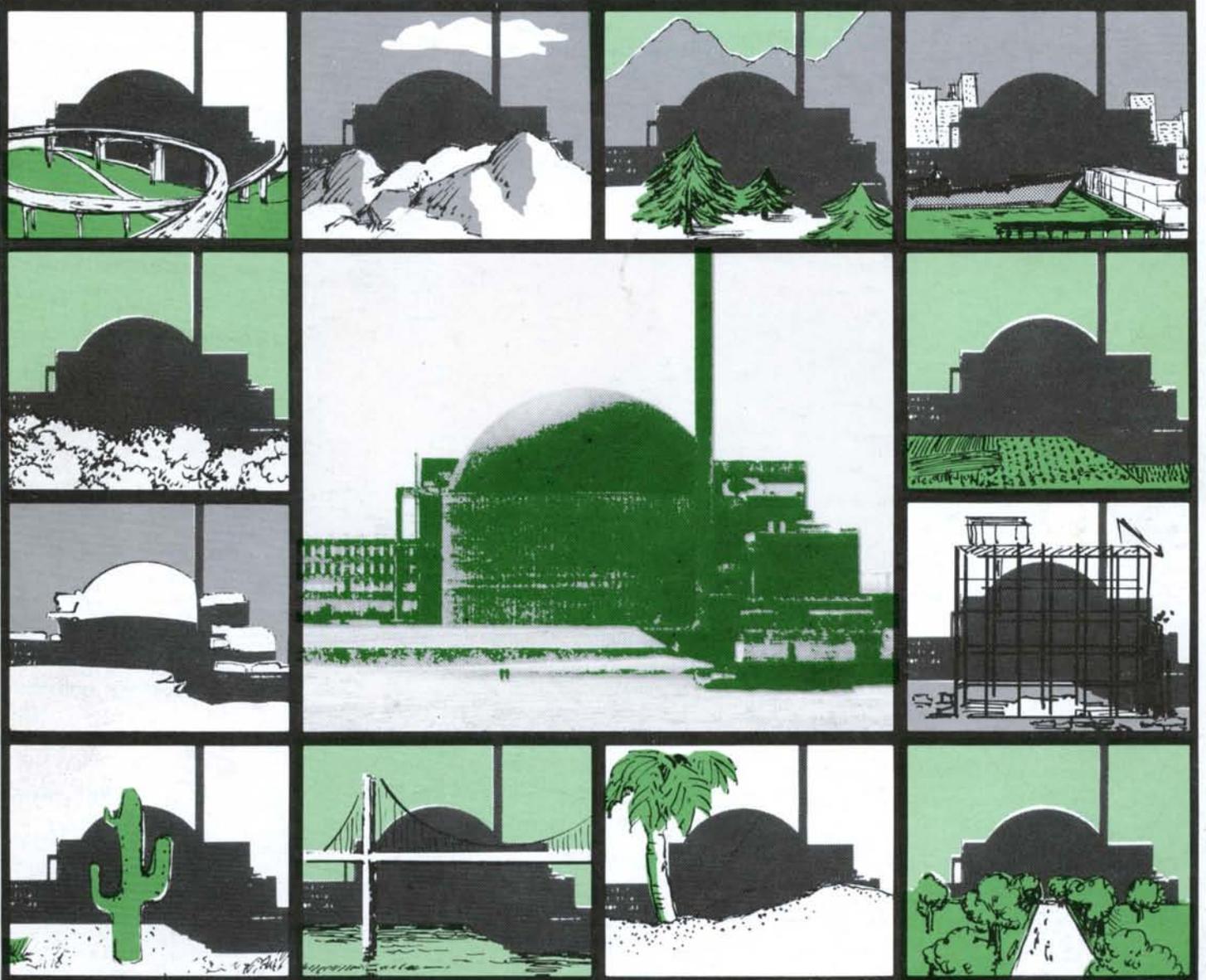


EXECUTIVE INTELLIGENCE REVIEW

Chaos at
Camp David

July 17-23, 1979

Nuclear Plants for Export



Soviets Mass Produce Power Plants

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EXECUTIVE INTELLIGENCE REVIEW

Nuclear plants for export



Could nuclear power be the near-term solution world's energy problems? In the United States, it takes some 10 years to build a nuclear power station, but methods now being used in the Soviet Union are making it possible to mass produce nuclear plants in less than half that time. Furthermore, the Soviets have adopted a policy of exporting both nuclear plants and Soviet-generated power, with Eastern Europe one of the major beneficiaries. It adds up to a policy of energy abundance, one of which the West might take heed amid the chaos of Camp David. Included in our EN-ERGY report: the Comecon power program, and a statement by Soviet Premier Kosygin on the U.S.S.R.'s nuclear plans.

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Behind the chaos at Camp David

Everyone agrees that President Carter's leadership has failed, but what does it mean, and what is likely to happen next? This week's U.S. REPORT on the President's marathon ad hoc summit on energy looks at the implications of the summit for the Carter administration's policy controllers, and tells why they—and not just the President—are having difficulty in coming up with a policy. And we report on what the American people really think about the energy crisis, and possible storm clouds for the candidacies of Alexander Haig and Ted Kennedy. Also in our report: an update on the nationwide antidrug organizing. **Page 26**

Jerusalem launches terrorists against U.S.

Heading off this week's COUNTERINTELLIGENCE section is a special report by Lyndon H. LaRouche, Jr. on why the recent Jerusalem conference on terrorism signals a decision to begin terrorist attacks in the United States, and why. In particular, LaRouche discusses the recent "attack" on General Haig, and analyzes terrorism's role in promoting the Haig candidacy. Also in our report: Counterintelligence editor Jeffrey Steinberg profiles a terrorist group in formation in the U.S. **Page 42**

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Mexico snarls U.S. Nicaragua plans

In one of the neatest diplomatic moves of the past year, the Mexican foreign ministry has erected a major roadblock to the United States' plans to maintain "somocismo" without dictator Anastasio Somoza in Nicaragua. The coup came in the form of a Mexican foreign ministry statement interpreting the recent Organization of American States' resolution on Nicaragua which was introduced by Mexico—and signed by Cyrus Vance. The statement puts human rights policy on the line. In our LATIN AMERICA report. **Page 55**

Luciano Lama talks about terrorism

Exclusive to *Executive Intelligence Review*: an interview with Luciano Lama, the head of Italy's largest trade union confederation, on terrorism and international economic policy. What makes Lama's views particularly noteworthy is that he has been a Central Committee member of the Italian Communist Party, the largest communist party in Western Europe. In our LABOR section, along with an analysis of the strengths and weaknesses of Lama's views by EUROPE editor, Vivian Zoakos. **Page 38**

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America must go nuclear now

In the face of the complete impasse among contending factions in Washington, U.S. presidential candidate Lyndon H. LaRouche issued a call to AMERICANS on July 12 to "go nuclear." Executive Intelligence Review would like to underscore this timely call for our readers, in the expectation that nothing but disaster can result from Jimmy Carter's emergence after the Camp David sessions.

Moreover, considering the perspectives of nuclear energy development being opened by the other "superpower," the Soviet Union, and reported in this issue's ENERGY section, we submit that there is no better foundation for a lasting peace between East and West than the policy outlined by LaRouche. Here is the text of his statement:

"The time has come for the United States of America to make clear decisions for energy policy: nuclear energy is the only acceptable path for this nation. We say that now is the time to mobilize the nation's resources to rapidly move our society toward a fully nuclear-powered economy and also to make this nation the principal exporter of nuclear plants and technology throughout the world. Environmentalist arguments and objections to this necessity are to be shoved aside as pure nonsense and unscientific mumbo-jumbo.

"For this perspective, as immediate preliminary measures, we are promoting legislation for immediate reopening of those nuclear plants that have been shut down, for the completion of all nuclear plants now under construction—including the Clinch River fast-breeder reactor program—and for the immediate launching, in 1979, of construction of an additional 70-100

nuclear reactors for completion in the next 26 to 30 months.

"These immediate preliminary measures are to be carried out with tightening of standard plant security provisions, including additional personnel screening procedures, to ensure that no environmentalist saboteurs and terrorists can gain access to our nuclear plants.

"The time has come for citizens of this nation to inform President Carter that his irrational, fetishistic fear of nuclear energy will no longer be allowed to damage our national development and the future of our nation.

"President Carter must now honor the obligations he undertook at the Tokyo Summit to pursue nuclear energy. This is also the time for Carter to overcome his nuclear submarine experience, which caused his pathological fear of nuclear energy.

"I welcome French President Giscard d'Estaing's recent statement that France today is committed to what is probably the best available nuclear energy program of any

country in the world. I wish to make it clear, however, that where any gifted nation in the world can produce one nuclear plant, the United States of America can produce 50!

"I have given instructions to my associates to establish a presidential campaign task force composed of scientists, engineers, civic and political leaders drawn from the best layers of our republic to present the entire array of legislative packages which are going to bring our nation to the level of utilizing 1,000 nuclear plants by 1990 and exporting more than 3,000 nuclear plants by the same time period.

"I call on the citizens of our republic to take immediate measures through their institutions and affiliations to compel the United States Congress to pass the legislation we are now putting before that body. I also call upon our citizens to get in contact with my representatives, to get in contact with our presidential campaign task force, in order to participate in the nationwide dialogue that will shape the components of this policy.

The Week in Brief

A highly placed diplomat for an important Arab nation has informed EIR of current Arab evaluations that Israel is deliberately seeking to provoke full-scale war with Syria. Daily Israeli armed forces' operations in southern Lebanon, he said, are aimed at depopulating the area preparatory to annexation, while discrediting both United Nations and Arab League peacekeeping forces (the bulk of the latter are Syrian troops).

Simultaneously, the source added, Israel is supporting Muslim

Brotherhood subversion of the Syrian government as well as fomenting conflict between Iran and Iraq, to force Iraqi support away from Syria, to deal with the uncertainty on its eastern border.

Syria, the diplomat concluded, is aware of Israel's plan and will not be provoked, recognizing that a fifth Mideast war is not in its interest. But "we have no choice but to prepare for war" if the policy continues, he added.

* * *

Nachum Goldman, former head of the World Zionist Organization, has proposed "that the United Nations again convene the Geneva conference," in an article in the West German weekly *Die Zeit*.

Commented Goldman, "The approach which Israel has shifted to . . . is false, and condemned to fail . . . The delay in reaching peace has led to a visible demoralization in Israel, a growth of organized crime, of the mafia and of tax fraud. . . . America can no longer establish peace in the Mideast by itself. . . . An American-Russian collaboration as was the basis for the Vance-Gromyko declaration from October 1977, is irrevocable in my view. It would provide an excellent basis for an overall peace settlement but would, unfortunately, be brought to defeat by the Jewish lobby."

Among Goldman's proposals are the neutralization of Israel and its withdrawal to the 1967 prewar borders. He attacked the Camp David pact as "psychologically unacceptable for the other Arab states."

* * *

Both Western and Soviet press have reported that the 1979 "Global Shield" maneuvers, run under the auspices of the U.S. Strategic Air Command, have commenced. Global Shield is designed to simulate a U.S. nuclear weapons strike against the USSR, and is being run without official warning. The Soviet government has previously inquired in its press how it is to establish that the maneuvers, in which most U.S. planes are made airborne against the Warsaw Pact, are not "the real thing."

Simultaneous with the SAC maneuvers, the United States sent a naval task force into the Indian

Ocean, which the Soviets answered with a five-ship naval deployment of their own.

* * *

Failure to ratify the SALT II arms control treaty with the Soviet Union "would be a severe blow to NATO and our allies," said U.S. Secretary of State Cyrus Vance, in two days of testimony before the Senate Foreign Relations Committee. Asked if NATO could survive that blow, Vance replied, "I don't know." He predicted "unlimited nuclear arms competition" and "increased tensions" between East and West if the treaty failed.

Despite Vance's testimony, and subsequent official support for the treaty from the Joint Chiefs of Staff, most Senate questioning has ranged from outright hostility to extreme skepticism, with even purported treaty supporters like Sen. Frank Church declaring it unlikely to clear the Senate without reservations and possible amendments.

* * *

President Jimmy Carter took time out from his Camp David summit on energy policy this week to officially welcome Bishop Abel Muzorewa, titular head of the Rhodesian "internal solution" government established this year by ex-prime minister Ian Smith with the support of the British crown.

Carter reportedly told Muzorewa the U.S. would break UN economic sanctions against the outlaw regime as soon as the new government met certain conditions. Press reports have carried speculation that Nigeria, a leading oil exporter to the United States, might withhold oil supplies as a result of the Carter administration's encouragement for the Muzorewa regime.

* * *

Informed sources in Italy report that Socialist Party leader Bettino Craxi, this week named premier-designate to form a new government, is unlikely to succeed in that effort. Craxi, who "vetoed" a new government by former Christian Democratic premier Andreotti, is being set up, these sources say, to expose the fact that he enjoys no real political support. As EIR's cover story detailed last week, official investigations of Red Brigades terrorism have already publicly deeply implicated Craxi and the entire PSI executive in active political support for terrorism.

A 110-page report issued by the judge in charge of the Moro assassination case has asserted, "We notice, behind the rise and growth of terrorism, a precise political design, run with clear-headed exaltation by a core elite. . . ."

* * *

Skylab's reentry handed one defeat to the warlocks and astrologers this week.

After weeks of manufactured press and broadcasting hype about the "threat of Skylab," the satellite's reentry proceeded without reported injury, some fragments falling over remote sections of Australia. The National Aeronautics and Space Administration was able, as it had previously announced it would attempt to do, to maneuver the craft to prevent its disintegration over a populated area.

Until the last minute, media were attempting to incite panic and anti-technology hysteria. For example, the West German news magazine *Der Spiegel* headlined on its front cover: "Skylab . . . Danger for Mainz?" Australian press lord Rupert Murdoch's *New York Post* was predicting until zero hour that Skylab might fall on Long Island.

Two financial zones

The Anglo-American sphere has run out of options

Currency dealers have noticed that for the past two months, the U.S. dollar and the British pound have functioned as part of the same currency zone, while the European Monetary System currencies have acted as a separate group. This does not presage the much-forecast era of "controlled disintegration" into currency blocs—on the contrary, the present state of affairs is in no way viable, as we shall show. As changes in government policies occur, however, they are tending to play themselves out in this context.

The pound sterling is currently in the range of \$2.20-

INTERNATIONAL CREDIT

2.24. Since the dollar began crumbling in June, most of the outflow went into British gilts and similar instruments, not into the mark or Swiss franc; to the extent the dollar has recovered, it has mainly been due to a reflow from sterling.

In large measure this has taken the form of British buying up of American strategic assets. What the volatility of the sterling-dollar rate shows is the transfer of labile institutional investment money between these two areas.

The OPEC connection

Both the British and American institutions, who are trading short-term funds back and forth, will own up to the limitations of this game in private discussions, chief of which is the fact that their share of *new* deposits in the Eurocurrency pool is diminishing. The real "big potatoe," the newly increased OPEC oil surplus, is not finding its way to London for the most part.

Since the British and American governments threw their fortunes into the Camp David agreement, the field has been open to the French and West Germans. This is why there has been no progress over British entry into the EMS and why senior officials of the West German banks predict that it will never happen.

The petrodollars are flowing, and will continue to

flow, along the channels of real trade. The Europeans have had the edge on state-to-state oil deals, technology transfer, and third country ventures with OPEC. The deposits have followed such arrangements with the result that the Europeans have dominated international lending markets.

A side-feature of this process is the dramatic improvement of the West German export surplus—export orders have climbed 14 percent this year unexpectedly—while American and Japanese trade performance has deteriorated over the same period. The West Germans are financing their exports lavishly, despite the complaints of Bank of England Governor Gordon Richardson about "over-lending." The detailed figures are not available, but private banking and U.S. government sources agree substantially that the above is the case.

Basis of EMS stability

All the talk about an end-of-June crisis for the European Monetary System, the centerpin of which is the French franc-deutschmark rate, has turned out to be a bunch of nonsense.

There has been virtually no pressure on the EMS currencies, and nothing is owed on this account to the turbulence in the dollar. The European trade profile has been, in real terms, at least sufficient to hold the currency system together. That has proved far more valuable than interest-rate changes in maintaining currency stability.

In fact, the relatively ineffectual quality of interest-rate policy (due to the largely political character of major currency flows) has been striking. For example, on July 12, West German Bundesbank President Emminger, an interest-rate hawk, raised the central bank rate 1 percent; French interest rates dropped marginally; and nothing whatsoever happened to the franc-deutschmark parity.

With the gold price apparently stable at over \$290, the Europeans are in the strongest financial position ever, despite the oil price increase. It is a still undetermined matter of their political resolve whether and when they will opt for some form of gold-backed credit

to take direct control of the international market's surplus of funds. But on the energy side, both in terms of oil supplies and nuclear prospects, the European position is strong.

The commodity scenario

In its most recent editorial, the London *Economist* suggests a way out of the Anglo-Americans' predicament—one which British bankers do not privately claim will really work, but which is worth mentioning in any event.

The *Economist* wrote on July 7 that the 40 percent rise in wheat prices and the 45 percent in primary metals prices over the past year makes it easier for the West to handle the OPEC price increase. Read straight, this statement is nonsense; OPEC does not buy enough wheat or metals to reduce its surplus, and other price rises would surely hurt the Western economies.

What the *Economist* means is that since most wheat and metals are produced in North America and the British Commonwealth, i.e. the dollar-sterling area, the additional income will accrue there.

This play on relative prices of commodities in international trade might not be insubstantial, if it could be made to work. If other prices than oil rise commensurately, the loss of the "big potatoe" might be easier to bear. What the *Economist* wants in addition, along the same lines, is energy taxes in the advanced sector to lower the income going to OPEC, more centralization of liquidity through the IMF, a threat to aid "dissident minorities" in the OPEC countries unless they get into line, and so forth. Correctly, the *Economist* says that monetary policy is really irrelevant to all of this.

IMF, market ploys hamstrung

The problem is that the British will not get through a single one of these proposals.

First, there is no way that Carter will get away with raising fuel costs further in the U.S. The only ones moving in such a direction are the masochistic Japanese.

Secondly, the International Monetary Fund is pretty much a dead duck at this late stage, with the French and Germans successfully blocking any efforts to give it more control over international liquidity, Special Drawing Right issuing powers, currency surveillance responsibilities, or anything of the sort. *Executive Intelligence Review* received confirmation of this picture from both the U.S. State Department, which bemoaned it, as well as European official sources at the IMF itself.

Thirdly, the rise in the prices of non-oil raw materials is by no means as certain a fact as the London *Economist* believes. The European Economic Community has for some time had a set of proposals on the table for direct purchases of raw materials from developing-country producers, bypassing the London Metals Exchange. West Germany has directly approached Ma-

laysia and Zambia on this count during the last two months, with the likelihood of success.

There is absolutely no reason to believe that the existing channels of raw materials distribution, in which the British Commonwealth has a dominant role, will survive. Under such institutional discussions as the ongoing renegotiation of the Lome Agreement with the Europeans and their former African, Caribbean, and Pacific (ACP) colonies, and the "trialogue" between Africa, OPEC, and Europe proposed by French President Giscard, the Europeans are likely to pull a great deal of raw materials trade into their own orbit.

Two factors give them a special edge. First of all, the European banks are willing to lend to the LDC's, as noted. All that Gordon Richardson and Fed Governor Henry Wallich's efforts against commercial bank "overlending" have accomplished is to pull the unfortunate Japanese out of the running, while leaving the Europeans free room. The American and British banks are not even in the markets. The latest Comptroller of the Currency survey on American banks' foreign lending says that loans rose only 12 percent during 1978 to foreign borrowers, and that most of this rise was due to money market operations in London. The implication is that there was no new net lending to LDC borrowers.

Secondly, the Europeans' energy program gives them the edge in refined products. The prospect of cheaper nuclear-generated electricity in Western Europe and the Soviet Union provides a strong incentive for investment in new refining facilities there, not in the United States.

After the two-zone interlude

It may be concluded—and this follows the direction of the most realistic private discussions in London—that the British viewpoint is nine-tenths bluff. The entire set of present currency arrangements, in which the dollar rate is figured each day against sterling, is an aberration.

Ultimately, the dollar will have to reconcile itself to the European Monetary System, while sterling goes through a painful bankruptcy. The so-called threat of a major dollar fall is not as much of a threat as some commentators think, simply because the Europeans have the capacity to absorb a great many dollars, despite the Bundesbank's spinsterish upset about the effect of such support operations on the monetary aggregates in Europe. The moment that the Europeans opt for a credit-taking and -issuing arrangement out of the European Monetary Fund, they will effectively direct the flow of dollars on the international markets.

The next move is from Paris and Bonn.

—David Goldman

Let's jack the other prices up'

The following is from the London Economist cover story of July 7, titled "Nightmares again"

The oil shock of 1979 is not nearly as great as the shock of 1973-74.... This year's price rise in oil is not uncommon in other commodity prices. Metal prices have risen 45 percent in the past year, and world wheat prices by 40 percent. That's bad. But it is not 1974....

The bare necessities for policy are, first, that the big rich countries should act fast to put the International Monetary Fund back in the forefront of recycling, instead of relying on the commercial banks.... [The IMF] now needs a new "oil facility" to plug this year's wider deficits....

Second, the rich countries need to take some measures of interest-rate disarmament.... Stern monetary policies are a useful weapon against over-demand and perhaps against cost inflation, but they are not the most obvious means when it is necessary for countries to force their citizenry to accept some transfer of real incomes from themselves to the oil shieks. It would be folly if, out of mere change in political and economic fashion, it was forgotten that incomes policies work at their best to take a country through some once-for-all shock to real incomes....

At Tokyo last week the seven heads of government thought they faced an oil crisis.... They need to learn how to take advantage of the modest drop in the real price of oil which stagflationary recession might bring: say, only a 5 percent rise in crude oil prices next year but a 10-15 percent general price inflation in most other things? ...

The required policies for the year ahead? Higher petrol taxes, which have fortunately already been imposed in Britain and should be copied elsewhere....

The aim need not be "to break OPEC" (however desirable that might sound); it will be enough to cripple OPEC's power to impose real price rises.... For the longer term, there is room for some of the sorts of encouragement for nuclear power and for synthetic

fuels.... But there is a danger ... in neglecting the encouragement of small-scale, messy, but in aggregate immediately more important measures of conservation....

