprocessing plant, and by developing the appropriate high-technology bomb-manufacturing capability. This is not an easy task and would take upwards of 10 to 15 years, several hundred million dollars, and highly skilled scientists and engineers. Most nations have apparently decided that it is a ridiculous waste of valuable resources. Power reactors are for producing power, and the development of nuclear power around the world must be fully supported — precisely in the interests of peace and progress.

"Even Conventional Reactors Are 'Bombs' "

And finally, New Directions claims that the EPRI has now confessed that even light water reactors are a major proliferation risk, because of the unprocessed spent fuel.

Neither EPRI nor anyone else knowledgeable in the field of fuel reprocessing and nuclear power is claiming that the Purex process can not be made sufficiently safe to meet all necessary requirements for proliferation and terrorist resistance. In fact, several nations already have similar processes in operation and are successfully meeting all security criteria. Furthermore, it is likely that the Purex process will continue to be the standard reprocessing technique for at least the near future, and will also eventually be exported to other countries, with of course the appropriate international controls and safeguards, as various nations such as Brazil and Mexico develop their nuclear programs. Civex provides a system that not only meets all the requirements met by the Purex process, but in addition, provides a "put-down" for the phony fear-mongering scenarios which are knowingly put forth by people like the New Directions crowd. Furthermore Civex can eventually reprocess fuel more efficiently and perhaps more economically than the existing systems because it will use advanced, highly automated industrial processes that are tailored specifically to the commercial breeder reactor fuel cycle. This is why the *New York Times* blew its cool — its bluff has been called!

Civex's Objectives

The objectives of the Civex process as laid out by EPRI can best be summarized by simply quoting a small section of a paper titled "A Fast Breeder System Concept: A Diversion Resistant Fuel Cycle," written by Milton Levenson and Edwin Zebroski:

Any sovereign nation making the overt decision to become a weapons owner can probably do so and nothing can be done by means of technology to prevent it. That is rather an issue for international treaties and agreements. However, two related issues — small bands of terrorists or large terrorist groups (or subnational groups) can be addressed by technology. We set as an objective the tailoring of a process and facility for a breeder reactor fuel cycle that would be proof against terrorist theft and so resistant to subnational group diversion as to be considered diversion-proof. The

related objective is to demonstrate that the existence in any area of such a diversion-proof civilian reprocessing (Civex) plant would not shorten the time from "decision to acquire" to "time of ownership" of pure plutonium. The existence of a Civex plant cannot prevent a nation from clandestinely building a small reprocessing plant to make pure plutonium — but if it is more practical to do that than it is to modify the Civex plant, the objective will have been achieved: the Civex plant will not have increased the probability of, or shortened the time to, a new weapons-capable nation or entity.

Once one has established an objective, it is necessary to develop criteria to help define whether one is meeting the objective...

First, there shall be no pure plutonium in storage. Thus, a small terrorist band cannot overpower the on-site guard force, grab bottles of plutonium, and flee, much as a small terrorist band might steal money from a bank vault.

The New York Times's Reprocessing Cycle

In a March 1 editorial written in its best "consumerist" style, the *New York Times* charged EPRI and the other Civex proponents with conducting an unfair "Hard Sell on Nuclear Safety." The announcement of Civex, said the *Times*, actually "underscores the dangers in the world's current nuclear course." Backing up the *Times'* argument was a reference to "government experts."

It turns out that the "experts" behind the *Times* editorial were none other than New Directions.

The *New York Times* wasn't the only one on the New Directions debunking list. Sources say that Tom Cochran, a "physics expert" for the environmentalist Natural Resources Defense Council, hurried to the White House to deliver a copy of the New Directions charges to his good friend Kitty Shermer, an aide to President Carter.

It is therefore instructive to compare the *Times* editorial with New Directions' rush-job release on the Civex announcement.

Times: "If the claims hold up, the development (of Civex) would be a breakthrough in efforts to curb the proliferation of nuclear weapons. But the claims appear exaggerated — a hard sell on behalf of rapid development of the next generation of nuclear reactors."

New Directions: "EPRI is to be congratulated for facing up to the proliferation dangers of plutonium reprocessing, and accepting a 'no worse than light water reactor' nonproliferation. Unfortunately, the EPRI criterion still contains a major flaw and the fuel cycle proposed does not measure up to EPRI's own criterion."

Times: "There is irony in the new announcement...for it underscores the dangers of the world's current nuclear course. In describing the need for the new system, the researchers give a

frank appraisal of defects in the old systems. They argue that current nuclear reactors are producing vast quantities of material that could be fabricated into bombs."

New Directions: "The most surprising aspect of this proposal is that for the first time, EPRI has admitted the proliferation dangers of plutonium reprocessing and the breeder reactor. It also admits that both the breeder and plutonium reprocessing can be deferred....EPRI is now attempting to justify plutonium use by attacking light water reactors as major proliferation risks."

Times: "No more eloquent plea could be made for bringing spent fuel rods under better international control."

New Directions: "'Civex's criticisms of traditional plutonium reprocessing should ring the deathknell for the Windscale, Barnwell, and the Tokai Mura reprocessing facilities. None of these facilities as constructed or designed meets EPRI's proliferation criteria.'"

Times: "Still, government experts in energy and arms control...say it would still be possible to extract plutonium from the new system. And they fear that if plants incorporating the new system were spread around the world, they would increase the dangers of weapons proliferation by spreading nuclear expertise."

New Directions: "Secondly, Civex fails to meet its objective of being as proliferation-resistant as the light-water-reactor fuel cycle because it would place in many countries a plutonium extraction facility...a facility that can be easily converted to produce weapons usable material. Also, any country with a Civex reprocessing facility will have a trained cadre available to build a standard plutonium reprocessing plant."

The second criterion is that there should be no pure plutonium at any intermediate point in the process. This insures that a terrorist band that includes an "inside man" cannot readily open or close valves or add a drain line at a critical point, so that once it has overpowered the guard force it can collect pure plutonium rather quickly and escape.

The third criterion selected is that no relatively simple changes in chemistry or flow sheets should be capable of producing pure plutonium. Like the second criterion, this is for protection against the small terrorist band that includes an "inside man."...

The fourth criterion is that for the production of pure plutonium it must be necessary to make hardware, piping, and equipment changes and that the materials and resources necessary to make such changes should not normally be present on site. This means that simple piping changes, simple jumpers, simple rerouting of

plumbing, or similar activities cannot produce pure plutonium...

The fifth criterion is that to achieve production of pure plutonium, the modifications to be made and the new equipment to be installed cannot be achieved without either decontamination of highly radioactive areas or entry into very high radiation fields, either of which is very time-consuming as well as basically deterrent.

The sixth criterion is that the time required to convert the Civex plant to production of pure plutonium should be of such a length and the resources required so extensive that there is adequate time for international as well as national response forces to react.

The final criterion is that the flowsheet should be based on credible technology, every step of which has been at least laboratory tested, if not pilot-plant tested, in one or another application so that there is a very high probability that the proposed Civex flowsheet can indeed be developed with a minimum of technical risk....

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Clearing Up The Neutron Bomb Controversy

Does West German chancellor Helmut Schmidt support the "neutron weapon," or does he oppose it? For months now, such august journals as the *New York Times* and *Washington Post*, along with related European papers, have been playing a crude game with

WEST GERMANY

this question. They portray the debate as a grand battle between the "doves" and the "hawks" within the West German political scene, with the poor Chancellor caught in the middle, leaning first in one direction and then in the other. Simplistic accounts of the Soviet position on this weapon have done little to clarify the matter.

"What Sort of Weapon?"

With a series of important NATO consultations scheduled for May, the time has come to be frank about this celebrated "neutron weapon." Contrary to almost all Western accounts, the weapon is neither a "tactical" nor a "defensive" weapon, but is intrinsically only useful if used offensively. It would have no value in minimizing blast damage to home territory, since in the event of a comprehensive Soviet attack such territory would have been thoroughly "paved" beforehand by Warsaw Pact mid-range weapons. It would also be relatively useless as an antitank weapon provided that Soviet tank divisions advanced in dispersed formation. Therefore, its only conceivable use would be against selected targets within Warsaw Pact territory.

Hence, Soviet military thinking correctly perceives the stationing of the neutron weapon in Western Europe — especially West Germany — as a unilateral war provocation, violating NATO's self-description as a purely "defensive" alliance and altering the strategic balance in Central Europe for the worse.

It is well known that U.S. Defense Secretary Harold Brown and his associates want the West German government — as the most important NATO ally — to actively support the production of the weapon and its eventual stationing on its territory. In the Soviet perception, any such West German support would signify a significant shift throughout the West in favor of any number of Kissinger-style "cabinet warfare" scenarios, and the end of all serious East-West detente efforts.

There are political forces within West Germany who are misguidedly advocating just this course for West Germany and the Alliance. Since approximately late January, the Christian Democratic Union (CDU) and its Bavarian sister party, the Christian Social Union (CSU),

have unanimously clamored for the "N-bomb," claiming that it will act as some sort of "balance" against Warsaw Pact tank forces.

British Undertones

They are doing so not out of some patriotic link to the United States, but because, on this question, they are effectively under the control of the Margaret Thatcher wing of the British Conservative Party, itself run by the London Institute for International and Strategic Studies (IISS). This was clearly demonstrated by the heavy British representation at the CDU's military strategy convention in Kiel early February. It can also be seen from a comparison of IISS policies with statements from IISS member Manfred Wörner, the CDU's spokesman on military affairs.

Any remaining doubt was dispersed when the CDU and CSU held a joint conference on "Germany policy" Feb. 23. Both parties agreed that West Germany should work toward creating an international crisis around the provocative question of "German reunification," a question which in both U.S. and Soviet eyes is a dead letter. The CDU's "Germany policy" spokesman, Manfred Abelein, recommended that "economic sanctions" be instituted against East Germany over such issues as "human rights," and that West Germany's alliance with the U.S. should *not* be a major consideration in such moves. "The status quo interests of the world powers," he said, "also certain status quo interests in the Western sphere, are not ours. It is perhaps unpleasant to say this, but that is the way it is, unfortunately."

The CSU's parallel policy against the U.S. was much more crude and direct: "The German Reich still exists."

The momentum built around this conference was such that the small Free Democratic Party, the other partner in the ruling government coalition with Schmidt's Social Democratic Party, also declared itself in favor of the stationing of the neutron weapon, thereby going against Bonn's official "wait and see" policy. For the next few days, Bonn was full of rumors about a split between SPD and FDP, after which the FDP would form a new government with the CDU-CSU opposition. This "minicrisis" subsided, however, when the FDP once again altered its policy in the direction of Schmidt's own, reportedly as the result of pressure from Foreign Minister and FDP Chairman Hans-Dietrich Genscher.