A delicate point in the world economy

A London investment banker had the following to say when interviewed on July 11 by Executive Intelligence Review.

Q: *Have you read the Economist lead on how to rig the world commodity markets to deal with oil prices? Would such a scenario work?*

A: No. We're at a very delicate point in the world economy. Did you hear Blumenthal may resign? There has been no policy proposed that will work.

Q: *I hear the French and Germans told Carter to shove it on the International Monetary Fund surveillance question at Tokyo.*

A: Exactly; the interests of the two trading blocs—U.S. and Europe—do not coincide.

A: *You mean that the U.S. and Britain couldn't get the French to go along with stabilizing things by hitting OPEC back in turn with a price boost in everything else? The French would just go to the other raw materials producers the way they now go to the oil producers and do major direct deals....*

A: Precisely, the French will continue to do their traditional "French" own thing.

Q: *What about sterling being increased as a reserve currency? Wouldn't that help to stabilize the monetary situation?*

A: Forget sterling; it won't work. Sure, exchange controls will give, they'll lift them, but once any volume of sterling significant enough to matter gets into international financial markets, they won't be able to control the exchange rate. Sterling will be finished again. There is no policy.

FOREIGN EXCHANGE

London's call to dampen sterling a cover for overseas investment

London spokesmen launched what amounts to a fullfledged campaign this week for lower sterling parities, lower U.K. interest rates, and abolition of exchange controls on private sterling investment abroad. The *Economist*, the *Observer*, and the Confederation of British industry were among the most audible proponents.

The rationale was drawn in lurid terms: we must "reverse Britain's de-industrialisation... the North Sea cornucopia now threatens to turn

into British industry's dead weight. ... For Britain to remain an industrial free-trader in the 1990s, after its oil runs dry, it must not be made hopelessly uncompetitive in the 1980s," clamored the *Economist*, enumerating the three-point campaign. In the "Land of Falling Productivity," wrote the June 7 *Observer*, "the recession will be savage..." but "a sharp drop in the overvalued pound" could boost export industries if "relaxation of exchange controls" goes through to "provide the opportunity for 'funk money' to leave the country."

These are the same strategists who installed the Thatcher government with its credit-crunch, strong-pound policies, as well as a range of other measures to ensure strike-

bound shutdowns, bankruptcies, and capital famine among all but Britain's core electronics and military-related industrial sectors. It seems perverse for them to start screeching now about the way, in the *Economist's* accurate phrase, "British industry is left to cope with high interest rates and squeezed export markets."

No, the City of London is not about to undertake a sweeping rescue of domestic manufacturing. On the contrary, the operative plank of the three-point program—more competitive export prices, cheaper credit, unimpeded foreign investment—is the *third* point.

North Sea oil has supposedly put a suitable floor under the pound sterling, so that capital outflows will lead to a safe, export-boosting currency depreciation without a dangerous hemorrhage, and interest rates can be eased without jeopardizing sterling's basic attractiveness as a resource-backed asset. "A petro-econ-

COMMODITIES

Lead industry: U.S. buyers driven out of the world markets

Japanese and West German raw materials manufacturers are taking over world markets U.S. processors and smelters formerly controlled. The most extreme example of this shift in raw materials supplier patterns has occurred in lead smelting. At the same time, the American lead industry faces intensified environmentalist pressures.

According to discussions with lead industry representatives in the U.S., there are three reasons for the current shift in market supply lines.

- Diminished zinc demand in the U.S. has cut domestic lead concentrate output as well, since the two are mined together; in practice, the U.S. is no longer self-sufficient in lead feeder stocks, and must increasingly import them. But U.S. producers are often unwilling to pay the prevailing international price for lead concentrates, since the imposition of a domestic price ceiling on lead supplies by the Council on Wage and Price Stability makes it impossible for them to pass higher costs on to consumers. Last week, Asarco Inc., one of the leading primary lead producers in the U.S., announced it was closing its largest smelter in Missouri for the month of August, due to a lack of feed supplies.

- Europe and Japan are also reportedly positioning themselves to get continuous raw materials supplies from the Third World by direct "producer-consumer" trade agreements modeled on similar agreements with oil-producing countries. This means that instead of relying on lead and zinc traded on the London Metal Exchange, France, Germany, and Japan are deliberately attempting to bypass the LME and avoid paying speculative price runups. If they succeed, they will be in a more advantageous position than U.S. producers.
- Overall energy costs, which have a heavy impact on the metals refining industry, remain marginally lower in Europe and Japan.

Commenting on the lack of competitiveness of U.S. mining, a top-New York mining company executive said July 11, "What we need is a strong administration [in Washington] which understands, as do the Germans and Japanese, that the U.S. needs a strong industrial base."

omy with a 14 percent minimum lending rate is like a prostitute who pays her clients," the *Economist* delicately summed up.

A few analysts think the save-our-industry stance coming out of London is geared to stave off the mistrust of British "fundamentals," a mistrust that could blow sterling away long before the overpriced North Sea well output runs dry. From the first quarter of 1978, the latest U.K. figures show industrial and commercial gross trading profits off 27 percent; then came the 21 percent increases in June.

Foreign exchange dealers at Barclays and other New York branches freely exercised their occupational cynicism to *EIR* this week by describing sterling's rise as "a bubble." "Stagnation" will override the "isolated situation" of the North Sea boom, they said cheerfully.

The "petro-economy" megalomania itself has recently been some-

what deflated by downward estimates of North Sea output, by Saudi oil production expansion, and by the continental European nuclear-energy push. British analysts confirmed *EIR*'s verdict, printed last week, that the ambition of Sir George Bolton of the Bank of England and Sir Eric Roll of Warburgs to restore sterling as a world reserve currency dominating third-country trade transactions is "out of the question," partly just because "they couldn't control the rate."

But there is a lot of truth to the *Economist*'s and *Observer*'s claim that interest-rate differentials no longer matter in the same way for the pound sterling. Not because the pound is backed by black gold, but because London is chiefly concerned about implementation of its "buy-up-America" policy and equity leverage over strategic resources. The dollar-pound parity is becoming a reciprocal rather than competitive one, as speculative funds move from

London to New York and back, pulling the dollar up or down.

Funding the public-sector borrowing requirement—substantially accomplished already during the height of the sterling boom—and attracting Eurosterling deposits and related forms of short-term inflows is not London's main concern. The aim is to direct sterling outflows—and, if possible, a sizeable chunk of OPEC and other dollar surplus—into further British-controlled takeovers in the U.S. Industry, raw materials, real estate—these have been targeted around the western hemisphere.

Dollar-pound fluctuations and interest-rate spreads are not a determining element in the accelerating takeover efforts and moves toward de facto merger of Anglo-American commercial and investment banking.

—Susan Johnson

OSHA regulations feared

As troubled as the U.S. lead industry may be at this time, the financial strains on lead producers will escalate dramatically by the end of 1979 if nothing is done to halt a new round of environmental controls issued by OSHA, the environmental arm of the Department of Labor.

OSHA's new regulations impose an emissions standard on the in-plant atmosphere in lead smelters which is so tough that every worker in the plant will have to be equipped with respiratory equipment for the standards to be met.

A few months ago, the state legislature in Missouri (where about 70 percent of domestic lead is refined) called hearings on the economic impact of the OSHA guidelines. When the Labor Department heard about the hearings, it immediately sent a team of lawyers to the state who threatened to cut off federal funds unless the hearings were cancelled.

Along the same lines, the Envi-

ronmental Protection Agency recently lost a law suit to a leading environmentalist organization which demanded that EPA reclassify lead emissions as an "ambient" substance, rather than a "hazardous" substance. The "ambient" classification—which for all intents and purposes equates a substance with poison—would require federal agencies to leave out all consideration of the *economic* effects (in terms of increased costs for reequipment, etc.) of lead producers' meeting environmental restraints.

One financial analyst questioned about the OSHA guidelines blurted out: "If the OSHA guidelines go through, 90 percent of U.S. lead production will have to be shut down." An industry spokesman, when asked to respond to this comment, admitted, "The traders are giving the right flavor—although the remark is somewhat extreme—as to what will happen."

The OSHA regulations are cur-

rently under court review. The EPA guidelines now have to be worked out by state governments, which are obliged to hand in a report before the end of this year documenting how they intend to meet the EPA air standard requirements. An industry expert in the field commented that although the EPA guidelines are not as dramatic as the OSHA standards, and will not have as heavy-handed a financial impact on lead processors, the EPA rules will mostly affect major urban centers, and have almost no financial effect on the less densely populated Western states. The effects on industrial use of lead—especially, of course, in transport and construction—may be significant.

—Renée Sigerson

CORPORATE STRATEGY

Schlumberger: an energy monopoly that deserves closer federal scrutiny

When Schlumberger NV, the Paris-Curaçao (Dutch West Indies) oil and electronic multinational acquired 95 percent of the stock of Fairchild Camera and Instruments, a leading silicon chip manufacturer, the Federal Trade Commission demanded that Schlumberger divest itself of Unitrode, a small electronic company, and promise not to acquire further U.S. silicon chip manufacturers.

The FTC gave the impression that it was concerned about a foreign conglomerate taking an improper

share of the U.S. chips market, although this is an utterly remote possibility. It may also have unexpressed qualms about Fairchild's joint venture with British General Electric, which together with International Telephone and Telegraph's chip manufacturing plans for the U.K., will give that country unusually high proportion of the world's silicon chip production.

Yet, what is remarkable is the fact that the FTC continues to overlook Schlumberger's virtual monopoly in the highly sensitive field of oil well testing equipment, commonly known as wireline services. Schlumberger controls 70 percent of this highly technical market: 50 percent of domestic and 85 percent of all foreign well testing.

Because the Schlumberger instruments are highly sensitive and complex, only Schlumberger engineers are allowed to operate them. Oil company clients are given either telexed or hard copy reports on Schlumberger tests.

Thus, Schlumberger, a foreign multinational, controls the bulk of what may be said to be the most sensitive information in the world—where the oil is and where it isn't. In addition, Schlumberger's older parent, Schlumberger Well Testing, has information on the majority of the wells—successful or not—drilled worldwide over the past century.

If the FTC had shown a modicum of concern over this monopoly, investigation would have uncovered the information that Schlumberger has at least three top level connections to "Dope, Inc.," the worldwide financial command center of illegal narcotics traffic controlled by the British-Dutch oligarchy.

John de Menil, who came to the U.S. in 1941 to head up the Schlum-

BRITAIN

Tory economics: jobs, services to 'useless eaters' scrapped

"Us today, you tomorrow," reads a sign scrawled on the wall of the Vickers engineering works in Newcastle-upon-Tyne. No one employed there needs an explanation; the once-booming plant is due to be closed by September and the workforce—850 at the beginning of this year—is being cut by the week.

The Vickers closure, certain to be accomplished as scheduled now that the trade unions have called off efforts to resist it, is one example of how the Tory economic program will

affect the lives of the British working-class population. "I didn't expect much, and I got what I expected," said one laid-off worker who has little chance of finding another job for months. It seems a bit pointless. You do your bit and they drop you. I won't be the last."

Officials at the British Treasury have done their best to cover up their calculations that Britain will face unemployment of 2 million by the 1980s, but as one worker due to be made "redundant" (polite British terminology for being tossed onto the scrapheap) put it: "If your job's already gone, it doesn't matter what the figures are."

Few doubt that there is worse to come and one regional study makes

the Treasury forecast of 2 million unemployed seem overly optimistic—compared with a current total of roughly 8 million industrial employees. The union study indicates that in the northeast—one of the regions most affected by the decline in heavy industry—at least one third of the work force will be "on the dole" by 1991. Promises by Thatcher's Industry Department that 8,000 new manufacturing jobs will be created in the area are scorned by local residents. Since the government plan was announced, 2,500 jobs have been lost.

The situation is particularly acute in the shipbuilding industry—which the government wants to "denationalize." On the instructions of Industry Secretary Keith Joseph—who has now been dubbed the "Angel of Death"—British shipbuilders are updating a plan to lay off 12,300 shipyard workers throughout the country. The loss of jobs will not be confined to the shipyards. It is esti-

berger operations in Houston, was directly associated with a CIA Miami-based front called "Double-Check" which was a major contact point for FBI Division Five. Division Five, the British-Canadian intelligence penetration into the American FBI, was implicated by former New Orleans District Attorney Jim Garrison in the assassination of President John Kennedy. One of Garrison's top suspects was Guy Bannister, the southeast regional chief of Division Five, while Bannister's boss, Clay Shaw, head of Permindex subsidiary, the International Trade Mart, was Garrison's chief suspect and de Menil's close associate.

Bannister, who became the agent-handler for Lee Harvey Oswald in New Orleans, used Schlumberger warehouses to store weapons for the Bay of Pigs invasion and was earlier a conduit for a \$100,000 payment to the Organisation Armée Secrète for the assassination of French President Charles de Gaulle.

A key Schlumberger employee in

the Caribbean, and leader in the American White Russian community, George de Mohrenschildt, introduced Oswald to the community after Oswald's return from the Soviet Union, provided Oswald with a job, and later aided his transfer to the Bannister-Shaw networks in New Orleans.

Recently French police have pressed demands for the return to France of Shmuel Flatto-Sharon in connection with financial swindles that were bankrolled by a subsidiary of the Schlumberger insurance company, La Paternelle. Flatto-Sharon, identified by the Israeli daily, Haaretz, as "the head of the Israeli mafia," and a kingpin in Israeli dope, racketeering, and diamond and currency smuggling, fled France in 1973 and bought a seat in the Israeli parliament to avoid prosecution and to save his backers.

A third Dope, Inc. connection that any eager Federal investigator would certainly want to exhume is that fact that Schlumberger N.V.'s

present corporate counsel is Edwin West, former chief counsel of Marathon Oil. During West's tenure at Marathon, it was run by Detroit organized crime chieftain, Max Fisher, a business associate of the Canadian Bronfman liquor and drugs dealers who were intimates of FBI Division Five founder Maj. Lewis Bloomfield.

The fundamental question therefore is who controls Schlumberger's worldwide oil well monitoring operations? Immediate indications point to Royal Dutch Shell, which since the turn of the century has been the center of oil cartelization and British/Dutch intelligence operations worldwide. Étienne Schlumberger, son of the clan's Godfather, Maurice, has occupied a top position at Royal Dutch Shell since 1953.

If the FTC doesn't think this is worth an investigation, we do. Future articles will expand the case.

—Leif Johnson

mated that at least five jobs in other industries are linked to every ship-building job.

However, the government intends to stand firm on its plans to shut down heavy industry and shunt aside the productive labor force. As Thatcher told the Commons recently: "There is surplus capacity in this country as well as others and reducing that capacity will be a very painful process."

Over fifteen—out of school

Jobs will not be the only thing to disappear under the Torie's economic scenario. The British "welfare state" is also about to be dismantled and with it a wide range of the most basic community, educational and social services.

In order to comply with the freeze on local government spending required by the new government, the Conservative-controlled Association of County Councils has submitted a batch of proposals which would exempt local government from the ob-

ligation to underwrite the cost of free school transportation, school milk, subsidized school meals, and free education of children before the age of six and after 15, among other things.

If implemented, the proposals would signal the biggest change in the direction of local government since the immediate post-World War II period.

Thatcher, who earned the epithet "Milk Snatcher" during her stint as undersecretary in the Education Ministry, is bound to be impressed by the approach to triage being taken by the County Councils. In their 10-page proposal to the government, Conservative council leaders emphasized that they did not want to use their powers to stop all services, but merely to be able to "select" the service they could discontinue in line with expected cuts in expenditure. Aside from the right to end nursery education, school milk and free lunch, the municipal governments want the option to:

- reduce the nutritional standards for school meals;
- operate schools on shortened schedules;
- reduce fire inspection at schools, old age homes and other buildings supervised by local government;
- repeal legislation covering consumer protection and environmental protection;
- stop giving pocket money to people in homes for the elderly;
- cut out a whole range of services in community homes for children with behavioral or other social problems.

—Marla Minnicino

DOMESTIC CREDIT

Interest rates play second fiddle

The question on everyone's mind in the credit markets this past week was what future course would the Federal Open Market Committee chart for U.S. interest rates at its monthly meeting July 10. Would the recent nonstop slide of the dollar on the world's foreign exchange markets prompt the Federal Reserve Board members to resume their inch-by-inch tightening of interest rates, despite the flashing signs of recession?

As of Thursday afternoon, the Fed had given no signs of wanting higher interest rates now, and the

interest rate on federal funds (short-term interbank loans), over which the Fed has almost direct control, had settled back to 10.25 percent after the Wednesday clearing day. Fed funds have been trading at this level since April.

Leonard Santow, senior vice-president of J. Henry Schroder Bank, was one of the money market analysts who predicted that the Fed would refrain from applying a more stringent monetary policy at this time. He said in an interview on Wednesday that the Fed is operating on the realization that higher interest rates would be practically inconsequential to the fate of the dollar. "If the Fed raises interest rates a quarter of a point, it's not important for the dollar. Anything the Fed does now

helps the dollar for a day or two at the most. What's important is what Mr. Carter is going to say and do on energy policy."

Mr. Santow is of the school that believes that the key to a strong dollar is a comprehensive policy of energy austerity: an "Apollo-type" 10-year program to develop synthetic fuels, a "meaningful" conservation program that would immediately reduce oil imports to 8.5 million barrels a day or less, and total energy price deregulation—which he does not believe the administration will adopt.

The emphasis placed by Santow—and the foreign exchange market—on energy over monetary policy hardly means that the Fed is about to embark on an easy monetary policy, however. As the *Journal of Commerce* editors noted July 11, the Fed has a long record of keeping up short-term interest rates at the onset of business downturns, and thereby contributing to the ensuing

TRANSPORTATION

Produce shippers clobbered by rail deregulation

It is reported in Washington that the railroad deregulation test begun in May has succeeded beyond the hopes of dereg sponsors and advocates. Two months ago the Interstate Commerce Commission voted to allow deregulation of rail transport of perishable goods. Since deregulation, each railroad must negotiate a "carrier-carrier" contract for rates that will be charged for goods over each line's trackage. If a shipper is located on line A and the carrier which originates the shipment does not have a

contract with line A, the shipper is out of luck.

A Long Island Case

It has been estimated that dozens of Long Island shippers will lose or have already lost their rail links because the Long Island Railroad has failed to make carrier-carrier contracts.

S&K Farms, Inc. of Glendale Queens, itself not a small shipper, became an early victim. S&K receives about a third of the New York metropolitan region's Chinese vegetables. The vegetables are shipped from Southern California by refrigerated boxcars.

Shortly after the May deregulation, S&K discovered that the Long Island Railroad did not have a con-

tract with Southern Pacific Railroad, the originating carrier. Therefore, Southern Pacific could only deliver to the nearest point on the Conrail system, two miles from S&K's door.

When the first shipment after dereg arrived, S&K convinced the Long Island to ship the boxcar two miles for \$450. Then the line found out that it was not going to receive its normal 7.18 percent division out of the line haul revenue, and informed S&K that it would charge \$700 to move the boxcar two miles.

The punch line

At a charge of \$700 S&K estimates they are at a 58 cent per carton disadvantage over their competitors in New Jersey. It turns out that there is no agency to whom they can appeal the exorbitant rate.

S&K is now trucking the produce from Hunts Point in the Bronx at \$420 to \$630 per carload and taking additional losses due to damage in handling.

depth of the recession. "... if the money managers goof (at present—ed.), the president might as well start now to pack his bags."

Moreover, as we have pointed out in previous weeks, there are plenty of pressures building under interest rates that will continue to build even under conditions of economic slowdown: soaring energy costs, eroding corporate liquidity and productivity, and a heavy supply of Treasury issues scheduled for the second half of the year.

—Lydia Schulman

Three weeks ago this magazine reported the 20 percent inflation of air freight rates since deregulation in November 1977. That result was known to the architects of the policy before it was enacted—architects like former Civil Aeronautics Board chairman and current inflation czar Alfred Kahn, who is on record as admiring the labor-intensive, asset-stripping economic policies of Nazi Germany.

The present sponsors of rail deregulation may be pleased that hardship, chaos, and heavily increased transportation costs have come so soon after deregulation. On the other hand, they may be concerned that the evidence of dereg's effects will be thrown back in their faces.

—Leif Johnson

WORLD TRADE

Senate committee eyes Trade Department War

"We're holding the President's feet to the fire," a Senate staffer was quoted as saying by the July 11 New York Times. The influential senator from Connecticut, Abraham Ribicoff, who chairs the Senate trade subcommittee, has stepped forward to demand that Carter show "that he's the boss or this country is not going to move."

At issue is what even the press has characterized as a potential "Department of Trade War," a proposal to set up a new executive department which appeared following the 395-7 House vote on July 1 favoring the administration's Multinational Trade Negotiations ("Tokyo Round") pact. The senators are threatening to veto the pact.

The proposal for a new trade department stems from the Office of Management and Budget's "Reorganization Project," prepared under the direction of OMB Director John White, a former top Rand Corporation official. The project proposed a new National Security and International Affairs (NSIA) division under the direction of Peter Szanton, one-time president of the defunct New York City Rand Corporation. According to the OMB plan, the new Department of Trade would be brought under the NSIA.

The most vocal advocate of the proposed trade war department is Senator William Roth Jr. (R-Del.), also a member of the Trilateral Commission group which literally took over every key administration post following the election of Jimmy Carter.

The central feature of this proposal is the centralization and con-

trol of all trade functions, to be taken out of the hands of the Commerce, State, Treasury, and a dozen other departments and federal agencies which now have specialized oversight. The new department would take punitive protectionist action against alleged dumping of goods into the United States by foreign countries, a function the Treasury has been accused of only laxly carrying out.

More to the point of its creation, the new agency would acquire "fingertip" control over technology transfers to the East bloc and Third World, i.e. power to block the United States from exporting nuclear energy and other advanced technologies that would boost both the U.S. and the world economy.

The "lesser evil" counterpart to the Roth proposal is a version being advanced by Congressmen James Jones (D-Okla.) and Bill Frenzel (R-Minn.). Under this backup option, instead of a new trade department being created from scratch, the same control would be acquired by consolidating existing authorities into an expanded Commerce Department—under Juanita Kreps (known as China's best friend in the U.S.).

Thus, the Jones-Frenzel approach will be dangled before the opposition to the Roth creation of a new department. Like Schlesinger's Department of No Energy, it is suspected that a Trade Department would be a Department of No Trade.