Schmidt Clarifies the Issue

The incident prompted government spokesman Klaus Bölling to partially clarify the West German government's attitude. Bölling called for exhaustive

negotiations towards arms control, which would move towards a situation where the "neutron bomb" would be "negotiated out of existence." As for the actual decision to produce the bomb, this was completely up to the United States Administration, after which the question of its stationing could be the subject of joint Allied negotiation.

The Bölling statement was reported by the *Washington Post* Feb. 24 under the deliberately misleading headline: "Bonn Asks Negotiations With Soviets On Limitation of Neutron Warheads," giving the impression that Schmidt was proposing "tit-for-tat" bargaining against some item of Soviet equipment, rather than a comprehensive push on all aspects of arms limitation.

This misrepresentation of West German policy by the East Coast press reached a climax March 5, when both the *New York Times* and the *Washington Post* reported that "ties with Bonn have weakened" over both defense and monetary policy. This time, the *New York Times* quoted a U.S. Administration official as saying that Schmidt last year "had become suspicious of American willingness to make concessions in strategic arms negotiations with the Soviet Union," implying that Schmidt is not really willing to negotiate with the Soviets.

Schmidt, however, had already managed to convince President Carter to clamp down on this "confrontation" propaganda (largely circulated by National Security Advisor Zbigniew Brzezinski and Treasury Secretary Michael Blumenthal), and had begun a series of intensive telephone discussions with Carter, primarily on the dollar situation but also on "other topics." The Chancellor got the ball rolling for this through a major speech delivered March 3 to the Hamburg-based Far East Society, in which — at long last — Schmidt's position on the neutron weapon is set forth with no trace of ambiguity. Said Schmidt:

"A visible U.S. presence in Europe, including the presence here in our country, is more than a consideration of power relationships or a factor maintaining the balance; this U.S. presence is at the same time a commitment based on conviction. It is a commitment that we — equally convinced of the stakes and just as conscious thereof — are doing all within our power to try to strengthen."

"Concert" Policies

Schmidt's disdainful reference to "power relation-

ships" and "maintaining the balance" is a scarcely veiled attack on the "concert" policies instituted by the British over the last century and continued by Henry Kissinger. It is such policies which motivated Brzezinski and Blumenthal to threaten a staged "break" with West Germany in order to blackmail Schmidt into reflating the West German economy and stationing the neutron bomb there.

At the same time, Schmidt is "equally convinced of the stakes and just as conscious" of his commitment to NATO as an institution. "Our country is a member of NATO, an alliance designed for collective defense only. In view of the nuclear threat that we all face, we rely on the U.S., as the leading nuclear power of the alliance, for necessary protection and for the appropriate manufacturing decisions."

Various commentators, including Adalbert Weinsten of the daily *Frankfurter Allgemeine Zeitung* have interpreted this last passage as implicit support for the neutron bomb. Such commentators miss the point. To be sure, if there is no progress in arms limitation talks and related detente efforts over the next two years, then Schmidt will have to accept the neutron bomb into Europe if the U.S. insists, no matter what the consequences.

Schmidt's commitment to the Western Alliance, however, is to the living alliance, and not its dead structure. For Schmidt, the content of this alliance is economic recovery linked with reasonable arms reduction negotiations with the Warsaw Pact: "The latent danger of conflicts and wars can be prevented if armament control and disarmament are successful."

Slow Learners

But some people never learn. The *Washington Post* recently revealed a new State Department proposal to halt work on the neutron bomb if the Soviet Union withdraws its SS20 midrange missile from the European theater. After the predictable negative Soviet response, the *Christian Science Monitor* has rumored that the "West German military" would much rather like to trade the neutron bomb for an (equally unacceptable) reduction in Soviet tank forces.

It is up to clear-headed officials within the Carter Administration to strengthen the U.S. alliance with Schmidt, in order to halt a new rash of such dangerous publicity games.

— John Sigerson

Soviets Offer W. Germany, And Others, Cooperation — The Alternative To War

Only two days before events in the Middle East provoked warnings of global conflict from the USSR, the semiannual Leipzig trade fair in East Germany (DDR) opened with a dramatic announcement of another sort. The DDR and the West German firm Krupp were preparing to jointly build a steel plant in Ethiopia, reporters were informed.

This first step toward a long-term solution of the Horn of Africa crisis — East-West participation in its economic development — coincided with a series of similar Soviet overtures for cooperation with the West and the developing sector.

The Warsaw Pact nations' leadership is purposely combining war warnings with war-avoiding economic proposals, to send an unmistakable message to the West: join with us quickly to work for peace and progress, before it is too late — before the world situation deteriorates beyond anybody's control and thermonuclear war is the only future.

The Soviet military paper *Red Star* on March 11, the anniversary of the Nazi annexation of Austria 40 years ago, carried a warning:

"Although 40 years have passed since the Anschluss, its lessons remain timely today — and not only for Austria.... One of the main reasons why the Western powers cynically handed Austria over to Hitler, and did not want to participate in the collective actions proposed by the USSR, was their hope to turn the fascist aggressor against the USSR."

The parallel could not go unnoticed: *Red Star* proposes to regard with deepest suspicion the rejection of Soviet peace and development proposals today.

In addition to behind-the-scenes Soviet efforts to convene the Geneva Middle East peace conference or a preparatory meeting, Moscow has made substantial economic overtures toward the Middle East and northern Africa. Moroccan Prime Minister Osman, in Moscow the week of March 6, signed an extensive

agreement for Soviet development of Moroccan phosphate reserves. The Soviets are preparing to sell two nuclear reactors to Libya, the second such sale, after one to Finland, to a country outside the socialist bloc.

In line with these moves, the Soviets abruptly changed their policy regarding the large nuclear technology deal between West Germany and Brazil. The Foreign Broadcast Information Service translated a March 7 article from the *Jornal do Brasil*:

"Valentin Falin, current USSR ambassador to the FRG (West Germany), stated yesterday that his country views the Brazilian-FRG agreement on nuclear cooperation as "something we accept, because this kind of cooperation does a great deal for peace throughout the world. We have good relations with the two contracting parties and that is why we accept this kind of cooperation between two friendly countries."

This positive Soviet attitude is due in large degree to the efforts of West German Chancellor Helmut Schmidt, who has repeatedly tried to allay Soviet and East German fears of "nuclear proliferation." In a speech to Parliament March 9, he said that relations between the two Germanies should be based on a mutual commitment to "rapidly develop Third World countries by capital aid, technological and scientific cooperation." Radio Moscow contrasted Schmidt's sane policies to recent statements by West German Foreign Minister Genscher, which the commentator compared to the "German Reich" policies of those who advocate the reunification of Germany.

Czechoslovak television in late February hailed the process of political rapprochement and trade growth between Czechoslovakia and West Germany following "a period of stagnation." The program cited a recent visit by Social Democratic Party parliamentary faction head Herbert Wehner to Prague as a major contributing factor.

Tito, Carter Affirm Mutual Cooperation

President Tito of Yugoslavia met with President Carter March 7 and issued a joint statement which included the call for preserving the "independence and nonaligned position" of Ethiopia and Somalia. Following Yugoslav-U.S. talks, which pointed to the importance of the Nonaligned Nations and European Security talks, President Tito is sending his foreign minister Milos Minic to the Horn of Africa in an attempt to mediate between Ethiopia and Somalia.

The following excerpts of the joint declaration detail agreements reached by the two leaders during the talks:

...Presidents (Carter and Tito) reviewed recent developments and pledged renewed efforts to lower the barriers to understanding and contact between all peoples of Europe, in accordance with their common aspirations. In this regard, they discussed the results of the Belgrade Conference and agreed that it had significantly strengthened the foundations for the continuation of multilateral efforts to increase security and cooperation in Europe. They reaffirmed their commitment to the success of the CSCE process and to full implementation of all sections of the Final Act. They

urged all signatory states to join in efforts to achieve full implementation in order to further the process of consultation and contact between the participating countries and to promote mutual understanding. They pledged continued efforts toward these goals in the period leading to the next Conference in Madrid in 1980.

Presidents Tito and Carter expressed their special concern about the situation in the Middle East which remains a source of great tension in international affairs. They agreed on the urgent need to find a comprehensive, just and lasting solution to the problems of the Middle East and explained in detail their respective views on the current situation.

The two Presidents also agreed that the Ethiopia-Somalia conflict should be resolved by peaceful means, taking account of the need to respect both territorial integrity and the legitimate aspirations of the peoples of both countries...They expressed their belief that the international community should exert greater efforts for securing conditions to maintain the territorial integrity, independence and nonaligned position of these two countries.

In their discussion of developments in Southern Africa, the two Presidents expressed support for the legitimate aspirations of the African peoples to self-determination and majority rule. They condemn racism in all forms.

The two Presidents discussed a variety of aspects of human rights in the contemporary world and agreed that efforts toward the implementation of human rights in all countries should be in accord with the provisions of the Charter of the United Nations, the Universal Declaration of Human Rights and the Helsinki Final Act.

Presidents Carter and Tito reviewed the international economic situation with particular attention. While approaching global economic problems from different perspectives, they recognized their gravity and stressed the need for necessary changes in world economic relations which take into account the interests and equality of all countries. They noted in particular the importance of increased support for accelerated economic development for the developing countries and a broader linkage between the economies of the industrialized and developing countries. They emphasized the significance of the global economic dialogue as a vital element in fostering cooperation between the industrialized and developing countries, which is an indispensable precondition for the settlement of existing economic problems.

The two Presidents voiced their deep concern over the continuation of the arms race which renders difficult the solution of substantial political, economic, and other

problems besetting mankind today. Both governments believe that durable peace in the world as a whole can only be assured if effective measures are undertaken to halt the arms race and to take concrete steps for nuclear disarmament toward the ultimate goal of general and complete disarmament. In this connection, the two Presidents underscored the importance of the negotiations on strategic arms limitations, mutual and balanced force reductions in Central Europe and of the other efforts to limit the arms race. They also stressed the importance of the forthcoming special session of the General Assembly of the United Nations devoted to disarmament.