On the horizon, dwarfing even the Roth nightmare, is one from Congressman Lester Wolff of New York, chairman of the Select Committee on Narcotics, who is proposing that all oversight for U.S. technology of potential military application—virtually all high technology from nuclear fusion to electronics—be turned over to the Pentagon.

—Richard Schulman

Bank of England says: bank takeovers aimed at U.S. credit control

Gordon Richardson, Governor of the Bank of England, has finally told the annual meeting of the Conference of National Banking Regulators what U.S. and continental European banking officials have long suspected. The multifaceted moves of British commercial banks into the United States over the last year have not been a result of freecompetition fever, but a program to gain management control over U.S. and thereby world banking activity by British official agencies.

Mr. Richardson's announcement to the closed-door conference on July 6 in London was phrased as follows. World commercial bank lending is greatly overextended, having taken on the burden of recycling OPEC's 1973-74 surplus, and now is faced with the additional burden of the new OPEC surpluses. Central banks must, therefore, now establish "monitoring and control" over the types of loans, maturities, interest rate spreads, and volume of total credit issued by their countries' commercial banks, especially regarding the question of individual country exposure. Richardson noted that the International Monetary Fund is unable to enforce the required austerity in the developing sector as long as the private sector banks compete with it for lean business.

It is in this light that one should view the Hong Kong and Shanghai Bank's attempt to countermand the New York State Banking Department, as well as the aggressive new expansion moves this month in the U.S. by Britian's Midland, Barclays, National Westminster, and the allied Bank Leumi of Israel.

Backdoor Entry

The HongShang moved at the end of June to have Marine Midland Bank switch from a New York State to a national charter—and thus circumvent the legitimate objections of the New York State Banking Department to its takeover by the HongShang. The July 7 London *Economist*, in a rather rude article headed "The Lady Outfoxed," crowed that the HongShang has "outwitted and skirted" New York Bank Superintendent Muriel Siebert—and other foreign banks are also "finding ways of bypassing the New York banking authorities altogether ... by finding suitable takeover candidates which either already have national charters or are prepared to make the switch." Furthermore, "Owning a bank outside New York ... also makes better sense now that the Fed has passed legislation allowing both American and foreign banks to establish specialized branches across state boundaries for international banking. So backdoor entry into New York is possible."

That is, the various kinds of expansion being undertaken by the rest of the British banks here will all ultimately grab as significant a chunk of the U.S. banking market as a successful HongShang takeover of Marine. For example, the \$520 million end-of-June bid London's Midland Bank for the Chicago finance company Walter E. Heller—which owns the American National Bank, Chicago's fifth largest bank, is being done, they say, with an eye toward opening up major New York operations.

"Expect others to follow Midland's example" and enter New York from other states, and from non-banking institutions, ends the *Economist*. The point is that if this scenario goes through a larger and larger percent of the banking business in

the U.S. will go to British banks, plain and simple.

A Federal Case

This is precisely because of what is in the back of Governor Richardson's mind: the Blumenthal Treasury's Comptroller of the Currency, the outspoken takeover partisan and former Warburg, Pincus investment banker John Heimann, will be the only authority left to rule on this vast banking reorganization once the state bank supervisors have been edged out of the picture. Blumenthal, Heimann, and Fed Chairman Miller are all squarely in Mr. Richardson's policy camp when it comes to controlling world credit.

They intend to rubberstamp the creation of a large "British lobby" in U.S. banking which will push for exactly what the Bank of England has proposed: the central banks will tell the commercial banks exactly who gets credit, on what terms—and who does not. And the Bank of England, having gotten the U.S. officially into its policy mode, will be in a position to ensure that credit is as tight as it wishes.

Not that all this is going on unchallenged. The U.S. Labor Party, which for a year has charged subversive intrigue in the spate of British bank takeovers, is organizing a national opposition, starting in New York where much of the smaller banking community supported Mrs. Siebert, to the raiding of state chartered banks by Heimann's office. Under section 12 C.F.R. 5.4 and 5.5 of the U.S. Banking Code, the Comptroller is enjoined to grant public hearings on any bank seeking a national charter order from the Comptroller if any one protests and requests such hearings. The USLP is organizing dozens of bankers, congressmen, and other concerned businessmen, along with the New York AntiDrug Coalition which believes the HongShang to be involved in the world drug trade, to submit protests to Heimann on the Marine Midland request for a national charter.

—Kathy Burdman

De Gaulle's fight against 'paper gold'

How the dollar-gold link was severed, part III

Part II of this series described how the Bank of England and British gold interests, typified by the Rothschilds, organized the first major run on U.S. gold reserves in the 1959-60 period leading up to John F. Kennedy's installation in the U.S. presidency. These London interests, with support from certain Wall Street elements, hoped to force the phaseout of the dollar's "burdensome" reserve currency role and its replacement with a new international reserve unit, or "paper gold," under the control of the Anglo-American faction that dominated the International Monetary Fund.

Ironically, despite Kennedy's impeccable British cre-



GOLD

dentials and family connections, his administration proved a keen disappointment to the British on the monetary front. Kennedy and his treasury secretary, C. Douglas Dillon, were quite amenable to proposals to expand the IMF's credit-generating capacity—credits which were used almost exclusively to bail out the moribund pound sterling—but they balked at taking measures which might be construed by the American public as weakening the dollar.

Henry Fowler, the Goldman Sachs investment banker who succeeded Dillon as Lyndon Johnson's treasury secretary in 1965, had no such scruples. According to British commentator William Wisely, Fowler convinced Johnson that creation of a new reserve unit—subsequently dubbed the "Special Drawing Right"—was necessary in order to finance the expanding Vietnam war. U.S. military expenditures abroad were already dangerously swelling the U.S. balance of payments deficit. By flooding the world with new liquidity, Fowler argued, the United States could continue to run up such deficits without being forced to pay the piper. Fowler, however, underestimated the opposition of France's Charles de Gaulle.

De Gaulle's campaign

At a famous Feb. 4, 1965 press conference in the Elysée ballroom, de Gaulle initiated a campaign which was to put the Anglo-American faction on the defensive for the next three years. By insisting that gold must remain the cornerstone of the international monetary system, de Gaulle served notice on the Johnson administration that it could not persist with impunity in its hyperinflationary war spending policies. Said de Gaulle:

"It is difficult to envision in this regard any other criterion, any other standard than gold. Yes, gold, which does not change in nature, which can be made either into bars, ingots, or coins, which has no nationality, which is considered, in all places and at all times, the immutable and fiduciary value *par excellence*. Furthermore, despite all that it was possible to imagine, say, write, or do in the midst of major events [a reference to Bretton Woods—A.R.], it is a fact that even today no currency has any value except by direct or indirect relation to gold, real or supposed."

Furthermore, to show the Johnson administration that he meant business, de Gaulle instructed the Bank of France to make frequent calls on the U.S. Treasury's gold window and even demanded that France's gold be physically shipped to Paris rather than stored in the Federal Reserve's New York bank vaults. De Gaulle's finance minister, Michel Debré, meanwhile broke up every international meeting which was called to discuss Fowler's plan to create the SDR by insisting that only a gold-based monetary system would be acceptable to France.

Although the U.S. media characterized de Gaulle's campaign as "anti-American" and "antidollar," the truth was that de Gaulle was providing the U.S. with an opportunity to break from its alliance with Britain and British-modeled imperialist policies. Just as de Gaulle offered Paris as a negotiating site for bringing about a possible speedy conclusion to the Vietnam war, de Gaulle also offered the Americans a "way out" on the monetary front. A one-time devaluation of the dollar against gold, as de Gaulle proposed, would actually have strengthened the dollar, since the U.S. still possessed enormous gold reserves. The brunt of de Gaulle's progold policy actually fell on Britain, which had scant gold reserves and was desperately struggling to preserve sterling's former imperial status as a secondary reserve currency.

Of course, gold revaluation alone would not have solved the world monetary crisis. But it would have provided the U.S. the breathing space within which a truly patriotic American administration might have laid the groundwork for a long-term revival of the dollar, for example, through Gaullist-style collaboration with the Soviets around industrialization of the Third World. As it turned out, Johnson, and later Nixon, were to take a very different road.

Next installment: The Collapse of the gold pool.

—Alice Roth

Nuclear plants for export

Soviets mass produce power plants

Stopping in Moscow on the way to the Tokyo economic summit of Western leaders in June, West German Chancellor Helmut Schmidt and Italian Premier Giulio Andreotti were each briefed by the Premier of the Soviet Union on the nuclear energy programs of the U.S.S.R. and its allies. Mr. Kosygin took the opportunity to outline several dramatic energy cooperation offers that the Soviets have put forward to the West Europeans.

Just days earlier, the Soviet Minister of Energy and Electrification Neporozhnii enthusiastically reported to a California audience on a Soviet first: a mass-production plant for nuclear reactors. He confidently predicted "no role" for solar energy in the Soviet economy. By the turn of the century, Neporozhnii forecast, 30 percent of Soviet electric power will be generated by atomic reactors.

And in the July 4 *Washington Star*, President of the U.S.S.R. Academy of Sciences A.P. Aleksandrov—who would be right to suspect that his recent interviews about nuclear power in Moscow, Prague and Paris publications have gone unnoticed in the United States—said that the alternative to nuclear power development is war. "We must ... build nuclear power reactors in all parts of the world, otherwise wars will one day be fought over the remnants of oil and gas deposits. And there will be wars ... between the capitalist countries, because the Soviet Union will have concentrated on the production of nuclear power and be ahead of everybody else," predicted Aleksandrov, a nuclear physicist.

Referring to the deceleration of nuclear energy development in the United States, Aleksandrov offered a Soviet perception of American self-interest: "All people with common sense should realize that by the end of the century the United States will be compelled to create new great nuclear production facilities, possibly nuclear fusion plants, otherwise she will find herself desperately short of energy. There is no other way to preserve the modern way of scientific development."

Nuclear strategy

Aleksandrov's remarks and the renewed Soviet nuclear cooperation offers embody strategic realities of the utmost importance at a time when the politics of supposedly scarce resources is inextricably tied to the threat of war, stemming from conflicts in the developing sector and NATO/U.S. military intervention into Third World countries which is a stated policy option of the Carter administration.

These realities include:

- * that the most advanced scientific and political circles in the Soviet Union, exemplified by Central Committee member Aleksandrov, consider the development of nuclear power a route to erasing the causes of war;

- * that the Soviet perspective for nuclear development incorporates the Third World, unlike the military-weighted nuclear ideas of such forces as the Margaret Thatcher government in London;

- * That the U.S.S.R. is unshakably committed to atomic power development with or without Western input and collaboration;

- * that the procooperation forces in the Soviet Union take the current world preoccupation with energy questions as a cue to push through major East-West energy initiatives.

In this report, the outstanding Soviet proposals to Western Europe and the United States will be summarized and the accompanying articles will report on the Soviet bloc nuclear program that lies behind them.

Efficiency and new capacity

In his three-hour discussion with Chancellor Schmidt in Moscow, Kosygin reportedly said that he would like to see an pan-European energy conference, proposed several years ago by Soviet President Brezhnev, convened before the end of this year. The West German Chancellor also found the Soviets interested in attend-

ing an international conference on energy. The Soviets would come to such a conference with two types of proposals: one for creating new power capacity, and the other for increasing the efficiency of existing systems.

According to West Germany's *Der Spiegel* magazine, Kosygin revived a long-standing Soviet proposal to interface the electric power grids in Eastern and Western Europe with new links. This would make it possible for controllers to shift load across a wide geographical area, taking advantage of the varying peak usage periods in different time zones. Soviet specialists have estimated that power equivalent to the consumption of the nation of France could be economized without any increase in generating capacity.

From the moment such new links are installed, every megawatt of new capacity in the East or West would potentially benefit both part of Europe. Kosygin emphasized that potential in discussions with Premier Andreotti on the projected Italo-Soviet joint work on a nuclear power plant in Czechoslovakia, adding that with the input of still more Italian technology, Italy could receive power from two new plants in the Soviet Ukraine as well.

Energy and Electrification Minister Neporozhnii elaborated the electric power interface scheme in a June 27 press conference, suggesting the West Germany become a nexus for East-West energy flows. In particular, a 750 kilovolt line could run from the U.S.S.R. to the Federal Republic of Germany, passing through Poland and the German Democratic Republic. This line and a subsequent one to be put up from the U.S.S.R. across Scandinavia were also the center of attention at the June 11-15 Warsaw meeting of the Union of Electricity Producers and Distributors (Unipede), attended by power specialists from East and West.

The 750 kilovolt line, in fact, will be built regardless

of whether East-West energy integration advances. It will be run from the new 4,000 MW nuclear power station at Khmel'nitskii (one of the two Ukrainian installations Andreotti heard about) at least as far as Poland. Like most of the Soviet energy proposals, this one easily follows from the ambitious nuclear energy expansion effort under way in Eastern Europe.

Fusion

The picture of what Moscow energy planners would put on an international conference agenda would be incomplete without thermonuclear fusion power. Scientists like Aleksandrov and Academy Vice President E.P. Velikhov, author of the Soviet proposal for an international experimental "Tokamak" fusion reactor, insist that sights be set on industrial fusion power as the main goal of a successful nuclear program (including fast breeder technology and the fission-fusion hybrid along the way).

Aleksandrov told the French Communist Party newspaper *L'Humanite* on June 19 that "We can envisage in the next century, the construction of great (fusion) plants for industrial use. ... Fusion research is organized on the basis of an international program. These problems interest the whole of humanity and it would be absurd to do it in isolation."

Velikhov, whose Tokamak idea was presented to the United Nations by Foreign Minister Gromyko in 1978 as a centerpiece of the U.S.S.R.'s disarmament and development package, recently told Fusion Energy Foundation representatives in New York City that "cooperation should take place in the most advanced scientific fields. The importance of the proposal I made last year for building an international engineering Tokamak experiment is not just for fusion. It is for all mankind."

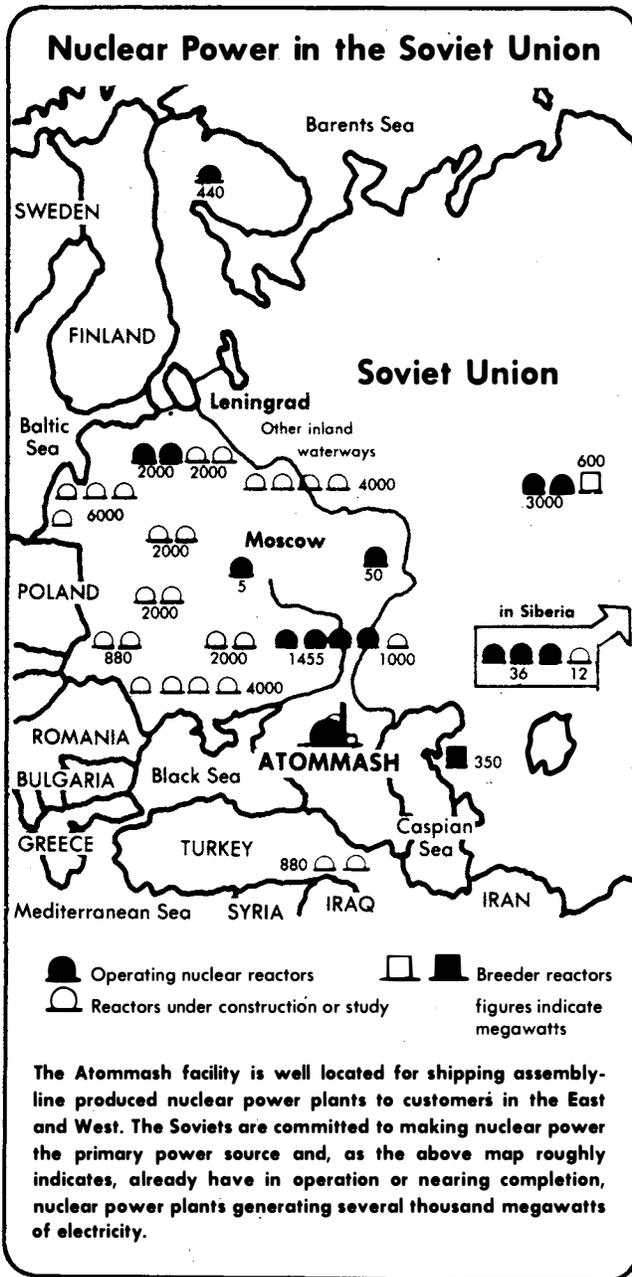
—Rachael Douglas

Atomash: assembly line nuclear plants

There are 16,000 people living in a new town on the banks of the Volgodonsk Canal, which connects the two great rivers of European Russia, the Don and the Volga, where they flow near each other in the south of the country. Most are workers and families of workers employed in a single complex of factories that has risen together with the town during this decade.

The complex, called Atomash for "atomic machinery," is the world's first assembly plant for nuclear power reactors.

From the production site, the standardized components of atomic power plants will be shipped by water all over the U.S.S.R. to Eastern Europe, and to customers in other countries. On barges, the energy-producing machinery may float down the Don to Black Sea ports and the Mediterranean, and via the Volga either upstream into an inland waterways network exiting on the Baltic Sea or downstream to the Caspian.



An American approach

Atomash is the most modern example of a Soviet integrated industrial complex, utilizing and updating the mass production techniques invented at the beginning of this century by Henry Ford and perfected by other American manufacturers. When the U.S.S.R. undertook its first Five Year Plan in 1929, when the world economy was in the grips of the Great Depression, Soviet industry turned to the United States to learn. A team of Ford engineers, out of work in Detroit, traveled to Russia where they designed and helped to build the Soviet Union's first mass production plant: the Stalingrad tractor factory.

Today it is the Soviets who have carried the American principle of looking for always more highly automated, labor-saving industrial technology into the nuclear age. There is no American Atomash. Westinghouse developed a sophisticated technology for the mass production of floating nuclear reactors, but their Florida plant is idle. Its first two orders, from PSE&G in New Jersey, were canceled thanks to the slow growth and environmentalist-influenced policies of Governor Brendan Byrne's administration, and there haven't been any more.

Standardization of design

Atomash was taken from the drawing board at the start of the 1970s, when Soviet planners decided on an effort to increase several-fold the role of nuclear power in the Soviet economy and Eastern Europe. Work began on the first reactor in November 1977 and it will roll off the line at the conclusion of the 10th Five Year Plan in 1980. Each reactor will take approximately three years to build. The third year will be devoted to quality control and testing.

The key to the process is standardization. In the U.S., nuclear reactors are produced by four different suppliers and designed virtually from scratch as "one-of-a-kind" ventures. At Atommash, the design is standardized in several sizes. The complex will turn out 440 megawatt (MW) and 1000 MW light water reactors, and eventually a larger, 1500 MW model.

Atommash sits in the middle of the Donets coal basin, and is fueled by a 260 MW coal-burning power plant.

In addition to the reactor, the Atommash complex will produce the steam turbine systems to generate electricity and other types of equipment. It will also utilize scrap metal from nuclear plant production for the production of consumer goods.

For the early recipients of Atommash reactors, most of whom will be Eastern European, additional generators and auxiliary equipment will come from other member-nations of the Council for Mutual Economic Assistance (CMEA) which have a nuclear industry. Under the CMEA division of labor, Czechoslovakia is producing piping systems, steam generators, and reactor mountings; Bulgaria is turning out protective devices; Hungary contributes plant maintenance equipment; and Poland will build related diesel generators.

—Marsha Freeman

CMEA resolves to expand nuclear power 15 fold by 1990

Energy policy was at the top of the agenda for the annual meeting of the heads of member nations of the Council on Mutual Economic Assistance (CMEA), which includes six European nations, Cuba, and Mongolia, held in Moscow June 26-29. Of five 10-year plans for major branches of industry, the nuclear power program was readily called the most important by Soviet Premier Aleksei Kosygin in his reports to the summit (see below). The other programs depend on it to succeed.

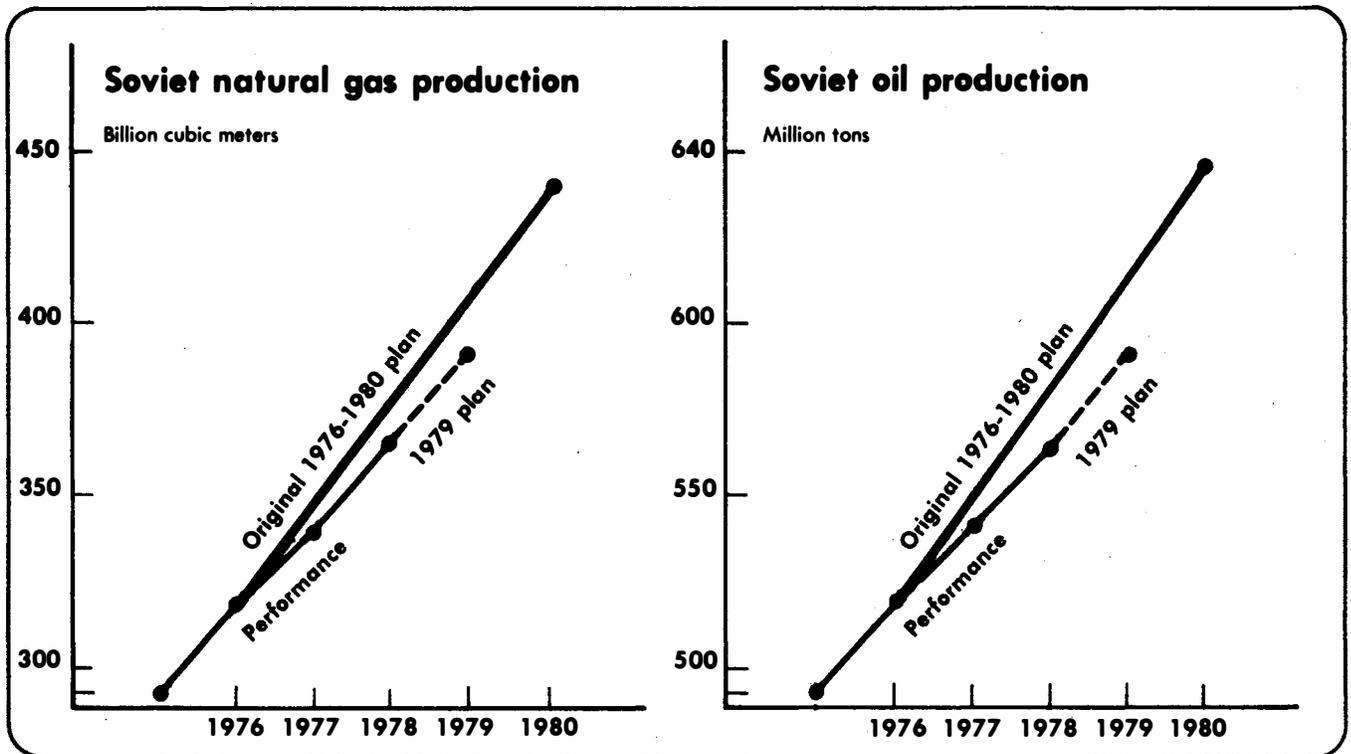
The CMEA leaders approved a plan to construct 37,000 megawatts of new atomic capacity for electric power generation between now and 1990 in the Council's non-Soviet European members and Cuba alone.