The two Presidents emphasized the decisive importance of the development of energy for the economic growth of all countries, and of the developing countries in particular, and they believe therefore that nuclear energy for peaceful purposes should be made accessible to all countries without discrimination. The two Presidents also pointed to the danger of the proliferation of nuclear weapons and agreed that this danger can be diminished through an effective reduction of existing nuclear armaments and through the development and application of nuclear energy for peaceful purposes and the implementation of measures in accordance with the provisions and objectives of the Treaty on Non-Proliferation of Nuclear Weapons and other international agreements within the framework of the International Atomic Energy Agency.

The two Presidents observed that terrorism is a common scourge of the international community, and they agreed that effective measures must be taken to eliminate this senseless threat to people throughout the world. President Carter specifically condemned the violence directed against Yugoslavia by terrorists in the United States and pledged his government's commitment to take firm measures to prevent and to prosecute such criminal activity which is against the interests of the United States and of good United States-Yugoslav relations.

President Carter reiterated the continuing support of the United States for the independence, territorial integrity and unity of Yugoslavia. During the talks it was stressed that good relations and cooperation between the United States and Yugoslavia constitute an essential element of American foreign policy and that the United States is interested in a strong and independent Yugoslavia as a factor for balance, peace and stability in Europe and in the world.

President Tito extended an invitation to President Carter to pay an official visit to Yugoslavia. The invitation was accepted with pleasure.

The Plot To Legalize Heroin

If the legislation now pending in the Ohio state legislature for an experimental program of heroin maintenance for the state's prisoner-addicts becomes law, the "British system" of legalized heroin addiction could quickly be adopted in all of the United States.

The Carter Administration is now bitterly split over the national drug policy and the Ohio situation — a major test case — is likely to bring those differences more out into the open. On the one hand, heroin maintenance has been roundly condemned by National Institute for Drug Abuse chief Robert Dupont as contributing to a general environment of drug proliferation. However, Dupont's position is being undermined by a coalition inside and outside the Carter Administration headed by Presidential drug adviser Dr. Peter Bourne. The drug advocates see the passage of the Ohio bill as the key "foot-in-the-door" for widespread adoption of policies which will lead to vastly increased, government-controlled drug use. These forces see a heavily drugged U.S. population as an integral part of social policies like the Humphrey-Hawkins bill and other plans for low-skilled, "labor-intensive" jobs creation.

Bourne and Trebach

The nomination of Dr. Bourne as the director of the office of Drug Abuse Policy (ODAP) in February 1977, followed by his confirmation after much emotional debate last April constituted the single most important gain in implementing these proliferation policies. With Bourne on the White House staff, a series of initiatives were launched to relax U.S. laws restricting the use and production of narcotic drugs. While the challenge to heroin laws was being supervised by Bourne, the specific task of doing the political legwork was assumed by American University law professor Arnold Trebach.

Bourne and Trebach have had significant problems, with what Bourne has termed "old-fashioned moral hang-ups" about narcotics. Therefore, this coalition around Bourne and Trebach has fashioned a strategy to destroy the three crucial bottlenecks to heroin legalization without locking horns with the public. First, the laws against dispensing controlled substances are attacked. Legalizing the use of heroin to maintain methadone, heroin, and other drug-addicted patients will actually heighten the demand for heroin.

Second, they intend to reclassify heroin from a dangerous substance to a "medicine." A step was taken this month by New York State Assemblyman Hevesi (D-Queens) who with State Senator Edward Gold introduced legislation to legalize marijuana for treatment of glaucoma and the ill-effects of cancer chemotherapy and heroin as a pain killer for the terminally ill. Heroin, once legally manufactured in one state will become readily

accessible through leakage and pharmaceutical over-production, thus creating an uncontrolled supply. Third, Bourne and Trebach aim to break down the psychological barriers to heroin use by decriminalizing the addict, creating carefully contrived arguments that center around "one's right to privacy," and by circulating dubious "scientific" opinions that heroin is "harmless." The organization funding and coordinating such cases is NORML (National Organization for the Reform of Marijuana Laws).

The Pain Killer Argument

A professor of International Law at the American University in Washington, D.C., Trebach is the head of an organization founded in April, 1977 to reschedule heroin as a prescription drug called the Committee on Intractable Pain (CIP). Trebach launched the operation with a formal request to the U.S. Attorney General to "reschedule" heroin (i.e., out of its "dangerous" category) coinciding with Bourne's installation as head

Bourne vs. DuPont

In an article in the Jan. 1977 issue of *Drug Review* titled "Leadership and Drug Abuse," Bourne described the state-by-state strategy:

One feels that federal drug officials are waiting for someone to tell them what to do. The possibility of heroin maintenance or even heroin decriminalization is now being talked about actively again, but not in the government . . . The decriminalization of marijuana is now publically supported by most federal officials, but apparently only because it is an approach that has . . . been made a reality in a half-dozen states.

of the office of Drug Abuse Policy. Trebach has, for the past four summers, conducted a seminar in England on the British approach to heroin maintenance, entitled the "Fifth Institute on Drugs, Crime and Justice in England." Using the influence gained through the CIA and the seminar, Trebach has organized high-level support, interest, and grants for his "medical re-scheduling" plan.

His important contacts include Patricia Wald, Assistant Attorney General of the United States Department of Justice (which is ultimately responsible for the rescheduling of heroin, who is the founder of the Drug Abuse Council, DAC, which has been the key think-

Under H.B. 709 . . .

A target population will be selected from Ohio's addict population to be treated at prisons, outpatient facilities, and hospitals. After a two-year period, all records of the patients and their response to treatment would become the property of an advisory committee. An advisory committee would be created 30 days after the bill is enacted and would include representatives of the medical, psychiatric, professional, legal, and therapeutic community. At the end of two years, the advisory committee would submit recommendations to the state legislature on the program's functioning, and extension.

tank for drafting position papers for all drug-oriented research. Wald also holds the crucial Justice Department position of legislative liaison, and has significantly aided Trebach within the Department.

Trebach spoke at a NIDA (National Institute for Drug Abuse) conference this month. Immediately afterwards NIDA awarded the Sloan-Kettering Institute in New York City \$1.9 million in research grants to clear up "public misconceptions about heroin use."

Trebach has gained credibility with some law enforcement officials who would otherwise be opposed to all forms of drug-proliferation through his active collaboration with Wesley Pomeroy, former Assistant Director of the federal Law Enforcement Assistance Administration. Pomeroy, also a member of ODAP under Bourne, is now actively organizing support for heroin maintenance.

Pot Lobby Pushes Heroin

NORML's role is to psychologically condition the population by fostering an atmosphere of permissiveness for drug abuse. This is in part made possible through funding by the Playboy Foundation and the High Times Corporation, publishers of the drug and pornography magazine *High Times*. Proving the old adage that "marijuana smoking leads to heroin use," the pot-lobbying NORML has been crucial in breaking public resistance to hard drug use by organizing campaigns for the decriminalization of "recreational" drugs in 40 states over the past two years.

NORML bases their work on the same arguments now used on those spreading heroin legalization. The rationale runs something like this — "We already have a marijuana culture so let's deal with it on a rational basis and pass liberal laws. Heroin, marijuana, and cocaine are simply bug-a-boos to people . . . twenty-five years

ago people had hangups about alcohol and tobacco. . . ."

In the wake of the 1975-1976 defeat of heroin legislation in Michigan and California, Bourne with Trebach and NORML reorganized their conspiracy around relaxing governmental bans on drug use and production. In a letter to the Department of Health, Education and Welfare, in the spring of 1977 Bourne instructed the agency as well as NIDA to set new standards for their use, "judging heroin and other narcotics purely on a scientific basis." Since then Maryland, New York and New Mexico have been hit with legislation to legitimize both heroin and marijuana for medical use.

Ohio — First Legal Fix?

The Ohio bill No. 709 which, if passed would be the first heroin maintenance program in the United States, went through the Ohio assembly under a virtual cloak of secrecy — there was neither debate nor press coverage of its July 26 passage. The blackout of the measure continued until Republican State Senator Malone notified U.S. Labor Party candidate for Governor Alan Friedman of the bill's existence.

In the past two months, the Labor Party has organized a state-wide coalition of conservatives, civil rights groups, the Nation of Islam and drug-free treatment organizations to oppose the legislation. On Feb. 28 Monsignor O'Brien, President of the Therapeutic Communities of America, a coalition of drug-free treatment centers, testified against the legislation before the Senate Judiciary Committee. The bill was subsequently voted up by the committee with the 6-2 vote being distributed along strictly partisan lines — Democrats supporting the measure and Republicans rejecting it.

Bourne shared in drafting the Ohio legislation with Richard Wolfe, the Ohio Chairman of NORML. Wolfe also holds staff positions with the Commission on Drug Abuse, Ohio Department of Mental Health and numerous other health organizations. He addressed NORML's national conference in Washington D.C. in November "on broadening applications of marijuana decriminalization," and prior to drafting the bill met with Bourne's legal counsel.

Wolfe was also instrumental in helping State Representative Robert Orlett, the bill's sponsor, to recruit Richard Hatcher, mayor of Gary, Indiana to visit Ohio to defend heroin maintenance, utilizing the report Patricia Wald's DAC had written for the National League of Cities.

Trebach is also aiding the Ohio effort via his student Ronald Suci. Suci collaborated with Orlett and Wolfe in Columbus, and now works on that city's Drug Task Force. Suci, a graduate from Trebach's Institute, collaborates with Doctors Paris and Blackwell, two Dayton psychiatrists who have studied British heroin maintenance programs extensively.

—Karen Steiner

British 'Heroin System' A Failure

In a speech before the National League of Cities in June, 1977, Dr. Robert DuPont, Director of the National Institute of Drug Abuse, denounced the British system of heroin maintenance for addicts. DuPont debunked the notions which are currently being used to justify the passage of a bill for heroin maintenance through the Ohio State Legislature: that heroin maintenance in Britain is a success and that both the addict and the community would benefit from a "heroin experiment" in Ohio. We print here sections of Dr. DuPont's June speech:

Let me state, at the outset, my personal position on this issue so that there is no doubt about it. I consider the use of short-acting intravenous (IV) opiate drugs like heroin as part of opiate dependence treatment programs to be undesirable. I also think the hope that "heroin maintenance" will be a quick fix for our serious heroin addiction and related crime problems is an illusion... nearly 40 percent of the heroin addicts in treatment are now in drug-free programs. Thus, our discussion of pharmacologic treatment must be seen in the context of a national drug abuse treatment program that is primarily drug-free.