USSR energy deliveries to European CMEA nations and Cuba

	Soviet production, 1978*	Average annual Soviet shipments to CMEA, 1976-80*	Percent of Soviet production shipped to CMEA
Oil (million tons)	572**	73	12.7
Natural gas (billion cubic meters)	372	18	4.8
Electricity (billion kilowatt-hours)	1202	13	1.1
Total (million ton-equivalents)	1800	163	9.0

* The average annual shipment is derived from current CMEA projections of the total USSR deliveries in the current five-year period (1976-1980); Soviet production for the middle year, 1978, is as reported by the USSR's Central Bureau of Statistics, except for the "total" figure, which is projected from previous years' reported ton-equivalents total and the known growth rates in the main branches of the energy industry.

** Equivalent to over 11 million barrels a day.



An additional 8,000 MW divided between two gigantic complexes in the Ukraine will supply half their power to the nations of Eastern Europe (and, potentially, interested Western Europeans) who have helped to build those plants.

The magnitude of the 37,000 MW increment can be gauged by several comparisons.

* The total nuclear power plant capacity of the CMEA members including the U.S.S.R. is now 10,340 MW. The 37,000 MW expansion, *not counting the U.S.S.R.*, will more than quadruple capacity and will expand non-Soviet CMEA capacity by a factor of 15!

* The portion of nuclear-generated power will rise sharply in each member country. In Czechoslovakia, for example, it will grow from 4 percent to 17 percent in 1985, 34 percent in 1990, and close to 70 percent at the end of the century. The U.S.S.R., whose huge nuclear industry is not counted in the 37,000 MW figure, aims to run its industry on 30 percent nuclear power by the year 2000, up from under 5 percent today. CMEA Secretary Nikolai Faddeev put the overall goal for CMEA members outside the U.S.S.R. at between 15 and 20 percent nuclear power in 1990.

* The new atomic capacity is equivalent to one-third of the total present capacity for electricity generation in those CMEA countries.

* By 1990, the newly created power from nuclear

plants will replace approximately 75 million ton-equivalents of fossil fuel which the Soviet Union now exports to the other CMEA members, or 45 percent of today's level of total Soviet energy deliveries to them.

Oil situation tight

The Soviet Union produces over 11 million barrels a day of crude oil, more than Saudi Arabia, but is faced with a tight fuel supply situation in industry. There are both short term and long term explanations of the problem.

One-quarter of the Soviet crude oil extracted is exported and one-half of that is shipped to CMEA members. After years of supplying Eastern Europe at fixed prices, the Soviets now charge a price based on a five-year average of world oil prices, or an estimated 40 percent below OPEC prices at the present time. For deliveries above planned amounts, the Eastern Europeans have to pay the hard currency and world prices the Soviets charge their other buyers.

West German Chancellor Schmidt observed recently that without the burden of supplying Eastern Europe, the U.S.S.R. would be fairly well-situated to cope with its own power supplies.

The immediate situation this year has been aggravated by two disruptive factors: an extremely harsh

winter in Eastern Europe and the shutdown of natural gas pipelines from Iran into the southern U.S.S.R. The weather was so cold that in East Germany mines were shut down when water froze in the shafts and compacted the brown coal deposits and, in Czechoslovakia, factories and offices were operated as little as two hours in a 24-hour period in order to conserve heating fuel. This pulled "bare necessity" Soviet supplies upward.

The terminated Iranian gas deliveries were one leg of a triangular trade arrangement among Iran, the U.S.S.R. and several countries in Eastern and Western Europe. The Soviets have apparently resolved to try and meet commitments to users of Soviet natural gas in Europe, quantities of gas which were balanced off in the Soviet economy by Iranian gas received through the IGAT I pipeline. (Construction of the IGAT II pipeline, which was to send the U.S.S.R. still more natural gas while the Soviets delivered to Western Europe, has been at least postponed and probably canceled by the Ayatollah Khomeini regime in Iran.)

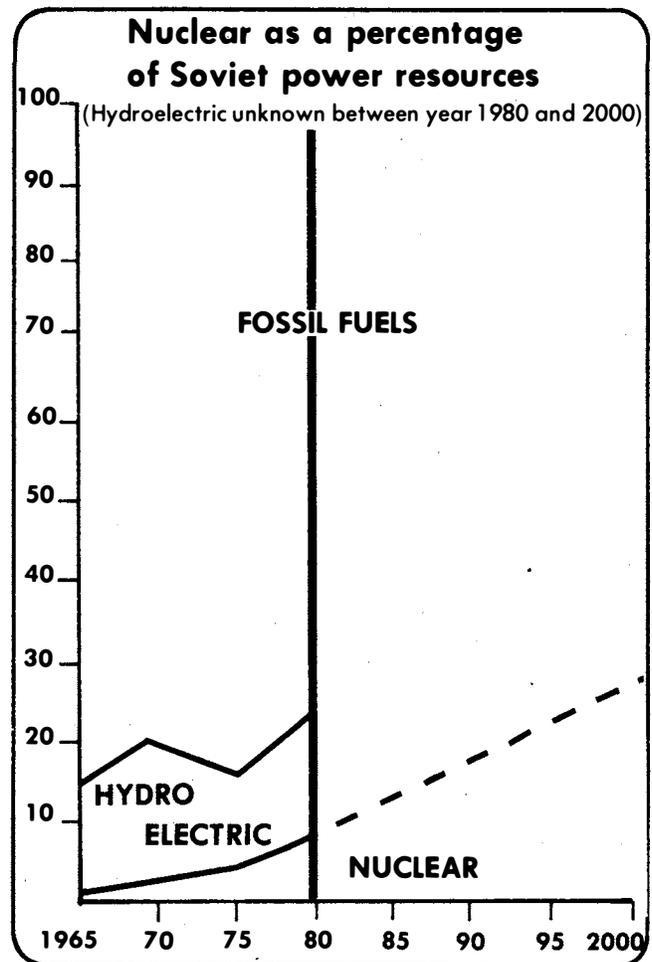
As a result, the Soviet republics of Georgia, Azerbaijan and Armenia in the Transcaucasus region were shortchanged last winter. Strict conservation was instituted in major cities such as Yerevan, Armenia, and a large-scale conversion of industry to lower grade fossil fuels is under way.

The long-term problems for Soviet fuel development stem from the increasing costs of fossil fuel extraction, as the concentration of deposits moves north and east into Siberia. There has been less investment of Western capital into Siberia development than Moscow was counting on and, together with shortfalls in other key sectors of the economy including steel, oil production has fallen well off the pace set for the Five Year Plan period now in progress, 1976-1980. Natural gas production, however, is close to the target.

An urgent resolution

On June 13, the Central Committee of the Soviet Communist Party and the Soviet government issued a joint resolution, the strongest of policy directives. It was entitled, "On Ensuring Fuel, Electric and Heat Energy for the National Economy and the Population in the Fall-Winter Period of 1979-80."

Threatening "strict calling to account of people responsible for the uneconomical use of fuel and energy resources," the Soviet leadership put the country on a mobilization for energy production and economizing. In addition to directing comprehensive organization measures in the energy production and transport sectors to provide every city and factory with "reserve supplies of every type of fuel" in order to ensure "uninterrupted supply of the population" with fuel, the resolution



specified above-plan targets in several areas, evidently designed to make up for oil shortages. In the first quarter of this year, oil production failed to meet the already downwardly revised target rate.

For home heating, the Soviets will increase the role of local resources, including peat, especially outside the major cities. The Ministry of the Coal Industry has to produce 1 million tons of coal above plan (which is 752 million tons for the year) from July through December, and the Gas Industry will supply 1 billion extra cubic meters of natural gas.

The nuclear solution

The Soviets see nuclear power as the way to solve the fossil fuel bottlenecks over the decades ahead, preparing for the day—placed 50 years from now by Academy of Sciences President A.P. Aleksandrov—when these resources are exhausted. In the U.S.S.R., while Siberian fuels will be shipped back toward Moscow as well as eastward for export (and supply huge new industrial

centers in Siberia), the entire net growth of electricity production in the European part of the country, where most industry is located, will be on account of nuclear power.

The CMEA nuclear program is an undertaking of all the member countries, as our report on the assembly line Atommash plant shows. A training center for 350 nuclear plant engineers and operators has been established at the Soviet power station in Novovoronezh. Today Eastern Europeans are in training there. Soon, they will be joined by technicians from the developing sector countries which order Atommash plants.

Finland, the Soviets' first nuclear customer outside the CMEA, is reportedly interested in helping to market worldwide the Soviet technologies exemplified in their 420 MW plant at Loviisa.

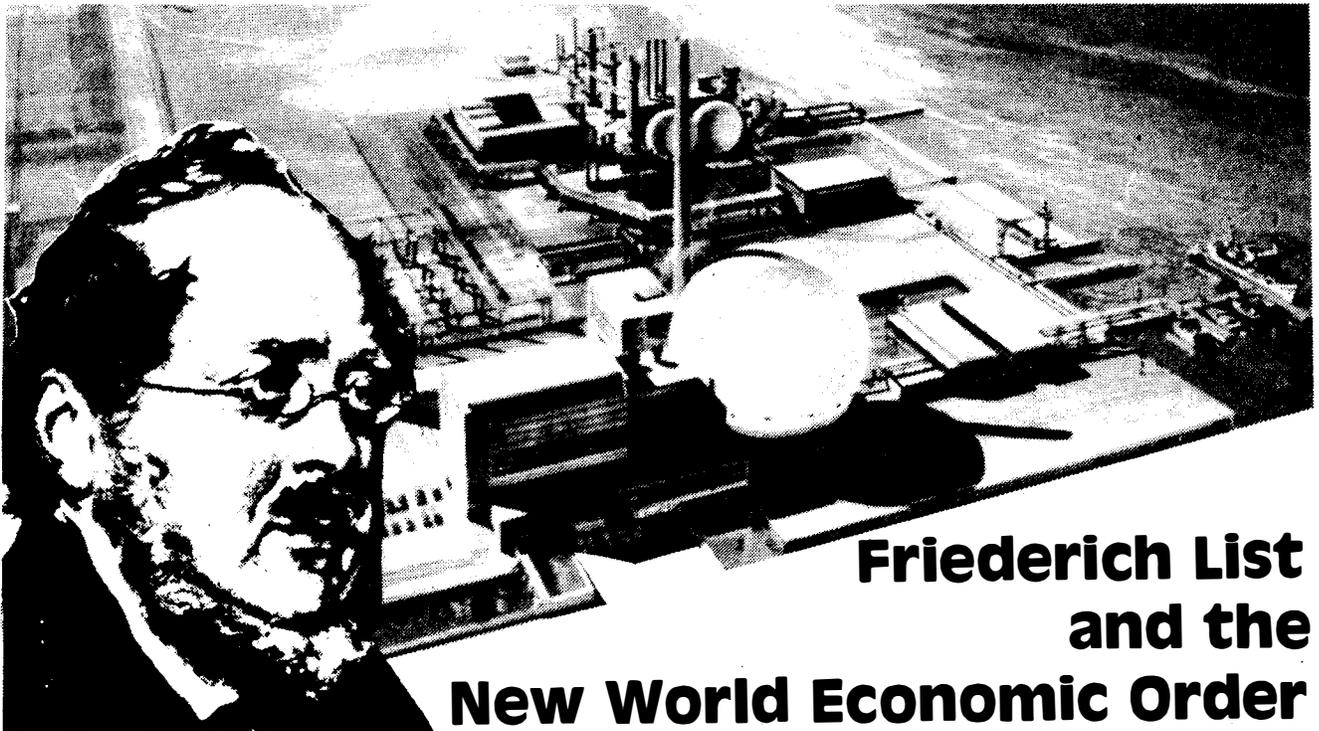
—Rachel Douglas

Soviet Premier Kosygin: 'atomic

Soviet Prime Minister Aleksei Kosygin chaired the June 26-29 summit meeting of the Council on Mutual Economic Assistance. We excerpt two of his addresses in order to highlight the Soviet conception of high-technology industry in general, and nuclear power in particular, as the cornerstone on which healthy, growing economies are built.

Opening address, June 26: The activity of our organization is always subordinated to the solution of the basic tasks of socialist and communist construction in each country and economic and social progress of the entire community as a whole.

Our cooperation has laid the basis of a new, socialist international division of labor. It is characterized by relations of equality and mutual assistance, rather than subjugation and exploitation. It develops on the basis of the national economic plans of all our countries, helping movement forward toward long-term goals posed by the fraternal parties....



Friederich List and the New World Economic Order

**EXECUTIVE
INTELLIGENCE
REVIEW**

A conference on the occasion of the 190th anniversary of Friederich List's birth
Frankfurt a. M., Haus Palmengarten, August 6, 1979

Registration and additional information about the conference at the „Executive Intelligence Review“, Central European Office, 6200 Wiesbaden, Schiersteinerstr. 6. Tel. (06121) 37 70 81
(Please ask for Mr. Tritsch)

power is foremost'

In a short historical period, the CMEA countries have become a monolithic group of states with progressive, structured economies. Only one tenth of the world population lives in these countries, but almost one-third of the steel produced in the world is smelted here, two out of every five tons of fertilizer, a quarter of the machine tools, and as many apartments as in the EEC countries and the U.S. combined....

All of this serves to solve the most pressing problems of our development, such as supplying the national economies with fuel, energy and raw materials, accelerating scientific and technological progress, and satisfying the growing needs of the population for food and industrial products. In essence, these are problems for all of humanity. We have our socialist approach to them. The CMEA countries are solving these problems on a long-term, planned basis, through fraternal cooperation and mutual assistance, in the interests of the constant growth of the peoples' prosperity. The CMEA countries have been the only industrially developed zone of the world spared the heavy shocks that the energy crisis is inflicting on the capitalist economy. Our long-term reliance on the planned development of primarily our own energy resources has proven justified. In the current five year plan, the Soviet Union is supplying to the CMEA countries almost 370 million tons of oil, 46 million tons of petroleum products, 88 billion cubic meters of gas, and 64 billion kilowatt-hours of electricity. In the next five year plan, these supplies of fuel and energy resources are slated to grow overall by 20 percent. But it is, of course, impossible to count on satisfying the growing demand only on an extensive basis, through expanded extraction. This no longer corresponds to the needs either of the countries supplying raw materials and fuel, or of those receiving them. Therefore, we are devoting more attention to the qualitative side of things—to the rational and economical utilization of resources, and the creation of new sources of energy and materials.

Another important sphere in which the efficiency of cooperation decisively influences the efficiency of the national economy is scientific and technological progress. A significant portion of the world's scientific and technological potential is concentrated in the CMEA countries, and 20 percent of inventions in the world are made there. We are right to expect a more significant yield from this potential. We are seeking a more tangible effect of scientific and technological achievements not only in the development of the national economies, but in the development of cooperation.

The highest meaning of the activity of all the fraternal communist and workers' parties is concern for the welfare of the people. Therefore, the cooperation of

our countries also has the ultimate goal of raising the material and cultural standard of living of the workers.

....
We cooperate in various forms and on various levels with socialist countries that are not members of the CMEA, with developing countries and with capitalist ones. Yugoslavia actively participates in the CMEA organizations' work. Cooperation on the basis of special agreements is developing with Iraq, Mexico and Finland.

The socialist countries strictly observe the Helsinki agreements and continue to work on their implementation. Our efforts are directed, in particular, toward realizing the proposals of comrade L.I. Brezhnev for holding pan-European congresses or international conventions on cooperation in the areas of environmental protection, energy, and transport....

Economic report, June 27: The key element of (our) economic policy ... is the intensification of production, raising its efficiency, and accelerating scientific and technological progress....

It is particularly important to speed up the introduction of the achievements of scientific and technological progress in machine building. The successful implementation of all the long-term programs we have worked out depends above all on this branch of industry. The technological level of production in machine building decisively determines the growth of labor productivity and therefore the entire course of economic competition with capitalism.

... There are many excellent machines produced in the CMEA countries. But the questions of the technological level and quality of many machines are not yet resolved. And the technology which we now put into the machine building program actually determines the qualitative level of our production for two decades to come.

In order to raise the technological level of machine building, it is necessary to take several effective measures both in our cooperation and in individual countries. Above all, we must concentrate scientific-technological and machine-building potential in the key areas, which can have the greatest practical yield in the next five year period; we must take advantage of international specialization and cooperation....

We must also approach our problems of production and consumption of fuel, energy and raw materials from the standpoint of technological progress.

The development of atomic power is foremost in providing for the energy needs of the CMEA countries. Our joint program for building nuclear power plants will give a growth in capacity equal to over one-third of the present capacity of electricity generation in the European members of the CMEA plus Cuba. The success of this program depends above all on the prompt production of the equipment. ...

Behind the Camp David chaos

Nation rejects Carter's energy austerity

Energy crisis or energy conspiracy? These are the two realities that underly the bizarre, week-long energy summit at Camp David called by President Carter when he decided to scrap his planned energy address July 5. In the week that followed, a swarm of officials, elected and appointed, professors and think tankers, labor leaders, and representatives of the nation's religious establishment trooped to Camp David to confer with the President on an energy policy. With few exceptions, most agreed with Carter and his advisors that U.S. energy policy must be some form of the austerity program which formed the core of Carter's junked July 5 draft. Yet, as of this writing, no one knows what Carter will

do—hopeful reports have the President delivering an energy address on Sunday, July 15, with no indication of what he will say.

Beneath this policy perplexity is the fact that the American public remains firmly convinced that the energy "crisis" is a conspiracy, refuses to accept any scapegoat theory—as Carter advisor Stuart Eizenstat proposes—to pin the blame on OPEC, and refuses to accept any solution to the energy shortage which is contingent on either higher prices or consumption cutbacks. The only major energy source that fills that requirement is nuclear fission, already on line and cheaper than either natural or synthetic fossil fuels, and, perhaps as

Camp David: who was there

Following is a partial list of persons known to have attended at President Carter's marathon, ad hoc Camp David energy summit since Friday, July 6. With some exceptions, most attendees were concerned with helping the desperate Carter concoct a credible "cover" to sell the Council on Foreign Relations' unpopular energy austerity policy to the American public.

Friday, July 6

Stuart Eizenstat, domestic affairs adviser

Jody Powell, press secretary

Patrick Caddell, pollster,

Gerald Rafshoon, media advisor

Charles Kirbo, advisor (Atlanta attorney)

Hamilton Jordan, political advisor

Walter Mondale, vice president

Governors:

James Hunt, (N.C.)

Julian Carroll (Ky.)

Ella Grasso (Conn.)

Otis Bowen (Ind.)

Hugh Carey (N.Y.)

Brendan Byrne (N.J.)

George Busbee (Ga.)

Dixy Lee Ray (Wa.)

Saturday, July 7

Mondale, Powell, Jordan

Rev. Jesse Jackson, Chicago "Operation PUSH"

Clark Clifford, attorney, advisor to seven presidents

Lane Kirkland, Secretary-Treasurer, AFL-CIO

John Gardner, "Common Cause" founder

Sol Linowitz, Panama Canal negotiator (Xerox, United Fruit Co.)

Robert Keefe, Jackson 1976 presidential campaign organizer

Barbara Newell, Wellesley College president

James McIntyre, Office of Management

and Budget director

Sunday, July 8

Eizenstat

James Schlesinger, energy secretary

James Akins, former ambassador to Saudi Arabia, petroleum consultant

Rep. Corinne Boggs (D-La), House energy appropri. subcommittee

Thornton Bradshaw, Atlantic-Richfield president

David Freeman, Tennessee Valley Authority chairman

Governors:

Jay Rockefeller (W.Va.)

Hugh Gallen (N.H.)

Robert Graham (Fla.)

Russell Peterson, National Audubon Society president

little as 10 years down the tube, fission's sister power source thermonuclear fusion. So far as is known, only a few of the pilgrims to the Camp David summit, among them Washington Governor Dixy Lee Ray, advocated a nuclear push, and this view is not likely to be reflected in any policy that emerges from the Carter administration.

As a result, the hapless Carter—the word on Capitol Hill is that the President is now “flakey; he has gone over the edge”—and his policy controllers at the New York Council on Foreign Relations and related establishments are confronted with a wholesale reorientation of the political landscape in the direction of the candidacy of Lyndon H. LaRouche, Jr., U.S. Labor Party chairman. LaRouche is the only candidate who has consistently backed nuclear power and pinpointed the role of the energy multinationals and Carter's Department of Energy in manufacturing the present gasoline shortages.

The LaRouche campaign strategy calls for pulling together “one percent” of political constituency leaders by September, in order to give the campaign, at a minimum, the momentum the Wallace campaign had in the year prior to the Nixon landslide in 1972. So far, the LaRouche campaign is on target, with backing particularly from trade union and minority leaders fed up with Kissinger control over the Republican party. In addition to the widely known endorsement of LaRouche by Teamster General Organizer Rolland McMaster,

LaRouche has been endorsed by local union leaders in Baltimore and Canada, and numerous leaders of the black International Masons, including their Supreme President William Banks. Local NAACP leaders, traditionally Democrats, have also endorsed LaRouche in hopes of returning to the economics of progress that will allow blacks to enter the mainstream of American society once more. LaRouche's appeal to the heart of American morality is underscored by the statement of a former regent of the Daughters of the American Revolution in Baltimore, Maryland. “I have endorsed LaRouche,” Mary Cavanaugh wrote. “Every American should.”

Major mass organizing gains have also been made by the LaRouche campaign through its initiating and supporting role in the fight against the use of psychotropic drugs among America's youth. By now, over 120 local leaders, of trade unions, religious groups, civic associations, industries, and academic institutions, have put their names to a Call for a National Anti-Drug Coalition in Detroit in September, which was initiated by the Michigan Anti-Drug Coalition (see below in this section). Many of the signatories, which in some cases include entire groups—such as the Jersey City City Council as a whole—are looking at the LaRouche campaign as the only hope to realize the political cleanup required by the campaign to wipe out the drugrunners now controlling both the Republican and Democratic parties.

John Sawhill, Federal Energy Adm. former president, NYU president

Martin Ward, Plumbers Union president

Jerome Weisner, Massachusetts Institute of Technology president

Monday, July 9:

Energy Meeting:

Democratic Senators

Lloyd M. Bentsen (Tex.)

Dale Bumpers (Ark.)

Robert Byrd (W. Va.)

Wendell Ford (Ky.)

Henry Jackson (Wa.)

J. Bennett Johnston (La.)

Russell Long (La.)

Daniel Moynihan (N.Y.)

Republican Senators

Pete Domenici (N.Y.)

Mark Hatfield (Ore.)

Ted Stevens (Alaska)

Democratic Congressmen

Thomas “Tip” O’Neill (Mass.)

Thomas Ashley (Ohio)

John Dingell (Mich.)

Thomas Foley (Wa.)

Don Fuqua (Fla.)

Toby Moffett (Conn.)

Phillip Sharp (Ind.)

Morris Udall (Ariz.)

Jim Wright (Tex.)

Al Ullman (Ore.)

Economy Meeting:

Long, Bentsen, Moynihan, O’Neill

Democratic Senators

Edmund Muskie (Maine)

Lawton Chiles (Fla.)

William Proxmire (Wisc.)

Democratic Congressmen

Robert N. Glaimo (Conn.)

Paul Simon (Ill.)

Richard Gephardt (Mo.)

Parren Mitchell (Md.)

William Moorhead (Pa.)

Joseph Fisher (Va.)

Tuesday, July 10

Economists

J. K. Galbraith

Walter Heller

Arthur Okun

Wednesday, July 11

Secretary of Labor Ray Marshall

Labor Union leaders

Jerry Wurf, international president, AFSCME

Sol Chaikin, president, ILGWU

Bill Clinton, governor of Arkansas

Edward Koch, mayor of New York City

Stanley Fink, Speaker, New York State Assembly

Rep. Carl D. Perkins, (D-Ky)

Vernon Jordan, executive director, National Urban League

Benjamin Hooks, executive director, NAACP

David J. Mahoney, chairman, Norton Simon Inc.

Not in attendance, due to a mysterious illness, was Charles M. Schultze, chairman of the Council of Economic Advisors.

Policymakers committed to austerity

In Washington, however, both the administration and Congress are firmly committed to the energy austerity policies that the majority of the nation rejects. In part, the confusion in Washington is due to confusion over how to sell the austerity policies being rush through Congress to the resistant population.

But there is another side to the Camp David affair as well. As this publication reported, a definitive decision was made in the back rooms of the New York Council on Foreign Relations and allied policymaking circles late last year to dump Carter. The CFR scenario called for an incompetent Carter administration to blunder into a series of crises which would pave the way for the emergence of General Alexander Haig as a strongman candidate who could rally the country behind the austerity and confrontation policies that Carter has been unable to push through. Under the scenario, Ted Kennedy will run as the "populist" foil for the strongman Haig.

While the paralyzed Carter ruminates at Camp

David, his administration is attempting to manufacture the crisis that could make the energy shortage real—and certainly pave the way for the incompetent Carter's final departure.

Top on the Washington hit list is OPEC—where leading moderates are pushing for direct producer-consumer agreements to guarantee world energy supplies and prices in exchange for Western technology transfers—and Europe, which is pressing Carter to implement a program of nuclear energy development. "The destruction of OPEC is our number one security objective at this point," declared Meg Powers, Senator Jacob Javits's energy advisor. "We must have the strength to break the OPEC cartel and we must be able to force Europe and Japan to support our policy." With U.S. provocations in Latin America, Africa, the Middle East, these policymakers are desperately trying to create the crisis conditions in which a Haig will be saleable.

Camp David summit scramble

On the Camp David front, the administration's energy

Press fuels aura of crisis around summit

The anglophile national U.S. press has seized on President Carter's marathon Camp David energy summit to trumpet the danger of a national leadership vacuum on the energy question. Some samples: **New York Post, July 5, Page 1 Editorial:** President Carter's shock cancellation of his energy message has left the country foundering without leadership on the most critical domestic crisis since the depression...

At a time when pollsters have shown that he is the most unpopular president in history, many observers felt he may well have torpedoed the address rather than incur national wrath by the showing once again that he simply does not have an energy policy.

New York Daily News, July 5, "Carter Scraps Energy Speech; White House Gives No Reason": A White House source, pressed for details, insisted that the decision "had nothing to do with the President's health."

The highly unusual move followed by two days the President's

ballyhooing the planned speech and arranging for national TV time.

The New York Times, July 6, Lead Editorial: In Michael Halberstam's recent political novel, "The Wanting of Levine," a Presidential candidate figures out why he so likes fishing. No matter how disorderly the world, when one goes fishing everything focuses on the hook.

Jimmy Carter had planned to make a major television address on energy yesterday but in the end he went fishing instead. One can only hope that a lot came into focus, for in a sense it is the President who's now on the hook.

Maurice Hungville, "A Scenario for Mondale," The New York Times, July 6: Given his current political paralysis, Jimmy Carter might well consider importing the British tradition of a confidence vote. Impeachment and assassination have clearly demonstrated the essential stability and capacity for renewal that is characteristic of our government. In every case, the sudden loss of leadership has provoked immense sympathy

for the successor.... With the predictable sympathies every other accidental President has inherited, with over a year to make his own record, an incumbent President Mondale would be a formidable threat to ambitious Republicans and disgruntled Democrats alike. At 51, Walter Mondale is almost as young, almost as liberal as Ted Kennedy...

A vote of confidence addition to crucial Carter legislation would be a kind of presidential poker that not only raised the ante, but shuffled the political deck, and threatened to introduce a powerful new player, a young, attractive, utterly unscarred President Mondale who could dominate American political life for a full decade.

New York Post, July 7, "It's Make or Break Weekend for Carter; Secret Details: the White House Search for a Scapegoat": Carter, now the most unpopular president in poll-taking history, had alarmed Democratic leaders earlier this week by suddenly canceling a major presidential address on the gas crisis.

task force, including Secretary Blumenthal, Energy Secretary Schlesinger and White House domestic advisor Stu Eizenstat, made its recommendations to Carter on July 10, reflecting what the Anglo-American establishment would like to see implemented in the U.S. It was widely reported that decontrol of gasoline prices to enforce a cutback in consumption and a changed lifestyle was one key proposal. But Carter immediately rejected this as politically too costly, his Georgia political advisors warning it would be political suicide. Jody Powell declared it would have too serious an "impact on inflation and on jobs and employment."

The energy task force proposal also included a massive synthetic fuels program, a pet project of Lazard-Freres investment house partner Felix Rohatyn. The "gas liquefaction" policy is not aimed at creating energy sources but at establishing a pool of liquidity that can be used in Anglo-American financial pyramiding schemes. The press is attempting to channel opposition to these proposals into a fake, Kennedy-oriented "soft" (solar) versus Haig-oriented "hard" technologies debate, with nuclear left out as an option. Suddenly the

entire environmentalist movement, from the Rand Corporation to the Council on Environmental Quality and Critical Mass, is opposing this plan. "There is no constituency for synthetic fuels. The oil companies don't want it. The only ones who like it is the establishment" declared one greenie.

CFR's predicament

Nevertheless, the CFR's options are circumscribed. European resistance to the Carter administration's proposed Mideast adventures has placed some restraint on administration lunacy in that direction, while the LaRouche candidacy and popular pressure for a nuclear power alternative complicate the Haig-Kennedy option. Indications are that a terror wave is planned for the U.S. to help break popular resistance to Haig (see COUNTERINTELLIGENCE), but there are also signs that the Haig and Kennedy candidacies are being jeopardized by being pushed prematurely.

—Barbara Dreyfuss and Paul Arnest

The political nature of the week-end strategy session was underlined by the absence of key policy advisers and the presence of campaign strategists....

Shortly before his Camp David retreat, President Carter's chief domestic advisor urged him to shift the blame for energy and inflation problems to "a clear enemy"—the international oil cartel.

Washington Post, July 8: As the extraordinary meetings continued at the presidential retreat in Maryland's Catoctin Mountains, the precise objective of the talks and their likely result remained murky. But the White House official cautioned reporters against overly optimistic expectations.

The Washington Star, July 8, "Powell Joins in Blaming OPEC for Energy Woe": Voicing a new White House theme, press secretary Jody Powell declared yesterday that the Organization of Petroleum Exporting Countries is "the heart and soul" of the nation's energy and economic problems....

Powell's comment supported the memorandum from domestic counsellor Stuard Eizenstat to Carter which said: "With strong steps, we

can mobilize the nation around a real crisis and with a clear enemy, OPEC."

Wall Street Journal, July 9: The Presidential course still is highly uncertain. Mr. Carter begins his fifth day of consultations today with advisers and outsiders in his oak-paneled cabin at the secluded presidential retreat at Camp David....

Presidential Press Secretary Jody Powell termed the Eizenstat memo "a little silly," but Mrs. [Rosalynn] Carter made it clear she agrees with its theme.... An influential presidential aide added: "This President is at a fundamental crossroads. He has to shake things up or start writing his memoirs."

The Christian Science Monitor, Monday, July 9: If the Carter downturn in public opinion is not stemmed—for instance, if his rating should move down from 25 percent to around 20-22 percent—the move to dump Mr. Carter and draft Senator Kennedy would take on new, perhaps irresistible momentum.

Reports covering the national governors conference here are finding that many of those governors who voted for a pro-Carter resolution (by a 21 to 4 vote) will confide

that they are less than fully satisfied with the President....

On top of this, recent Monitor checks into the attitudes of leading state Democratic politicians toward the President have found a "holding" pattern for Mr. Carter—but with a particularly larger amount of latent Kennedy support that could break out into the open should the President falter in the energy crisis or polls.

Tom Wicker, "Carter on the Precipice," New York Times, July 10: President Carter has reached the low point not only of his Administration but perhaps of the postwar Presidency. That is bad for the man and worse for the country; either he pulls things together in the immediate future or the rest of us are stuck with a virtual lame duck in the White House for the next 18 months.... As an Atlanta businessman (*Et tu, Brute!*) put it to The Wall Street Journal: "People have said a lot of bad things about Nixon. They called him a liar and a cheat and a crook. But they never called him ineffectual. Ineffectual is just about the worst thing you can say about a President, and it's what people are saying about Carter."

Haig and Kennedy: too far too soon

In their haste to reglue the shattered structures of pre-Camp David politics, both Kennedy and Haig this week stepped far outside the political "roles" that had been assigned them under the CFR scenario—and the question now is becoming, can they recover their posture.

Appearing on NBC's Today show on Tuesday, July 10, Kennedy gave his most explicit indication to date that he will bid for the Democratic nomination—and at the same time repudiated the interests of his own Democratic Party political base. In an interview clearly designed to goad Carter into more vigorous implementation of the CFR's austerity policies, Kennedy sharply attacked the President for lacking in leadership, and indicated that he himself would be the most capable of convincing the American public to accept austerity. Kennedy confidently claimed that he could convince Americans, especially his working poor and unemployed base to accept the need for "more and more belt tightening."

In perhaps even greater political blundering, General Haig has projected himself to the forefront of the public eye as an active office seeker and opponent of the SALT II pact. While original scenarios called for the unpopular Haig to remain in the background until a "crisis"—when the population would turn to him as a "tough," military-minded savior—Haig now risks being seen as a grasping career-minded office-seeker of the Howard Baker stripe.

In addition to a lengthy interview with *Newsweek*, Haig appeared on the Public Broadcasting System affiliate, WNET-TV in New York City, the day before Kennedy's Today appearance. In an interview financed by the London Life Insurance Co. and produced by a Canadian network, Global Television Network, Haig was openly touted as a Republican presidential hopeful and a protégé of Henry Kissinger. After introducing Haig as the man whose return to the U.S. "adds to the likelihood that President Carter will have a tougher time selling the arms limitation pact on Capitol Hill," the interviewer focused on the fact that Kissinger had groomed Haig in the school of "geopolitics," especially during Haig's involvement in the Vietnam War.

Haig was also praised at the beginning of the interview as "a rising star in the Nixon White House"

who "under the paternal gaze of Henry Kissinger ... was for all intents and purposes running the country during the final weeks of the Nixon Presidency."

Most knowledgeable political observers believe that Haig's only shot at the White House would be in the event of a severe crisis in the country such as the Cuban missile crisis, and that the general would entirely discredit himself if he were placed in the limelight of a lengthy campaign. One insider who has launched many candidates said recently, "Haig has come out too soon and too fast." Even an aide to CFR stalwart Jacob Javits (R-N.Y.) commented on Haig's complete lack of a political base, noting, "I don't know what his political base is."

—Carolyn Pollack

Congressional reactions to Carter energy summit

Initial Congressional reactions to President Carter's energy vacillations at the Camp David summit have ranged from the absurd to the just-barely rational.

Middle-of-the-road Republicans have deployed to "give the speech that Carter is afraid to give." House Minority Leader John Rhodes produced his version of what President Carter should have said, in a floor speech of July 10. Rhodes attacked OPEC, called for Americans to sacrifice, and urged the creation of a mass synthetic fuels push for the U.S. Minnesota Republican Senator David Durenberger introduced the Mandatory Oil Import Control Act of 1979 to mandate the implementation of the oil import quotas agreed on at the Tokyo summit.

And, perhaps most unhinged, Senator Lowell Weicker (R-Conn.) introduced legislation for mandatory national gas rationing with the following observations: "This nation has known since the 1973 embargo that it is weak and defenseless against the economic terrorism of the OPEC oil lords."

From just the other side of the sanity barrier, a number of conservative Republicans began to apply the brakes to the herd mentality that has gripped Capitol Hill over the energy hoax. Republican Congressman Badham (Calif.) and Schulze (Pa.) attacked the "cynicism" of the Eisenstat memo which urged Carter to blame OPEC for the crisis. Badham called for Eisenstat's resignation. And Sen. Jim McClure (R-Idaho), speaking on the floor of the Senate on July 9, charged that synthetic fuels legislation was being railroaded through the Congress and that it would badly undercut the much-needed development of conventional energy sources in the U.S.—natural gas, oil, and nuclear power.

Javits aide: economy is headed for collapse

The top energy aide to Senator Jacob Javits, Meg Power, was interviewed by a reporter on July 5. At the time of the interview, Javits's top economic aide had just returned from a meeting in Europe concerning the Mideast situation, and the Senator himself was out of the country for two days of secret meetings.

The OPEC price increase coupled with the lack of resolve of the Western democracies means that the world economy is now headed for a 1931 collapse.... Any measures, no matter how extreme, cannot be ruled out if we are to save the day....

[Javits himself said that] OPEC price increases create a formidable economic danger ... A recession—or worse, a 1930s style depression—is now real and imminent ... no measure would be too severe to avoid such a calamity.... The oil question is a national security issue; oil and international economics are a *single* issue and both are national security questions.... The destruction of OPEC is our number one national security objective at this point.... [Javits's support for synthetic fuels and Encono type legislation is born of] the vision of the need to destroy OPEC....

The synthetic fuels policy is a national security question ... more importantly an international NATO security question.... We must have the strength to break the OPEC cartel and we must be able to force Europe and Japan to support our policy.... Europe is soft on the OPEC question ... they think that they can make deals.... Our strategy must be to split the cartel, to isolate and dismantle it and bring the oil fields back under the control of the Western alliance.... The synthetic fuels program in the U.S. and Canada shows our resolve.... It also gives Europe—if they join us—a new way to get fuel, reducing their crippling dependence on the Arabs....

It is also important that the Western alliance control the development of Third World reserves. They create a new problem, along with the Soviet reserves of gas and oil. What if the Soviets and Third World tempt Europe to go along with them—if they offer them energy. What could we do about it ... without synfuels, nothing. We need Europe's strategic commitment to bust up OPEC, to develop alternative sources within the Western Alliance and to prevent the Soviets from controlling Third World supplies....

Javits supports the idea of developing a broader energy/economic policy. Tokyo did not go far enough ... We can reorganize the monetary system around an

energy development policy.... This is what Rohatyn and Burns are talking about [with their \$50 billion international synthetic fuel development bank proposal—ed.]. Such plans would be administered through the IMF or IEA or World Bank ... or some combination of these agencies.... The other side of this is an international antidepression program that would tie these development programs to necessary economic restraint.... The IMF would be given a more dramatic purpose .. to really set the world's house in order.... Again, this is a national security issue....

There are two ways that this will happen: either everyone agrees to do it now and it happens in an orderly way, or it is done after a real collapse in the next few months—and anyone who doesn't think we are headed for a collapse is really fooling themselves.... A collapse would accomplish one thing for sure—it would crack the hell out of OPEC ... the cartel would split for sure ... we might be able to convince the more enlightened Arabs to go along now and get a better ride....

The synthetic fuel program is an implicit labour-employment policy.... We are talking about redistributing our workforce—both geographically and skill-wise ... we are talking about creating whole new categories of jobs.... Large numbers of people are going to be put to work because most of what we are talking about is labor intensive—heavy construction, infrastructure.... Javits sees whole new cadres of labor being formed to do this work and we are going to put a lot of inner city poor off welfare and into jobs....

If Javits has his way [he is Senate sponsor, along with Riegle, of the Moorhead bill—ed.], there will not be any confrontation with labor on the Davis-Bacon act: It would tie up the whole energy program; why bother? Labor is going to be as cooperative as hell—after all, we are creating new job categories where there are no prevailing wages, and besides, all the unions desperately want in on the jobs. We have their support—especially the building trades—already. Labor, management and government are going to get together and cooperate on this one—only a real fool would jeopardize this on something stupid like Davis-Bacon....

Carter's speech comes down to whether he has the guts.... We are not asking for a military action against OPEC, just a public declaration of intent to bust the cartel economically.... If he doesn't have the guts, this country, the world economy, is going to hell—and real soon....

The Eizenstat memorandum

The following is an excerpted text of White House advisor Stuart Eizenstat's June 28 memorandum on energy to President Carter.

Since you left for Japan, the domestic energy problem has continued to worsen:

- The actions taken to help the truckers have not yet broken the back of the strike. Jack and I are continuing to review the problem. As you know, the Vice President will today announce a series of actions to help improve the situation.
- Gas lines are growing throughout the Northeast and are spreading to the Mideast.
- Sporadic violence over gasoline continues to occur. A recent incident in Pennsylvania injured 40.
- Gasoline station operators are threatening a nationwide strike unless D.O.E. grants an emergency profit margin increase.
- The latest C.P.I. figures have demonstrated how substantially energy is affecting inflation—gasoline prices have risen 55 percent since January.
- Congress is growing more nervous by the day over the energy problem. The Moorhead bill was pushed through the House yesterday, so members could go home for the recess claiming to have done something about the problem. It is fair to say that in normal times, a bill as significant as Moorhead's would have been considered much more carefully. Despite that vote, and the forthcoming vote on Thursday on the windfall tax, members are literally afraid to go home over the recess, for fear of having to deal with very angry constituents. That fear was expressed to the Vice President and me yesterday when we briefed members on the Tokyo summit. They were almost completely uninterested in the summit, and spent all of two hours talking about gasoline and related problems.
- Press accounts are starting to appear about the Administration's inability to deliver on the commitment to have 240 million barrels of distillate in stock by October. The Northeast will soon be pressuring us to clarify whether we still believe 240 is possible.
- The continuing problem of conflicting signals and numbers from D.O.E. persists. The D.O.E. gasoline allocations formulas are now coming under particularly heavy attack. Yesterday, the state of Maryland sued D.O.E. for misallocating gasoline. Other states can be expected to shortly follow that politically popular route.

In sum, we have a worsening short-term domestic energy crisis, and I do not expect to see (with the possi-

ble exception of a break in the truckers' strike) any improvement by the time you return.

Frustration and anger

I do not need to detail for you the political damage we are suffering from all of this. It is perhaps sufficient to say that nothing which has occurred in the Administration to date—not the Soviet agreement on the Middle East, not the Lance matter, not the Panama Canal treaties, not the defeat of several major domestic legislative proposals, not the sparring with Kennedy, and not even double-digit inflation—have added so much water to our ship. Nothing else has so frustrated, confused, angered the American people—or so targeted their distress at you personally, as opposed to your advisers, or Congress or outside interests. Mayor Koch indicated to me (during a meeting the Vice President and I had with the New York Congressional delegation on their gas problems) he had not witnessed anything comparable to the current emotion in American political life since Vietnam.

While the Vietnam analogy is a strained one in many ways, it is one which this week's press accounts are beginning to make. The similarities between problems of credibility and political opposition from the left are real, though clearly undeserved. We can expect to see repetition in coming weeks of the analogy, which was prevalent at the A.D.A. convention I addressed over the weekend.

Recession likely

All of this is occurring at a particularly inopportune time. Inflation is higher than ever. A recession is clearly facing us. (Indeed, when our July budget forecast comes out with a zero G.N.P. estimate we should not attempt to avoid the obvious, as Ford tried to do, but we should be honest and admit a recession is likely.) OPEC is raising prices once again. The polls are lower than they have ever been. (The latest Harris poll shows something never before seen—a Republican opponent, Reagan, leading you by several points.) Kennedy's popularity appears at a peak. And the Congress seems completely beyond anyone's control.

In many respects, this would appear to be the worst of times. But I honestly believe we can change this to a time of opportunity. We have a better opportunity than ever before to assert leadership over an apparently insoluble problem, to shift the cause for inflation and energy problems to OPEC, to gain credibility with the Ameri-

can people, to offer hope of an eventual solution, to regain our political losses. We should seize this opportunity now and with all our skill. If we fail to do so, the late hour may foreclose a similar opportunity again coming our way.