I just had the experience of going to Great Britain and talking with law enforcement, political, and drug abuse treatment people about their current drug abuse situation. As most of you know, it is a very rich irony that the "British System" is perceived in the United States as a permissive system of prescribing heroin to addicts. At the very time that the so-called British System is trotted out by heroin maintenance supporters as their key precedent, heroin prescription to addicts has been all but abandoned in Great Britain. Not because the doctors who work in the clinics do not want to use heroin. They find intravenous heroin is not good for the people who are coming in for treatment. Therefore, British doctors are switching to oral methadone for purely practical, pharmacologic reasons.

Within the next few years, heroin prescription will probably diminish further in the United Kingdom. The primary people who support the idea of prescribing heroin there are not the doctors who work in the clinics, but the law enforcement people and the politicians. They think it is a good idea. But people who work in the clinics are generally less impressed...

One myth that is terribly important to puncture is the argument that the British prescribing of heroin in the 1920s solved their heroin problem, just when we were creating our heroin problem by prohibiting our doctors from using heroin to treat addicts. They never had a street heroin problem until the late 1950s; our street heroin problem began in the first decade of this century, and it was already large by 1920.

A second myth I want to deal with is the misconception that, from a U.S. perspective, the British clinics are

liberal in providing access to heroin for addicts. In the British context, when they talk about the success of their clinics, they are talking about the clinics succeeding because they are *restricting* the addict's access to heroin, not because they are liberalizing it. You have to understand that those clinics were created in response to an explosive epidemic increase in heroin addiction in the 1960s, which was fueled by private physicians prescribing heroin. The British talk about their clinics as a way to cut down, not as a way to increase, the amount of medically prescribed heroin that is available in the community by restricting all heroin prescriptions to a few controlled outlets.

Another myth in the United States is that Great Britain does not have a black market in heroin. The price of heroin in Piccadilly is today about the same as the price in Manhattan. In other words, there is the same economic incentive for the illegal heroin market in Britain as there is in the United States. The British have not done away with the heroin pusher. They are now deeply concerned about the illegal heroin market in Britain. Law enforcement officials in Britain tripled the amount of heroin seized between 1975 and 1976. They doubled the 1976 number in the first five months of 1977.

There is another dilemma that is also worrisome to me, and it related even more directly to the heroin maintenance issue. It grows out of my experience with the marijuana decriminalization issue. I have concluded that our public communications, and I do not mean just the media, but how we all communicate to each other, is limited to what can be put on a bumper sticker. I have observed that if you cannot put an idea on a bumper sticker, you cannot communicate it. So that every communication — no matter how complex — is heard as either "for" or "against" something.

For the last three years when I have talked in favor of decriminalization of marijuana possession for personal use, I have been interpreted all over the country as being in favor of marijuana — even though I opposed marijuana use. I support a fine for people caught with small quantities of the drug, and I support prison sentences for marijuana sellers. These qualifiers are simply not heard. My support for marijuana decriminalization is seen as "pro-pot."

This condensation of complex thought to a bumper sticker motto is a source of tremendous distress to me. I continually watch this go on and see its inevitability. I am concerned about this process with respect to our heroin maintenance discussions. There is a bumper sticker message resulting from this discussion that may be terribly destructive to what we are trying to accomplish. I am afraid that most people who hear us talking about this subject are going to interpret us as calling for legitimatization of heroin and being in favor of

it in the same way that the marijuana decriminalization supporter is seen as in favor of marijuana. That would be a negative development and it is something that deeply troubles me.

...We do today reap a tremendous benefit socially from our stigmatizing heroin. We reduce the number of people who experiment with heroin. We reduce the acceptability of heroin within our communities. We increase the pressure on the addicts to stop using heroin by saying this is totally prohibited stuff. Once we start changing

this message and say, "Hell, heroin is just another opiate drug like a lot of others," the pressure that keeps many people off the drug is also reduced.

One final point of this subject: today our serious heroin problem is *not* growing. Overdose deaths, emergency room episodes, and public surveys all show declining levels. Is this a good time to try a radical, new, and untried policy, especially when it has the potential for making the overall problems of heroin addiction worse? My answer is simple: NO!

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EXECUTIVE INTELLIGENCE REVIEW SPECIAL REPORT
DAILY ENERGY INTELLIGENCE BULLETIN
THURSDAY, JANUARY 11, 1978

LEADING U.S. BUSINESS DAILY CALLS FOR CUTOFF OF NUCLEAR COOPERATION WITH INDIA

JAN. 11 - THE WALL STREET JOURNAL, A LEADING U.S. BUSINESS DAILY, RAN A MAJOR EDITORIAL TODAY CALLING ON THE CARTER ADMINISTRATION TO DENUNCIATE OF THE CARTER VISIT TO INDIA. THE "OPEN MIKE" INCIDENT, AND ABOVE ALL HIS COSMETIC CONCESSION THAT HE WOULD AUTHORIZE SUPPLY OF ONE SHIPMENT OF ENRICHED URANIUM TO INDIA, FOR FUELING NUCLEAR COOPERATION. THE JOURNAL CONCLUDES "IT IS DID AFTER THE INDIAN EXPLOSION. SO WHILE THERE ARE AT LEAST SOME ARGUMENTS IN FAVOR OF NUCLEAR COOPERATION, THE JOURNAL CONCLUDES "IT IS EASY ENOUGH TO BELIEVE THAT MR. CARTER DOESN'T NOTICE MIKE'S HAND, PERHAPS IT WAS NOT THE HEAVY WATER SHIPMENT. BUT ON THE OTHER POLICY IN CONTACT SO CONFUSED HE THINKS A LETTER WILL KEEP HIS TO TELL US A LIE WAS USING THE PLOT TO MISLEAD THE AMERICAN PEOPLE."

WHAT IS REALLY GOING ON?

WHILE THE DUST HAS NOT YET SETTLED ON THE CARTER TRIP, BRITISH PRIME MINISTER JAMES CALLAGHAN HAS ARRIVED IN INDIA TO SUPPOSEDLY EVOLVE THE COMPROMISE FORMULA TO BRING INDIA INTO AN ACCEPTABLE STATUS ON THE NON-PROLIFERATION QUESTION. WHILE THE U.S. STATE DEPARTMENT TODAY ADAMANTLY DENIED ANY TRUTH TO THE STORY THAT CALLAGHAN "HAS SUCCEEDED WHERE CARTER HAS FAILED," AS PRESENTED BY THE LONDON TIMES, THE CALLAGHAN TRIP HAS OBTAINING TWO GOALS. ONE IS TO ARRIVE AT A COMPROMISE AGREEMENT WITHOUT TOTALLY DISGOSTING DETAILS AT THIS TIME. TODAY'S SECRET "PROMISES AND PLEDGES" TO PAKISTAN WHERE HE WOULD USE THESE ASSURANCES TO PRESS THAT COUNTRY TO AGREE TO NEW RESTRICTIONS AND SAFEGUARDS ON ITS CONTRACTED FRENCH NUCLEAR REPROCESSING PLANT. CALLAGHAN ARRIVED IN PAKISTAN JAN. 11, ONE DAY AFTER THE NEW YORK TIMES ANNOUNCED THAT FRANCE HAS REQUESTED THE PAKISTANIS CONSIDER ALTERATIONS IN CURRENT CONTRACTS.

MIDWEST COLD FREEZES OHIO COAL STOCKPILES

JAN. 11 - AS THE NATIONAL STRIKE OF U.S. COAL MINER AND COAL-HANDLING MACHINERY, A SPOKESMAN FOR THE ELECTRIC UTILITIES TOLD THIS NEWS SERVICE THAT THE CUSTOMERS HAVE BEEN ASKED TO VOLUNTARILY CUT BY THAT THEY REGARD THE SITUATION AS "CRITICAL." THE FACILITY IN SHIPPINGPORT, PA. HAS BEEN SHUT DOWN A DAY, HOWEVER A SECOND COLD FREEZE IS PRE THE UTILITIES AFFECTED ALL EXPECT TO HAVE IT WEEKEND. THE ONGOING MINERS' STRIKE ALTERNATIVE USED LAST WINTER DURING SEVERE IN FRESH COAL TO REPLACE FROZEN COAL. THE OHIO STATE ENERGY OFFICE DURING TV COAL DELIVERIES TO RESIDENTIAL USERS

A SPOKESMAN FOR THE U.S. DEPARTMENT WILL DO NOTHING IN THE PRESENT SITUATION. HE ADDED THAT IN PAKISTAN HE ADDED THAT THE GOVERNMENT WILL DO NOTHING IN THE PRESENT SITUATION.

CONSERVATIVE BRITISH GOVERNMENT FIRING OPPOSITION

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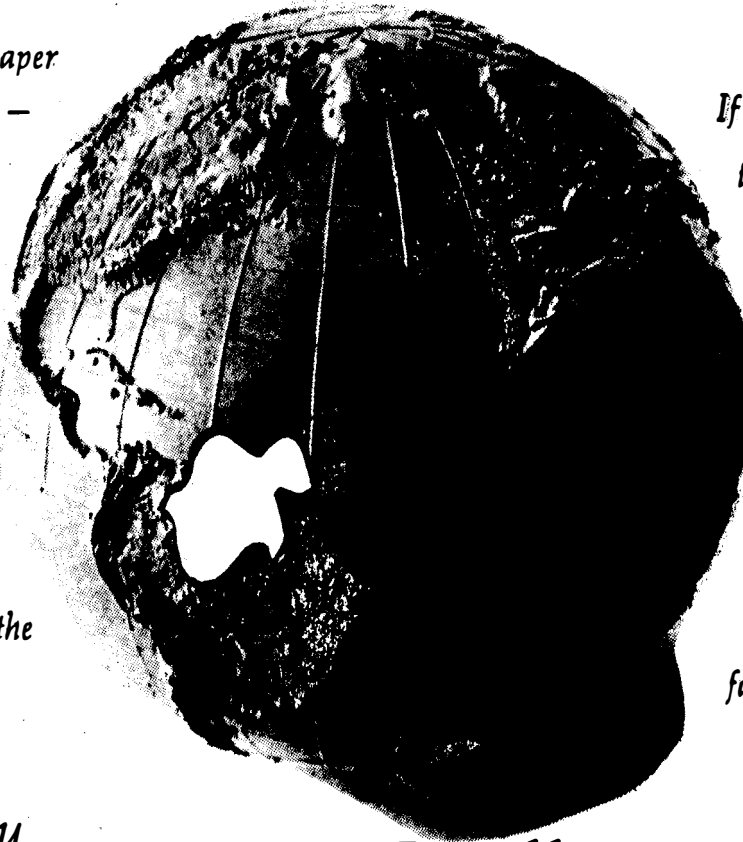
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