Scapegoat OPEC

My recommendations for how to do this, many of which I have discussed previously with you and separately with Ham and Jody, are as follows:

1. Use the OPEC prices as the occasion to mark the beginning of our new approach to energy. It must be said by you—and by us—time and again publicly to be a watershed event. We must turn the increase to our advantage by clearly pointing out its devastating economic impact and as the justification for our efforts against the OPEC cartel and for increased domestic production of all types. We have provided you with a tough statement that will accomplish those ends, and buy us a week or so before the public will expect more specifics. I urge you to use that statement and to keep it as strong as possible. A statement which goes light on OPEC or a commitment to synthetics and other domestic initiatives will not convince the public that anything is different, that we are embarking on a new effort, or that there is hope that the energy problem will be solved, or that we will ever stand up to OPEC (which Americans want even more than cheap gasoline).

2. Your decision to eliminate or cut short your Hawaii stop vividly demonstrates your commitment to dig into this problems without delay.

3. When you return, and before you go to Camp David, you should at least hold one full day of meetings at the White House to consult with your advisers about the various energy problems, to assess the summit, to report to those Congressional leaders in town, and to determine how and when you should report to the public. A full day's work on energy with your advisers would be helpful to us to get our signals and orders straight, but also to demonstrate your continuing commitment to solving this problem.

4. That one day or so of energy events cannot be allowed to pass without repeated follow-on events when you return from Camp David. Every day you need to be dealing with—and publicly be seen as dealing with—the major energy problems now facing us. Unless the attention to energy is almost total during the two-three weeks after your return, we will not turn the course of events around, and certainly we will not convince the American people that we have a firmer grasp on the problem than they now perceive. Your enormous success in the Middle East peace process was due, to a very large degree, to your personal, constant involvement over a sustained period of time. The energy situation is different in many ways than the Middle East, but the need for you to stay the course, to demand answers, to convince others of the need to act and to compromise, and to control the

competing forces within the Government is very similar. With that type of involvement, we can regain the initiative and rise above much of the confusion and bureaucratic tangling now occurring. We can arrange a schedule of events that are meaningful and worthwhile during this period.

Credibility problem

5. You must address the enormous credibility and management problems of D.O.E. which equal in public perception those which State or Defense had during Vietnam (whether fairly or not). We can discuss this in detail upon your return.

6. Shortly after you return, we will have a memorandum for you to decide how to propose spending the funds raised by the windfall tax. The memorandum will include the results of a comprehensive interagency review now underway to examine the synfuels issue and develop a significant proposal for you to announce. Once you decide the direction you want these new production initiatives to take, you might consider a major address to the nation. That address could review the energy situation, explain the causes of current problems, and announce our new initiatives. The address would be around the third week of July.

7. In addition to the synfuels and energy production announcement, I believe we should announce separately the creation of a National Energy Mobilization Board. Such a board would be designated to select energy projects—like pipelines, port facilities or research and development facilities—which are to be built in the national interest, eliminating all of the normal regulatory tangle that slows such projects down. During the World War II, we had such a board to get war-related projects expedited. This board would be modeled after the World War II example. I have asked DOE to staff this out and have explored the idea quietly within the Administration and on the Hill and have found an enormous receptivity. Your announcing the creation of this board would confirm your intention to treat this matter as one of the highest national security.

8. You have a variety of speeches scheduled after your return—the governors, NACO, Operation PUSH, CWA. Each of those occasions should be used to talk about energy. That is the only subject the public wants to hear about and we should use those opportunities to get our message across repeatedly. The windfall tax campaign was successful because of your repeated discussion of it during a short period of time. That success can be repeated through these speech opportunities.

With strong steps we can mobilize the nation around a real crisis and with a clear enemy—OPEC.

National antidrug coalition grows

"The NAACP delegates realized [at their convention —ed.] that drugs is a battle we can't afford not to fight and can't afford not to win." With these words to a meeting of antidrug activists in Philadelphia, Ms. Toni Morton of the Northwest Philadelphia Branch of the National Association for the Advancement of Colored People (NAACP) expressed the sentiment growing among Americans from every constituency that the time has come to engage in an all-out battle to eliminate drugs.

This sentiment is now being actively channeled toward the founding of a nationwide antidrug coalition at a national meeting to be held on Sept. 29, 1979 at Cobo Hall in Detroit, Michigan. The meeting is expected to draw approximately 4000 participants, according to Michigan Anti-Drug Coalition Chairman Juan Torres. The Michigan Anti-Drug Coalition, one of eight coalitions now organizing for the founding of a National Coalition, first issued the call for the for-

1979. Since that time, more than 140 religious and civic leaders, as well as elected officials, have pledged to "vigorously organize representatives and members of all sectors to attend a founding convention in Detroit."

Organizational support for the national meeting is now being organized through a series of regional antidrug coalitions at premeetings for the national meeting. Such regional meetings will be held in Baltimore on July 21, in Chicago on July 22, in Hartford on July 29 and in Los Angeles on August 18, and antidrug meetings were held last week in Buffalo and Philadelphia.

The sense of moral purpose which is rallying civic leaders to turn to this fight is indicated by the involvement of major religious figures in the antidrug fight; of the World Community of al-Islam in the West has announced that he will speak at the July 22 meetings sponsored by the Illinois Anti-Drug Coalition and, as well, attend the November 1979 international antidrug conference in Bogotá, Colombia.

NAACP spokeswoman calls antidrug fight essential

The following statement was delivered by Ms. Toni Morton, spokeswoman for the Northwest Philadelphia branch of the National Association for the Advancement of Colored People (NAACP) at the meeting of the Pennsylvania Anti-Drug Coalition held on July 10, 1979 in Philadelphia. 150 persons attended the meeting, which the local ABC-TV prominently covered. The NAACP's National Convention to which Ms. Morton refers was held July 1-5 in Louisville, Kentucky.

Good evening. I'm very pleased to be among all of you this evening representing the Northwest Branch of the Philadelphia NAACP. Our president, Mr. Robert Johnson, because of an earlier commitment, could not attend this forum, but he wanted everyone here to understand and know that the Northwest Branch supports, *actively* so, the mission of the Anti-Drug Coalition which is of course to finally eliminate the availability and the use of drugs in our schools.

Our branch agonizes, and I'm sure all of you here do too, over the frightening and staggering number of young men and women whose minds and spirits, once alive, once inquisitive, once energetic, have now be-

come, due to drug indulgence, apathetic, exhausted, empty and insensible.

Because the Northwest Branch painfully recognizes this crisis among our youth (our president) Mr. Johnson at the national convention, held two weeks ago in Kentucky, worked persistently to rearrange the national agenda to impose on it the opportunity for Mr. Curt Bonaparte to speak face to face with delegates to the national convention of the NAACP. I have been told that Mr. Bonaparte's presentation aroused their interest to a deeper level and because of his compelling presentation, the delegates realized that the drug problem will be one of the main priorities of the NAACP not only in the Northwest Branch but throughout the country.

Again, I want to express my gratitude for being with you this evening, and I must reiterate that the Northwest Branch intends to ally itself with this movement and connect with forces which will dauntlessly engage in the battle against the insidious brain snatches of the community. We admit that the battle will be long and will undoubtedly be very frustrating but we also must admit that this is a battle we cannot afford *not* to fight and certainly not to win. Thank you.

The still ongoing tour of Mr. Fausto Charris, the leader of the 125,000 member Colombian Agricultural Workers Federation (FAN-AL) has had a deep impact on the antidrug organizing. Audiences in Chicago, Fresno, California, Washington, D.C. and elsewhere have been moved by Charris's description of the minds of the American people, representing a developed nation, as the patrimony of mankind and an essential resource for the development of the Third World. Likewise, the Fourth of July appearance of a parade float designed by the Illinois Anti-Drug Coalition in the New World Patriotism Day Parade sponsored by the World Community of al-Islam in the West in Chicago moved an audience of an estimated 100,000 viewers. This week, 150,000 copies of the national call and its endorsers were produced by *New Solidarity*, the newspaper of the U.S. Labor Party, which has endorsed the Anti-Drug Call.

The national antidrug coalition in formation is aiming to reach every institution in the U.S. and enlist its help in the antidrug fight. The Michigan Anti-Drug Coalition, for example, submitted a resolution to the National Convention of the National Educational Association. It is anticipated that proposals to join the national antidrug coalition will be introduced at the conventions of many U.S. organizations this summer. A recent example of legislative activity against drugs is the action of a committee of the Georgia Legislature in considering legislation to make drug pushing prosecutable as treason against the nation.

With the growing pressure being exerted by the regional anti-drug coalitions, it is the view of the organizers of the Sept. 29 conference that even the pro-drug legalization media will soon have to break and give the anti-drug coalitions prominent coverage.

—Anita Gallagher

Colombia's Charris: U.S. Muslims back antidrug fight

Colombian agrarian leader Fausto Charris, touring the U.S. to mobilize support for the fight against drugs, issued the following statement July 9:

I, Fausto Charris, in my capacity as a Colombian agrarian leader, was invited to the United States by the New York-New Jersey Anti-Drug Coalition to expose the danger Colombia faces of having to destroy its present economy and replace it with one based on the production, commercialization, consumption and legalization of marijuana. I want to make the following statement with regard to the support I have received from eminent figures in this country. Of crucial importance for the elimination of the drug plague is the support which the Imam Wallace Deen Muhammad has given the international anti-drug campaign.

On the basis of a memorable personal meeting I had this week in Chicago with the Imam, I can say that Wallace Deen Muhammad is an exceptional individual. As a religious leader of the World Community of Al-Islam in the West, he is characterized by his orientation toward the search for human perfection in a practical sense, where man participates in this battle through his work, at the same time as he confronts the dangers which ignorance, bestialization, underdevelopment and war represent for the world. It is on this basis that (the Imam's) disciples fight for virtue, science, technology, peace and development.

During our meeting, the Imam Wallace D. Muhammad expressed support for the work of the antidrug coalitions in the United States and in Colombia. He has joined his voice, as I do through this statement, to the call for the creation of a National Anti-Drug Coalition in the U.S. The Imam also indicated that he accepted with pleasure my invitation for him to personally attend the International Anti-Drug Conference to be held in Bogotá in November 1979. This is one of the greatest steps forward that antidrug forces have taken in favor of development for the United States, and for the world.

By their very nature all vices are harmful to man, some more than others. Nonetheless, there is no limit to the harm done by the use of drugs. They are a penetrating and almost irreversible evil which destroys and causes the degeneration of entire populations. They are even more dangerous when, as is the case today, they have such advanced media as the press, radio, television and other technical means of propaganda at their disposal.

How is it possible that in the United States and in Colombia those who appear before us as "wolves dressed in sheep's clothing" promote the production, trade, consumption and legalization of drugs—and not only say that they are not harmful, but that they are good for the soul? This is when we hear the proud voice of Wallace Deen, calling them liars, and merchants of evil.

Yes, citizens of the United States and of Colombia, we must take up the battle against the drug traffickers who annihilate thousands and thousands of youth and children annually, destroying generations in a business worth \$200 billion dollars. You must fight against the decriminalization of marijuana in the United States, and against the legalization of drugs in Colombia; you must fight for the use of paraquat to wipe out marijuana crops; you must fight for the development of Third World countries with nuclear energy, and for peace in the world.

Congressional Calendar

SALT, energy top congressional agenda

Congress returned from its Independence Day holiday on July 9 with two major topics on its agenda—SALT and energy.

The Senate Foreign Relations Committee opened hearings on the SALT II treaty that same day, receiving testimony from Carter administration witnesses first. The Senate Armed Services Committee and the Select Committee on Intelligence intend to review the issue as well, with floor action not expected to begin until October.

Meanwhile, with President Carter sequestered at Camp David with his advisors, spiritual and otherwise, congressional activity is accelerating around the potpourri of energy legislation before it.

- The Senate Finance Committee began its hearings on the House passed windfall profits tax and its Title III, the energy security fund which could create a Synthetic Fuels Development Corporation.

- The Senate Energy Committee continued hearings on Chairman Henry Jackson's S. 1308—to accelerate and increase funding for selected energy projects, including synthetic fuels. The hearings will span the middle two weeks in July. One day of hearings, July 16, is set for S. 730, the Energy Corporation of the Northeast (Encono), a proposal supported by Lazard Frères' Felix Rohatyn, and one for the legislation introduced by Senator Pete Dominici (R-N. Mex.) modeled on the old "Rockefeller Plan" to create a \$75 billion energy corporation.

- The Dominici bill has also

been referred to the Senate Governmental Affairs Committee for a hearing on July 17 and the Senate Banking Committee for hearings on July 25 and 26. The Banking Committee will also review and act on the "Moorehead Amendment" to the Defense Production Act, creating a synthetic fuels industry.

- The Energy Subcommittee of the House Interstate and Foreign Commerce Committee continued its hearings during the week of July 9 on formulating a stand-by gasoline rationing plan.

What may reasonably be expected to see floor action and congressional approval this session remains up in the air until President Carter decides what he will and will not support on the energy front. With the onset of the SALT debate in October and a recess scheduled for August, the Senate has only three weeks in July and the month of September to act on any matters.

Wage-price control push behind White House-congressional task force on inflation

A close examination of the make-up of the newly announced White House-congressional task force on inflation reveals that, Jimmy Carter's opposition notwithstanding, the end result of the task force may indeed be a recommendation for wage-price controls.

So far, only the "liberal" nexus in Washington has openly expressed support for mandatory wage-price controls: several weeks ago, George McGovern (D-S.

Dak.) in the Senate and Ted Weiss (D-N.Y.) along with 11 liberal co-sponsors in the House introduced legislation to implement mandatory wage-price controls, but the legislation has thus far gone nowhere. In fact, a resolution to the House Democratic Caucus by Weiss calling on the caucus to go on record in favor of wage-price controls was tabled without a vote.

But the word is circulating among sections of the administration's "anti-inflation" machinery that "something radical" must be done soon on the wage-price front. Recent contract settlements, beginning with the Teamsters pact in April and including the just concluded pact between General Electric and the electrical workers unions, have totally shattered the administration's "7 per cent guidelines." Treasury Secretary Blumenthal has stated publicly that the program "needs a major overhaul." This view is shared by members of his staff as well as in circles around chief inflation-fighter Alfred Kahn, and they are emphatic in stating that the recent court decision upholding the President's power to use government procurement to enforce the guidelines doesn't make the program workable. "The program is dead, period," said one Kahn aide. These individuals want some form of wage-price controls program in place before the United Autoworkers contract comes up in September; if they don't get one before then, they are certain that one will come after.

Key members of the White House-congressional task force,

which held its first meeting in the White House on June 28 and its second at Camp David on July 9, are already on record as supporting controls or leaning heavily toward them. Perhaps the most significant member is Illinois Democrat Paul Simon, who is also chairman of the House Budget Committee's own task force on inflation. Simon, who cosponsored Weiss's legislation (H.R. 786), is expected to throw the weight of the Budget Committee task force (and its 14 days of testimony) in support of wage-price controls at the end of July. Representative Parren Mitchell (D-Md.), another White House-congressional task force member, supports Weiss.

Tsongas plans bill for mandatory national youth service

In addition to the legislation we reported already introduced in the House by Rep. Pete McCloskey (R-Calif.) calling for a national youth service, Senator Paul Tsongas (D-Mass.) is currently working on a more comprehensive bill to establish a mandatory national youth service which would provide a pool of free, unskilled labor.

According to an aide to the Senator, Tsongas is already active in propounding the idea of a national "service," using a report published in January by the Committee for the Study of National Service. The report, "Youth and the Needs of the Nation," has been distributed to every high school in the state of

Massachusetts, and will be the subject of debates and discussions throughout the state when school opens, the staff member said. Tsongas is also working to set up a group of youth in Massachusetts to begin lobbying for the legislation, which he expects to introduce in August. According to the staff member, Tsongas plans to have the bill "done and out of the way" immediately, and is confident of easy passage.

The bill which Tsongas will introduce, with full fanfare, will call upon the Congress to create a National Commission, appointed by the President, to study what kinds of jobs could be filled by the youth, aged 16 to 24. But Tsongas already expects that one of the main emphases of the program for one to two years of free labor will be jobs in energy conservation. Tsongas's aide explained that the Senator has a plan, being developed with the help of the New England Energy Caucus, to give the youths jobs in "transportation and energy," citing in particular 14 separate amendments Tsongas has introduced on Department of Energy legislation. These amendments include the development of solar energy, tax credits for homeowners with wood-burning stoves (!), and plans to create small, decentralized hydroelectric plants throughout the country. The spokesman confirmed that Tsongas views the national service proposal as a means of implementing energy austerity plans which older workers might not support.

Electoral College safe

On July 10 the Senate soundly defeated efforts by liberals to do away with the Electoral College. The vote in favor of a bill that would call for a Constitutional amendment to abolish the Electoral College fell 15 short of the two-thirds needed for approval. The bill, which has been sponsored in several congressional sessions by Senator Birch Bayh (D-Ind.), was sent to the Senate floor without Committee vote, thanks to maneuvering by Bayh. The bill would have substituted for the Electoral College system direct election of the President, eliminating what could be a major safeguard against the vote fraud carried out in direct elections. The main opposition to the bill was an unusual alliance of conservative Senators, particularly Orin Hatch (R-Utah) and Strom Thurmond (R-S.C.) and the American Jewish Congress and the Urban League. These groups voiced opposition to the bill on the grounds that their constituents have greater representation under the Electoral College system. Senator Thurmond called the legislation "radical tampering" with the Constitution. "The question is whether we are going to retain federalism or not".

An amendment to the bill calling for a balanced federal budget, introduced by Senator Harry Byrd (Ind-Va.), was withdrawn earlier this week. Senator Bayh has agreed to hold hearings on this proposal later on.

—Susan Kokinda and
J. Pierce

Europe organizes for development

Producer-consumer dialogue, Third World fund key to global entente

In the aftermath of the Tokyo economic summit of Western heads of state, continental Europe is following the policies set forth not at Tokyo, but at the premeeting of European Economic Community heads of state at Strasbourg on June 22.

Press fanfare over an agreement to conserve energy to the contrary, the advanced sector summit did not resolve anything. As *Executive Intelligence Review* reported earlier, Great Britain and the United States arrived at the summit with a policy stance diametrically opposed to the West Europeans.

French President Giscard d'Estaing said that the

summit would succeed or fail on the basis of the positions reached on the four proposals adopted at the Strasbourg meeting: 1) transparency of the Rotterdam oil spot market to curb the speculative maneuvers of the British and American oil multinationals, 2) development of nuclear energy, 3) consumer-producer dialogue, and 4) temporary energy conservation.

A look at the postsummit spate of diplomacy and public statements indicates that France, Italy, and West Germany view Tokyo as a failure. They are now moving to set up a producer-consumer dialogue to secure oil-for-technology deals with the Arab nations. Europe is

Carlo Sarchi: a new international institution needed for development

Carlo Sarchi, the international director of Italy's state energy consortium ENI, spoke on July 7 before a Conference on Energy organized by the Italo-Arab Friendship Association in Rome. The following are excerpts from his remarks.

Nuclear energy is an unstoppable factor (in development—ed.); the political obstructions began from 1973 on.... We must intensify relationships between consumers and producers in order to create a new world economic order. Geneva and Tokyo did not resolve the problems of this new world economic order, because they did not deal with the problems of the capital to finance scientific cooperation and research.

Questioned on the role of the World Bank and the International Monetary Fund, Sarchi said:

I will answer Mr. Celani immediately: I don't think that the World Bank and the International Monetary Fund can resolve the problems we have discussed, and I think that the European Monetary System resolves them only in part.... A new institution is necessary, a new mixed fund between the advanced sector and the other sectors; and I think that financing from this mixed fund must be granted only for specific development projects. We must create new institutions, international banks for development, which should include the existing Arab and European banks, the various European funds and the regional banks.

Members of the audience accused ENI of not doing enough, saying "nobody talks about ENI," and attacked Sarchi for not mentioning alternative sources such as wind and biomass. Mr. Sarchi responded:

I didn't mention biomass because it's irrelevant. In this world there are those who talk and those who act, and that's why we are not covered often in the press, because ENI is acting while others are talking.

also joining with those Arabs who have refused to submit to the Camp David accord to jointly denounce the United States' Mideast policy which poses a very real threat of war in the region.

Energy is still the issue

Energy remains the leading item in Europe's postsummit organizing. Carlo Sarchi, the director of foreign affairs of the Italian state-controlled energy consortium ENI told the Italo-Arab Friendship Association in Rome that "nuclear energy is a key and unstoppable factor of development ... We have to intensify (oil) consumer-producer relations to create a new world economic order."

To deal with "the problems of capital to finance such cooperation and scientific research," Sarchi, who has just returned from a visit to Moscow, called for the creation of "international development banks" to finance "specific development projects" in the Third World based on European and Arab banks and funds.

Based on a 1976 proposal drafted by U.S. Labor Party Chairman Lyndon H. LaRouche, Jr., termed the International Development Bank, Sarchi's call provides a solid programmatic basis for Europe to counter Washington and London plans to pit the industrialized West against the Arab and Third World nations. Those plans include the deployment of U.S. troops to intervene in the Persian Gulf.

Sarchi's call more than implies that Europe should bypass the International Monetary Fund and World Bank. "We have to create new institutions," he said.

With these policies, Sarchi said, ENI is returning to the policies of its founder, Enrico Mattei, whose earlier efforts to bypass the multinational oil companies with state-to-state oil and cooperation deals led to his assassination in the early 1960s. Mattei's proposals featured a plan to link Africa, Europe and the East bloc sector through a centralized electricity grid and an Algerian oil and gas pipeline—proposals very similar to those made at the recent meeting of ministers from the East bloc countries' economic council (see ENERGY).

Franco-Iraqi communiqué: an alliance for Mideast peace

At the conclusion of their four-day meeting, France's Prime Minister Raymond Barre and Iraq's Vice President Saddam Hussein issued a joint communiqué. Below are excerpts from the French daily Le Figaro's account, published on July 10.

... The French and Iraqis prefer to stress the "global political results" of Barre's visit to Baghdad: a largely positive balance sheet, since it reveals an interesting identity of views as far as France and Iraq's way of safeguarding both their national independence and world political and economic balance. The French seem to have been particularly stuck by Iraqi prudence vis-à-vis both the situation prevailing in Iran and in Turkey and the Israeli-Arab conflict. Some details:

1) Iran: the authorities in Baghdad are more and more concerned by the anarchy prevailing in that country...

2) The Middle East: estimating that the Egypt-Israel peace treaty is condemned to fail ... Iraqi authorities will ... try to control the situation in Lebanon, by favoring a national entente around President Sarkis. The French share this analysis.

3) Turkey: the authorities in Baghdad will commit themselves to financially supporting the Turkish economy. Contacts will also be taken with Ankara's security organizations, in order to prevent any kind of "Iranian style" adventures ...

The French and Iraqis also discussed at length the perspectives for the "trialogue" (Europe, the Arab nations, Africa) proposed by Valéry Giscard d'Estaing. The Iraqi leaders would like to stick, for the time being, to a reactivation of the Euro-Arab dialogue...

Franco-Arab diplomacy for peace

France maintains the most privileged political and economic ties with the Arab world and so it is France that is most active in the diplomacy to secure a producer-consumer dialogue and a development-based peace for the Middle East.

Europe and the French government in particular are making known their fears about the outbreak of a new Middle East war. West German Defense Minister Hans Apel, in response to a question as to whether West Germany plans to follow U.S. plans for a Mideast

intervention, said: "No, West Germany shall do nothing of that sort. We shall have no such troops and NATO is not going to do anything like it either because this is against the NATO Charter."

That same concern was expressed in the joint communiqué issued by French Prime Minister Raymond Barre and Iraqi Premier Saddam Hussein at the conclusion of the former's visit. Both countries attacked Washington's Middle East policy "before, during and after Camp David" and expressed their determination to prevent the Lebanese crisis, heated by Israeli intervention and support the right-wing Falange, from degenerating into a broader conflagration by supporting Lebanon's Prime Minister Sarkis by all means possible and defending the territorial integrity of Lebanon against Israeli attempts to partition the country.

France pledged to deliver to Iraq an exact replica of the "Osirak" nuclear research reactor that was destroyed before it was shipped to Iraq last April. According to the French daily *Le Monde*, both sides

concurred that it was Israeli intelligence that was behind the sabotage.

Barre was accompanied by a team of specialists, including the chairman of the Atomic Energy Commission, Michel Pecquer. They secured an agreement from Iraq to increase its supply of oil to meet one-third of France's oil needs—up from the current 18 percent. Hussein said that Iraq "will never forget" France's attitude toward his country "during the most difficult moments of our history."

New World Economic Order

Picking up on the proposal made by the OPEC countries at their Geneva summit meeting, Hussein then proposed the creation of an "international fund" between oil producers and industrialized consumers to subsidize Third World energy needs. As the joint communiqué states: "The implementation of the New World Economic Order, which should be based on entente, requires the resolution of the oil question."

'The impossible crusade'

In an article published in *Le Figaro* July 9, veteran foreign policy commentator Paul-Marie de la Gorce details the various scenarios being issued from Washington for an invasion of the Middle East oil fields. While the stated intention of such an invasion would be to "protect" Western oil supplies, de la Gorce correctly explains how the opposite would in fact result from such a military adventure. De la Gorce begins by running down some of the contradictory statements made in Washington on this "impossible crusade" to save Western civilization from the Arab threat, and concludes by warning any French support for such an operation.

Thursday morning for example, Tom Reston, spokesman for the State Department, denied "all intentions of military intervention in the states of the Gulf." ... But Thursday night, the Secretary of Defense himself, Harold Brown, did not mince his words: "The United States could intervene militarily if their vital interests were threatened."

We must now coldly analyze the hypothesis being discussed. ... American public opinion would not subscribe ... to massive expeditions involving hundreds of thousands of men. But the United States can also not be disinterested by the rest of the world and give up weighing on the development of international crises.

In practice, it's a question of being able to recreate, if need be, operations analogous to Lebanon in 1958 or Santo Domingo in 1964. The objective would be, not to occupy vast territories or control large populations, but to act instantly, without risking failure in a limited operation in order to control an essential point. ...

But does this mean that Washington could at will control an oil zone in the Gulf and thus break the political and economic power of OPEC? An operation such as this would only succeed if it succeeded totally and instantaneously. Any delay ... would leave the defenders enough time to sabotage or paralyze the oil installations: in short, the extraction and exportation of oil would be made impossible, whereas the

According to press reports, Barre's Iraq visit is the first in a series of visits to Arab nations which the French prime minister is scheduled to make this summer. Barre's trip coincides with that of French State Secretary for Telecommunications who was dispatched to Syria and follows that of West German Foreign Minister Genscher who has just completed a whirlwind tour through Iraq, Saudi Arabia and Libya.

French President Giscard d'Estaing will be visiting the United Arab Emirates later this month as part of the ongoing consultations that are leading toward the implementation of his proposal for a Euro-Arab-African "dialogue" whose program could be ENI's "international development bank."

The theme of the Franco-Iraq communiqué was echoed by France's Ambassador to Mexico Jean Rene Gernard in a statement to the press. "It is necessary," he said, "to avoid a confrontation between oil producers and consumers." Rather, dialogue is the path to solving the energy problem.

He called for the realization of a "New World Economic Order" and emphasized that alternate energy resources can and must be found—particularly nuclear. Nuclear power, he said, will "save France some 50 million tons of oil by 1985. Ambassador Gernard concluded by stating that Mexico's President Lopez "Portillo and Giscard d'Estaing both see the energy problem from a rational and humanist standpoint."

By contrast, Washington's view is "irrationality." So charged veteran foreign policy commentator Paul-Marie de la Gorce on the pages of *Le Figaro* on July 9. An "impossible crusade," said de la Gorce, warning against the possibility of an American intervention into Mideast oil fields and "this deregulation of the mind and kind of warrior-like hysteria observed here and there." He attacked "the deliberately Malthusian policy" of Washington for refusing to develop its own plentiful oil resources.

—Kathy Stevens

goal would have been to control them entirely ...

Those who dream of an oil and anti-Arab crusade which Washington would lead and supply not only ignore the military facts, but they are completely mistaken as to the interests and intentions of the United States. We must recall here that the latter are the world's oil producers and that they have gigantic internal resources which a deliberately Malthusian policy has until now sterilized, but which could change the supply conditions of the American market...

An American or Western intervention today would provoke a dramatic upheaval in this part of the world ... of which Europe and Japan would be the first victims.... No American leader who keeps a cool

head could seriously envisage running such a risk ... just to bring down the price of a barrel.

It is true that people and their governments don't always keep a cool head. Why couldn't irrationality and passion prevail today as they have so many times in the past? The worst is this deregulation of the mind which we are witnessing, and the kind of warrior-like hysteria that can be observed here and there. This is undoubtedly spreading a little everywhere. But let's sweep in front of our own door and look at what's happening in France: the shadow of Suez appears behind certain behavior and certain statements: as though some were looking for revenge for the last overseas wars, without admitting it. And why not come out and say that this is accompanied, alas, by obvious

traces of racism? The Arabs are fingered as responsible for everything that's not going right....

Nothing would be more contrary to the interests and principles of French policy than to lend ourselves to some foreign adventure or push others toward it. The Foreign Affairs Minister Jean François-Poncet said so categorically when the question was to put to him one week ago. It is not proof of complacency toward the present government to urge that all sections of public opinion support the government on this point: if only to drive out the old demons to which public opinion could once again abandon itself.

Jerusalem launches

LaRouche: fake attack on Haig part of

A public outburst by the unstable Prime Minister Menachem Begin, in the course of a terrorist controllers' meeting in Jerusalem last week, is a clear signal that Henry A. Kissinger and others are now committed to launching the long-prepared international terrorist bloodbath inside the United States itself.

Correlated with the crucial evidence obtained from the Jerusalem meeting is the echoing outburst from Senator Henry Jackson (D-Wash.), himself politically allied to forces behind international terrorism, and the public-relations stunt involving former NATO commander General Alexander Haig in Brussels a short time before the Jerusalem terrorist-controllers' meeting.

The exact timing of the launching of the planned terrorist wave is not yet known to us. It is only clear at this moment that the launching of the bloodbath is imminent, and that it is intended to be coordinated with the projected invasion of the Persian Gulf by U.S. special task forces. From undercover investigations, it has also been discovered from the lips of next to the highest-ranking relevant circles that the terrorist campaign is projected as indispensable to boosting the presidential campaign of Haig.

Two crucial features of Jerusalem

During the past week, Jerusalem hosted a conference on the subject of international terrorism. Among the numerous participants in the affair, the featured figures on the podium are all known to us as either high-level specialists in developing and coordinating international terrorism, such as British intelligence's Brian Crozier, or political figures involved in the deployment of terrorist campaigns, such as Henry A. Kissinger.

The crucial feature of the conference was the Josef Goebbels-like repetition of the theme: *the Soviet KGB is behind terrorism*. This repetition of the "big lie" would have little effect in Western Europe, where the relevant intelligence services run international terrorism under coordination of the British and continental "black nobility" figures behind the scenes. The only

part of the world in which such a hoax would be politically accepted by intelligence services and the national legislature is the United States.

The participation at the conference underlined the same working-point: it is the United States and, possibly, also Canada which are the intended new leading targets for the fresh escalation of terrorism.

The special accent of the affair was Begin's outburst concerning the Muslim Brotherhood in Syria. Begin proposed that the Muslim Brotherhood would continue its terrorist bloodbath in Syria unless and until Damascus joined Cairo in submitting to the terms of the Camp David agreements.

It happens that we, like informed intelligence services, know that Israeli secret intelligence has a controlling hand in the operational deployment of the British Secret Intelligence Service's (SIS's) Muslim Brotherhood. This is exemplified by massive Zionist network involvement in the operations of the Muslim Brotherhood inside the United States. It was exhibited by the Israeli intelligence services' deployment via its covers in the Savak and the Iranian air force in bringing the mad butcher Ayatollah Ruhollah Khomeini to power in Iran. (Only credulous people are deceived on this point by Khomeini's embrace of Yassir Arafat or by his anti-Israel noises.)

However, only a lunatic like Begin would publicize such a connection from the highest levels of the Israeli government. Even admitting the pronounced deterioration of Begin's mental condition since November 1977, he would not have emitted such a *faux pas* unless he had been excited into an exceptionally manic state of virtual psychosis by the atmosphere surrounding the Jerusalem conference. Plotting an imminent bloodbath and virtual, Haig-centered coup d'état in the United States is very, very heady stuff, even for the collection of inveterate butchers decorating the podium at that conference.

Launching such an operation in the United States is, as some of my Irish-American school chums used to say, the big potato.

terrorists against U.S.A.

plan to prepare for crisis government

Background

For the information of those unfortunates who imagine that I am not qualified on this subject, I turn their attention to the current sweep against terrorists inside Italy. If those persons compare the results of recent arrests and seizures of evidence with the published papers my associates and I have produced since the 1976 Party of International Terrorism brief, especially our 1978 published brief on the assassination-plot against former Italian Prime Minister Aldo Moro, they should be overwhelmingly reassured that I am a qualified expert on this matter.

The topmost creation and control of international terrorism and of the international neo-Malthusian movement is the same. It is centered in British intelligence and the City of London topmost circles, which are the coordinator and rallying-point for what is properly termed the oligarchical faction internationally. This faction includes the "black" faction of the continental aristocracy and the high-Episcopalian-centered, anglophile circles gathered around the New York Council on Foreign Relations (CFR) in the U.S.A.

One should add that CFR was created as the U.S. subsidiary of the London Royal Institute of International Affairs (RIIA). RIIA, otherwise known as Chatham House, is the leading formal conduit for British foreign policy strategy and for shaping the deployment-policies of the British Secret Intelligence Service (SIS). CFR is a subsidiary of the RIIA to the present date.

The key subordinate agencies controlling both international terrorism and the "greenies" are the U.S. anglophile partners of London and Israeli-Zionist intelligence networks worldwide. Both the "environmentalist" and terrorist movements were launched at the same time, during late 1969, and by the same agencies.

The central institution for coordinating international terrorism is the London-Tavistock Institute, where Henry A. Kissinger received his advanced training by the British SIS during the 1950s. The principal private cover under which the Tavistock Institute networks

deploy terrorist and greenie forces is the Bertrand Russell networks, plus the networks of the U.S.-based Institute for Policy Studies. Wherever sections of the Socialist International networks tightly intersect both the Bertrand Russell, Tavistock, and Israeli-Zionist political-intelligence networks, there one finds invariably a node of control of both the terrorist and greenie forces.

Frequently enough, laymen and politicians who should have known better, are stunned to discover that representatives of the "black nobility" turn up as operatives or closely connected background figures of "left"-profiled "greenie" or terrorist operations. This is a consistent pattern, and not an accidental one. The "black nobility" are more prominent, via Madrid and other centers, in their direct connections to terrorist forces such as the Muslim Brotherhood.

Despite the machine-pistols and other special, modern technological features of terrorist deployments, the purpose and character of terrorism has not changed since the terrorist Dionysian cults of ancient Greece. "Anarchist" modes of terrorism today, like those of the Swiss-safehoused, pre-World War I anarchist international, are a specific mode of political warfare employed by the political heirs of the zero-growth cults of Apollo and Isis in their efforts to weaken and destroy republican forces dedicated to a city-building policy of economic and technological progress.

The objective of the forces controlling terrorism today is that elaborated for anyone to read by the leading published documents of the Club of Rome, the Royal Institute of International Affairs, and the McGraw-Hill series which presented the policies CFR adopted for its Carter administration during the 1975-1976 period, the so-called 1980s Project series. These policies were drafted under the coordination of Cyrus Vance, W. Michael Blumenthal, Zbigniew Brzezinski, and other key policy-makers for the Carter administration.

This CFR crowd is the same crowd which is in the process of dumping the used-up Carter for the purpose

of implementing the next phase of its outlined policies under the cover of newly chosen puppet-President, General Alexander Haig.

Any public figure who denies that I am entirely correct on this matter is simply a fool.

The stated objective of the Club of Rome is to reduce the world's population to about one billion persons by the year 2000 A.D., leaving some room for adjusting of the proposed degree of population-reduction over the next 20 years, that is also the neo-Malthusian policy formally adopted by the RIIA and the CFR. The policy is to be implemented chiefly by the use of massive famines, epidemics, and labor-intensive, Auschwitz-like projects in the developing nations. This famine and epidemic genocide are to be facilitated through projects of destabilization such as the "arc of crisis" policy promulgated by British intelligence's Bernard Lewis, and echoed by Henry A. Kissinger and Zbigniew Brzezinski. The Khomeiniac holocaust brought upon Iran is exemplary of this policy of genocide.

To accomplish this policy, the London and CFR crowd have imposed what are termed "IMF conditionalities" and World Bank "appropriate technologies" programs. Both are complementary means for imposing genocide immediately on nations such as Uganda, Zaire, and other most-vulnerable nations. The so-called Camp David agreements, a continuation of Henry Kissinger's role in catalyzing the 1973 war, and the 1973-1974 oil-price crisis, are aimed to accelerate genocidal processes in the Third World while wrecking the economies of the industrialized nations, especially France, Germany, Japan, but also the United States.

Such a combination of forced general economic collapse and multi-billion person genocide means a "New Dark Age," of course. That is what Bertrand Russell proposed during the 1920s and 1930s. That is what top pro-London policy-makers are saying behind the scenes.

The name "New Dark Age" is also being pushed publicly.

The hard core of the "environmentalists" is openly dedicated to return toward some relatively barbaric condition of life.

James Schlesinger, a shamelessly avowed "neo-Malthusian," proposes to turn the English-speaking world back to the wood shortage of 16th-century England with his "wood chips" nonsense, and proposes to turn the world economy back to the technological level of energy policy of the early 13th century with wind power.

The poor dupe in the White House is given a book to read, a book which gloats over the "Dark Age" which raged in Europe from the defeat of the Hohenstaufen during the middle of the 13th century, and in which more than half the population of Europe died during approximately a century, concluding with the aftermath of the Black Death. This unhappy advocate

of "human rights" who professes to admire this book is the same President whose administration is implementing policies precisely analogous to those which brought on that holocaust.

Clearly, more than 70 percent of the electorate in the United States will not willingly tolerate such a policy. The peoples and governments of France, Italy, Germany, Japan, as well as many Third World nations, will resist that criminal insanity.

"Very well," the London-centered forces respond. "We shall break their will with our Seven Sisters control of petroleum distribution. We shall destroy whole nations with Muslim Brotherhood psychotics and similar types. We shall terrify the people of even the United States into submission with the contrived energy crisis, war threats, and a bloodbath of terrorism."

I look at the so-called leaders who sometimes imagine themselves my equal or better. I hear the words of Friedrich Schiller echoing in my thoughts. This time of crisis has once again found a defective people among most of the leading institutions of the world. How miserably ruled and led we are generally, that so openly proposed an evil as this is tolerated by those who pride themselves on their prestigious positions.

A man or woman who will not fight this monstrous evil without compromise is not fit to be elected honorary dog-catcher.

The Soviet angle

Unfortunately, although the Soviet Union is not directly behind terrorism, certain thick-headed fools in Moscow appear to have swallowed a "triple agent," Philip Agee. As long as the Soviets give political support of one sort or another to Philip Agee and his crowd, the Soviets can be pinned credibly with most of the terrorist acts about to be deployed in the United States—and many Americans will believe the evidence presented.

The British-coordinated terrorism is not simply assassinations. It is assassinations deployed to produce a widespread psychological effect. Terrorism is a branch of the British intelligence services' psychological-warfare division, the Tavistock Institute at which British agent Henry A. Kissinger was given his advanced training.

This psychological-warfare character of terrorism produces two public features which distinguish it from ordinary intelligence-type assassinations.

First, a collection of terrorist loonies is created, like the Weathermen, the Puerto Rican nationalists, or the Baader-Meinhof or Red Brigades gangs in Europe. The type of person who is to become the typical victim of these terrorists is then defamed by intensive, Josef Goebbels-style slander campaigns. That is what the British mean when they refer to the terrorists they have created as a "sociological phenomenon."

Second, when the assassination or other terrorist attack is performed, some babbling idiot makes a telephone call or scribbles a note, announcing "we did it," giving the name of some exotically named bunch of unwashed sodomists as the agency involved.

Unless the government whose citizens have been victimized takes proper action, the terrorist operation tends to succeed in its psychological-warfare purpose.

Proper action would be automatically expelling the entire embassy and consular staff of the British and Israeli governments. Or, in the case of Italy, also expelling U.S. Ambassador Richard Gardner as persona non grata. That is, unless governments act directly at high levels of the political entities on whose behalf the terrorists are deployed, the effect of not taking such remedial action is to make one's government and population impotently defenseless against terrorism. It is such capitulation to the British and their accomplices which permits terrorism to succeed as a technique for cumulatively destabilizing a government or even the institutions of the nation.

In a number of cases, the group of unwashed sodomists who claim credit for the terrorist attack may not have executed it. It may have been done by professionals. The point of terrorism is not who actually performs the act, but what sort of development and grouping receives the credit for it.

It cannot be argued that I, as a prospective President of the United States, do not know how to clean up terrorism. The limited application of my proposed methods in Italy shows that my analysis and my methods work.

The most dangerous use of terrorism is as a form of provocation between states which have an existing or potential adversary posture. This, the most dangerous employment of such criminal methods, is what confronts the United States today.

The narrow objective

The narrower objective of the proposed terrorist attacks inside the United States is to aid in the implementation of Presidential Review Memorandum, PRM-32, the strategic policy memorandum establishing the Federal Emergency Management Agency (FEMA).

The memorandum is precisely equivalent to the emergency powers law used to make Adolf Hitler the dictator of Nazi Germany. The classic analysis in law on that point has been given by Carl Schmitt.

That danger is not only the legal implication of PRM-32 and FEMA. It is the stated intention of those who drafted the policy behind FEMA, including the Trilateral Commission's Samuel P. Huntington.

At the same 1975 Tokyo meeting of the Trilateral Commission which handpicked the relatively obscure Jimmy Carter to become President in 1977, Hunting-

ton's proposed policy was widely circulated. This policy insists that the time has come to end parliamentary government, and to replace representative forms of government with authoritarian regimes adequate to impose the forms of drastic austerity CFR and London demand.

The PRM-32, permitted to be enacted by a Tip O'Neill-featured Congress, has the same potentials for establishing a dictatorship in the United States as the law which placed Hitler in power in Germany. However, so far, the people of the United States are neither a people with a deep sense of defeat—the Vietnam war demoralization aside—and they are a sturdily independent citizenry with deep commitments to "fairness" and representative government. It will not be so easy to break the American people as the defeated and depression ridden Germany of 1932-1934.

Terrorism, especially if blamed on Soviet-backed Arabs and Arab sympathizers, is clearly the intended supplement to the energy crisis and the Parkhurst caper. These accumulated crises, plus a major war-scare are the means CFR has chosen to attempt to break the will of the American people, and to push Haig into the White House.

The operational profile

If one has an adequate counterintelligence knowledge of how London's terrorist psychological warfare works, one can accurately determine from the propaganda buildup for a terrorist campaign how the campaign is intended to be deployed. If one also knows the general order of existing terrorist and terrorist-sympathizer capabilities at London's disposal, one is able to define the capabilities of the intended British operation with sufficient precision for appropriate political and related countermeasures against the operation.

There is, at the present moment, one missing ingredient in the packaged capabilities aired at the Jerusalem conference. To set the projected plan into motion, London will require something on the order of a new Middle East war. This need not necessarily be an actual full-scale war, but any bloody atrocity of the sort to generate intensified Arab rage.

The creation of Arab rage around the new incident will then be used as the cover-story for Arab terrorism inside the United States. This "Arab terrorism" will include some Arab persons, but will otherwise depend upon non-Arab terrorists "acting in sympathy with our Arab brothers."

Key to this special shaping of the operation will be the massive Zionist lobby penetration and control of the East Coast and much of the southwestern U.S.A. Arab organizations, plus Zionist lobby control of the kernel of command-and-control of the Muslim Brotherhood and the Muslim students' organization inside

the United States. It is around this kernel that the non-Arab native-American terrorist gangs will be co-deployed.

It is implicit that the sort of operation about to be deployed in the Middle East will involve highly-visible Soviet logistical support for Arab contenders. That will correlate with the Goebbels-like insistence of the Jerusalem terrorist controllers that the KGB is behind terrorism. Arab-flavored terrorism in the United States will thus be blamed on the Soviet KGB.

To give this credibility, the connection between the contaminated, Hamburg consulate of the Soviet Union and Philip Agee will be key. Agee and his gang of the Institute for Policy Studies networks, the gang funded by the same Lilly Endowment which funds the British-intelligence-controlled Heritage Foundation, is linked to every terrorist gang waiting for orders inside the U.S.A. and to numerous foreign terrorist gangs as well. Catching Agee's crowd red-handed in terrorist connections will be used to "prove, conclusively" that the KGB is "truly, absolutely" behind the terrorist attacks.

This scenario will then be used to motivate a popular support for U.S. military intervention into the Middle East and other parts of the world, and to motivate a mood for sharp confrontation with the Soviet Union.

My dear friend, if this is not stopped, you are already looking into the bowels of radioactive hell. The maniacs behind this operation may be in control of the matches igniting a confrontation. The results of ignition are out of their control.

General Haig's public-relations caper

Right into the middle of that radioactive can of worms plops a public-relations stunt pulled off recently in Brussels.

The gist of the incident is that a shaped-charge mine, set off by remote control, exploded on a Brussels bridge *immediately after Haig's car had passed over that spot*. Shortly after the incident, a known Belgian terrorist-capability group, never before publicly surfaced, the Committee for Freedom and Revenge (CFR) gained credit for the affair. Later, the story was altered, to give the Baader-Meinhof gang credit.

We investigated the matter with various experts.

On the basis of the film and associated evidence, as confirmed by officials involved in the investigation of the explosion, the conclusion was as follows.

The explosion on the bridge conformed to the use of a standard type of mine available to NATO. This mine is labeled, according to the experts, "top" and "bottom," so that no error can be made by a literate

user in placing the device for desired effects. In this case, the device was placed so that it would exert virtually no damage upward. It is this sort of device beside which one can stand with relative impunity if one knows the hang of the matter. However, the reactive force of the charge did lift a piece of pavement, which plunked onto the front of the following security car.

Verdict: it was not intended to cause any damage to Haig or anyone else. It was a publicity stunt.

CFR (Freedom and Revenge) is a group which coincides exactly with the publicity-stunt verdict of the experts consulted. It is a group which has been under observation for some time, according to Western intelligence sources. It is composed of Walloons, some French nationals, some West German nationals, and a few GI deserters.

That profile conforms exactly to an "asset" of the British side of NATO intelligence: GI deserters now in "underground" life, ten years later, are hard-core British Russellite assets of British intelligence (Tavistock). Although there is a NATO intelligence involvement in most European terrorist groups, especially British elements of NATO intelligence, CFR is rather extreme in this respect.

Another Western intelligence source, highly placed, tipped us off to the likelihood that this publicity stunt of Haig's backers could probably be directed against Haig's competitor for the White House, Lyndon LaRouche. This information tended to be corroborated by a curious feature of early leaks to the Belgian press, and has been confirmed almost conclusively by recent developments in Brussels.

The Council on Foreign Relations has been toying since August 1977 with the idea of pushing the proposition that I command a secret capability for knocking off Brzezinski and Kissinger in the event their terrorists assassinate me. Whether that is the main feature or only a sidelight of the publicity stunt pulled off on the Brussels bridge is not yet determined. It is a contingency which is being watched closely.

In any case, the incident is being played out in the press. The whole gambit could not be expected to succeed unless it were intended to dovetail with the launching of a wave of terrorist attacks in the United States. In that case, it would become significant. Haig would be trotted out as a near-victim of such attacks, and would be expected to pick up sympathy on that count—as, supposedly, some sort of courageous, anti-terrorist fighter.

That publicity stunt would then obviously serve as a cover-story for the British and Israelis proceeding with my own assassination.

Anatomy of a U.S. terrorist cell in formation

In 1968, Sen. Robert F. Kennedy and the Rev. Martin Luther King, Jr. were murdered. In 1972 Alabama Governor George Wallace was crippled by a gunman who had also stalked President Richard M. Nixon. In 1975, President Gerald Ford narrowly escaped assassination by Sara Jane Moore, a shadowy figure whose career pointed to a long history of intelligence network ties and "Squeakie" Fromme, a member of the Charles Manson MK-Ultra cult. That incident played a role in President Ford's decision to fire then-Secretary of Defense James Schlesinger and to bar Nelson Rockefeller from a spot on the 1976 GOP ticket.

Now comes evidence that a new generation of terrorists is being groomed to turn the U.S. into a battleground comparable to Italy or West Germany in connection with the New York Council on Foreign Relations' scenario for a rigged Haig-Kennedy presidential race in 1980. Potential victims include business and labor figures, as well as politicians.

That evidence has been compiled by U.S. Labor Party security specialists assigned to protect USLP chairman Lyndon H. LaRouche, Jr., a candidate for the presidency in 1980 who has been the target of at least three active assassination plots since 1973. The Labor Party Security Division is in possession of strong evidence that the members of a recently constituted "countergang" operating against Labor Party members in the New York City area are being put through a screening and behavior modification process directed at transforming them into screaming, psychotic terrorists in a matter of weeks or months. The evidence includes conclusive documentation that several individuals directly involved in this NAG project were previously complicit in the creation of the Puerto Rican terrorist group, the Armed Forces for National Liberation (the FALN—Fuerzas Armadas de Liberacion Nacional), and the George Jackson Brigade. Both of these are being primed for a terror wave by early summer.

Further evidence surfaced through court proceedings in the case *Jon Gilbertson et al. v. Eric J. Lerner and Carol Lerner* this week confirming that the NAG operation is being financed through organized crime elements associated with Murder, Inc. head Meyer Lansky and international narcotics pusher Robert Vesco.

As reported in the June 15 issue of *New Solidarity*, on June 2, Charles Palson attempted to incite other

members of the NAG grouping to telephone bomb threats into the Manhattan offices of Campaigner Publications, publishers of *New Solidarity*. Attempting to incite the others with slanders that the U.S. Labor Party had become "just like the Moonies," Palson went so far as to state that if no one else was willing to take such steps, perhaps he would "just throw one of my grenades through the windows."

Three days later, on Tuesday June 5, Mark Cook, an intimate of Palson within the NAG gang, attempted to approach the six-year-old son of a Labor Party member as the child stood in the playground of his

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New York City grammar school. The child ran inside the school when Cook tried to lure him outside the schoolyard. The child has been a kidnapping target of the NAG group for several months. In May, another associate of the NAG gang, Peter Kuznick, approached the boy at the same school site and was chased away by school officials who unhesitatingly characterized the incident as an attempted kidnapping. When a Labor Party executive committee member encountered Cook on a street corner several days after the incident, Cook became deranged, pushed past the person, and began screaming that he had been assaulted, without denying charges that he was a homosexual and a pederast.

The making of a terrorist cell

The two recent incidents are extremely significant from two related standpoints. First, Cook's deployment for an attempted kidnapping betrays a degree of personality deterioration and "criminalization" characteristic of someone on his way to becoming a hard-core terrorist. Cook in the past has been characterized as part of the "intellectuals" faction within the NAG sewer. During the late 1960s, Cook had been an agent of the Bertrand Russell Peace Foundation, a branch of British intelli-

gence (the "Fabian"—as opposed to the "Tory"—wing), during which time he operated as a courier in espionage operations in Southeast Asia. More recently he was intimately associated with Richard Lafferty of Montreal, a part of the Permindex network of Major Louis Mortimer Bloomfield that carried out the assassination of President John F. Kennedy and over 30 aborted attempts against the life of French President Gen. Charles de Gaulle.

Cook's personality change into a proto-terrorist reflects a longstanding option that has been consciously accelerated in the past several weeks.

Second, the Cook activation only days after Charles Palson's "hand grenades" remarks, indicates that Palson is consciously applying his years of training under Dame Margaret Mead and the University of Chicago Anthropology Department toward the creation of a new terrorist cell.

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Palson's involvement in this present effort—in collaboration with Jose and Judith Torres—places NAG in the same family tree as the FALN and the George Jackson Brigade. This evaluation is already shared by police officials in New York City and Seattle, Washington.

NAG, FALN, GJB: one and the same

The leading agency responsible for coordinating terrorist activities throughout the United States, including Puerto Rico, is the Episcopal Church, the American affiliate of the Church of England, and the headquarters of the Most Venerable and Sovereign Military and Hospitalers Order of St. John of Jerusalem, the official chivalric order of the British monarchy.

Among the institutions directly controlled by the Episcopal Church is the University of Chicago, particularly its Anthropology Department and Law School. From 1929 through to the 1950s, the president and chancellor of the University of Chicago was Robert Maynard Hutchins, a Knight Commander of the Order of St. John and a close collaborator of Sir Aldous Huxley and Lord Bertrand Russell in the project that created the counterculture, known by its CIA code name as "MK-Ultra." From 1936, the central figure in the University of Chicago's Anthropology Department,

the center of the MK-Ultra project, was Margaret Mead, the Dame of the Order of St. John. The University of Chicago Law School, run throughout the 1960s by Hutchins' protégé Edward Levi, not only contributed to the terrorist project by producing Bernadine Dohrn of the Weathermen, but was and remains a center for the National Lawyers Guild, the "legal support" arm of the terrorist apparatus in the United States.

By tracing the early 1970s activities of just these agencies, the entire story of the FALN and the George Jackson Brigade unravels and it becomes immediately clear that those two terrorist cells, as well as the present New York City NAG cell, are one and the same entity.

The Culebra project

In San Juan, Puerto Rico, the operational center for all terrorist activities is the Episcopal Archdiocese. For years, one of the principal recruiting grounds for the MIRA and other Puerto Rican-based terrorist cells has been an agricultural slave-labor program for unemployed youth called PRISA (National Ecumenical Movement of Puerto Rico), headquartered at the Episcopal Church. PRISA is directed by Irving Torres, brother of Jose Torres. Irving Torres, along with former co-director Reverend Alfonso Roman, would select youth from the project who were "political" and steer them into the ongoing riots and demonstrations organized against the presence of a U.S. Naval Ordnance testing ground at Culebra. More "action-oriented" participants in these riots would be introduced into the MIRA cells, which were then being run by Irving Torres's brothers Jose and Fillo, his mother, and his uncles. Both Jose and Fillo Torres had extensive U.S. military special forces training; Jose was a Green Beret lieutenant, and Fillo was a Marine.

The Culebra protest was run through the National Lawyers Guild (NLG) and the American Friends Service Committee (AFSC), the Quaker Action group founded at the turn of the century as a direct outgrowth of the British Fabian Society. AFSC "volunteers" not coincidentally provided the bulk of the staffing for PRISA.

Through a program jointly sponsored and funded by the NLG and the AFSC, "radical lawyers" from the continental U.S.A. were sent into Puerto Rico on an exchange program centered around the Culebra protests. Among the NLGers who spent extensive time in Puerto Rico during the formative years of the FALN-MIRA was Michael Withey of Seattle, Washington. In 1975, Withey headed a delegation of NLG lawyers to Puerto Rico to investigate the "political repression" on the island. Within two years, Withey was hauled before a federal grand jury in Seattle for his involvement in terrorist operations conducted by the George Jackson Brigade, the principal terrorist group operating in the Pacific Northwest.

Almost simultaneously, Mara Siegel, another member of the 1975 Withey contingent to Puerto Rico, surfaced as the chief attorney for the FALN in Chicago. Among Siegel's "Clients" in the FALN cases is Carlos Alberto Torres, presently at the top of the FBI's ten most wanted list. A staff member of the Episcopal-dominated World Council of Churches' Hispanic Commission, Torres has been identified by West Coast law enforcement officials as the mastermind behind the recent prison escape in New York City of FALN bomber William Morales. Torres was seen in the Seattle area days after the Morales escape, drawing speculation that he was also involved in the escape of George Jackson Brigade leader John Sherman that occurred almost simultaneously. Sherman's lawyer is Michael Withey.

Palson, Stern-Torres, and the FALN

The University of Chicago hand in the creation of the MIRA-FALN cell was not exclusively run through the National Lawyers Guild. Beginning in the mid-1960s, teams of anthropology graduate students were deployed out of Chicago to create a number of terrorist organizations, including the American Indian Movement, the Revolutionary Union (now the Revolutionary Communist Party), and the FALN. Among the "field hands" detailed to Puerto Rico out of the Chicago Graduate School of Anthropology was Judith Stern, later Judith Stern Torres. By January 1970 she had recruited a "prime informant," Jose Torres, who, as we have already shown, was at the center of the MIRA terrorist underground on the island; and she had called for "reinforcements" in the person of Charles Palson, another graduate anthropologist from Chicago. Palson spent a brief time with Stern and Torres in Puerto Rico at the height of the latter's bombing activities. On his return to the United States, Palson became involved in peripheral aspects of the MK-Ultra project, conducting some experimentation with LSD-25 and concentrating his activities on group polymorphous perversion studies—in which he actively participated.

During the 1971-73 period, critical components of the San Juan-centered MIRA project were relocated to the continental United States, specifically Philadelphia (the headquarters of the AFSC), Chicago, and the New York metropolitan area. PRISA co-director Reverend Alfonso Roman moved to Newark, N.J. to assume the directorship of the city's Hispanic Affairs Department, a position he would use during the summer of 1974 to incite riots in that city's Puerto Rican central and north ward ghettos. Those riots created the climate in which the FALN would be activated for the first time in the fall of 1974. The first FALN bombs were planted at three sites in the downtown district of Newark—three months before the infamous bombing of the Fraunces Tavern in New York City.

At approximately the same time, Jose and Judy

Torres, now married, returned to the U.S.A., stopping briefly in Chicago before relocating to Philadelphia and joining Palson and his wife.

Despite Palson's miserable track record while at the University of Chicago, he was personally contacted during 1972 by Dame Margaret Mead and brought under her personal direction. Shortly thereafter, the Palson-Torres group deployed into the U.S. Labor Party as part of a broader profile-internal chaos effort. It was out of that effort that the initial New Alternatives Group and several successive NAG cells, including the present Palson-Torres-Cook group were split. It is known that the presence of Jose and Fillo Torres within the U.S. Labor Party and its cadre core National Caucus of Labor Committees was one principal issue used by the FBI in justifying a multi-million dollar, several year "investigation" into those organizations.

The present NAG deployment in the direction of hard-core terrorist operations represents a return to the

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initial deployment profile of the Palson-Stern-Torres team; one that converged directly on the FALN-George Jackson Brigade project of the Episcopalian hierarchy, the AFSC, the NLG, and so forth.

The intersection of the broader terrorist project goes even deeper—into the bowels of the Zionist-organized crime syndicate responsible for tens of billions of dollars in narcotics flooding the nation's streets annually.

The Geddes connection

In an affidavit dated May 29, 1979 submitted in defense in the cited *Gilbertson v. Lerner* case before the Supreme Court of the State of New York, Eric Lerner confirmed his ongoing collaboration with one Warren Geddes:

—28. To raise additional funds I have been working with Mr. Warren Geddes to establish a joint venture between ATE (Advanced Technologies, Inc.—a research and development firm involved in pursuing a new desalination process.) (At issue in the New York Supreme Court case is the Lerner's illegal takeover of the company—ed.) and a limited partnership tax shelter to be organized by Mr. Geddes. The goal is to provide \$200,000 to ATE to finance the desalination project with ATE providing a yet to be determined portion of

the income derived from the desalination process under yet to be determined terms.

The association between Lerner, presently a central figure in the NAG countergang, and Warren Geddes confirms that the move toward fostering a terrorist countergang earmarked for "hit" deployments against the leadership of the U.S. Labor Party is being wholly financed through criminal elements identified in the best-selling book by a team of U.S. Labor Party investigators, *Dope, Inc.*

From the moment that he received his discharge from the Marine Corps in 1968, the 35-year-old Geddes has been in the employ of networks synonymous with the retail directorate of *Dope, Inc.* Unlike most GIs who served in Vietnam, Geddes returned to Southeast Asia following his discharge, taking up a position with the Piedmont Managing Corp. as a mutual fund salesman based out of Hong Kong. Piedmont was a wholly owned subsidiary of Investors Overseas Service (IOS), the Swiss-based international moneylaundering operation

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that went bust in 1975 following revelations that the fund was first and foremost a conduit for international narcotics and related black market revenues for Meyer Lansky and his Murder, Inc. syndicate. IOS, through its virtual business marriage to the Banque de Cr dit Internationale (BCI) was furthermore directly linked to Israeli intelligence, specifically, the minister of finance and supply for the Mossad, Tibor Rosenbaum. BCI and IOS, in addition to their services rendered to Lansky and the Mossad, were the channels through which the funds were passed for the assassination attempts against Gen. de Gaulle by Major Bloomfield's Perminex.

By 1973, Geddes, still in Hong Kong, was the director of the international sales for Florida Properties, Asia, Ltd.—the Hong Kong subsidiary of the Deltona Corporation, formerly General Development Corp. (GDC). GDC has been identified by a wide range of sources as yet another "business enterprise" dominated by the ever-present Meyer Lansky. GDC was the principal firm involved in the initial phase of the Lansky takeover of the Grand Bahamas, a process initiated with the construction of the Lucayan Beach Hotel casino and completed with the opening of Resorts International's Paradise Island.

Deeply involved in the GDC-Deltona Corp. operations were: Louis Chesler, identified by the New York district attorney as the chief "bagman" for Lansky in the Caribbean and in Canada; Charles Allen and Company, a Wall Street investment house exposed in the Feb. 26, 1978 *New York Times Magazine* as a laundering service between Lansky's offshore Caribbean narcotics and gambling receipts and such "respectable" Hollywood motion picture studios as Columbia Pictures and Warner Brothers-Seven Arts; and Daniel K. Ludwig, a multibillionaire shipbuilder and one-time Prohibition molasses smuggler whose claims to fame include the deforestation project in the Amazon forest of Brazil, an International Monetary Fund genocide scheme that brought untold suffering to that nation. Geddes later went to work directly for Ludwig.

Before he moved directly onto the Ludwig payroll, Warren Geddes took the time to consolidate his Hong Kong connections garnered through his years of service to the Robert Vesco-IOS subsidiary Piedmont (for several years, Piedmont Management Corp. consisted of little more than a file folder in the desk drawer of Vesco's home office in Englewood, N. J.) by creating Airways Investment Fund, a private investment fund exclusively servicing pilots and mechanics of Cathay Pacific Airways. Cathay Pacific is known throughout the Far East as the biggest narcotics-smuggling line in that heroin-infested region.

In addition to Lansky and Chesler, the Deltona Corp. also brought Geddes into the employ of the Mackle brothers of Atlanta, yet another organized crime family identified by syndicate investigator Hank Messick as the "Atlanta connection" for Schenleys Liquor magnate Louis Rosenstiel and Roy Cohn. As detailed in the May 14, 1979 *New Solidarity*, it was Cohn, through his control over the N.Y. Surrogate Court (known as "the landlord's judge"), who initiated the bribery and entrapment efforts that led several months later to Geddes' \$200,000 bait to Lerner.

Another twig on the Geddes-Lansky-Cohn tree is a small-time New York attorney Richard Rieban and his wife Karen. Rieban, a former employee of the Cohn-linked lower Manhattan firm of Carroad and Carroad made the initial Cohn-directed bribery offer and later mediated Lerner's association with Geddes. His wife, formerly an employee of Geddes at D.K. Ludwig's Princess Realty, Ltd., which is a \$150 million real estate enterprise deeply involved in the Grand Bahamas takeover by the Lansky mob, then joined a public relations firm run by Doug Lawson. In a recent interview, Lawson cited as his two principal references Philip Klutznick and Max Fisher. Klutznick and Fisher are top Zionist operatives, deeply involved in the Lansky crime syndicate. The Detroit-based Fisher has been identified as the Midwest connection for marijuana, cocaine, and other narcotics smuggled in from the Caribbean "Silver Triangle"—an operation partially

The NAG profile provides law enforcement with a powerful demonstration that the Zionist lobby-Mossa, the Lansky syndicate, and so-called political terrorism all swim together in the same murky waters.

run through United Brand Company, which he directs.

Zionists, mobsters, and NAG

The intersection of top Zionists, longstanding organized crime bosses, and professional "anthropologists" specializing in terrorism within the present New York City NAG project is by no means a fluke or an unusual series of coincidental "strange encounters." On the contrary, the NAG profile provides law enforcement with a working model and a powerful demonstration that the Zionist lobby-Mossa, the Lansky syndicate, and so-called political terrorism all swim together in the same murky waters.

For example, in Rhode Island at the present time, National Lawyers Guild attorneys William Kunstler and Leonard Boudin, best known for their defense of the FALN and for their outspoken support for "revolutionary violence," are the attorneys of record for organized crime boss Raymond Patriarca. Patriarca is controlled by the Boston and Miami-based Joseph Linsey, a longstanding business partner of Meyer Lansky who also happens to head the honorary fellowship committee of the Anti-Defamation League of B'nai B'rith.

At issue in the case is the suppression of FBI documents that show a longstanding business arrangement between the Patriarca mob and the Boston and Baltimore cells of the Weathermen. Patriarca "contracted" the Weathermen to assassinate an underworld informant a number of years ago by blowing up the courthouse where the informant was being held in protective custody. In return, several sources report, Patriarca was to arrange several bombings in Boston that would be claimed by the terrorists.

—Jeffrey Steinberg

Carter plays 'China card' in S. Korea

Pressures Seoul to resolve dispute with North to secure anti-Soviet alliance

Lost in the shadow of the Tokyo economic summit and the much-publicized discussions on energy that took place there was a three-day visit to South Korea by President Carter, from June 29-31. The talks between Carter and South Korean President Park Chung-hee were the first since a series of controversies, including the Korean "bribery scandal" and the Carter plan to withdraw American troops in Korea, shook the very foundations of the relations between the two countries. Advance publicity by both countries billed the talks as an opportunity to set the course of relations back on the right track.

On the surface, the president's visit seemed to accomplish this goal. During their talks the two presidents reaffirmed the "friendly" relations between the United States and South Korea and emphasized, in particular, the importance of the security guarantees provided to Seoul by Washington. Moreover, President Carter praised the tremendous economic progress achieved in South Korea, and seemed to give backing to the government of President Park—despite his insistence that the government improve its record on "human rights."

As is often the case with surface pictures however, the truth lies far below. Informed sources have revealed that during Carter's visit, the United States heavily pressured South Korea to enter into a "dialogue" with Pyongyang, North Korea, which is designed to weaken the Park government and pave the way for an expansion of the "Washington-Tokyo-Peking axis" against the Soviet Union. This pressure resulted in a call for three-way talks between the United States, North Korea and South Korea to "resolve" the Korean dispute, issued jointly by Washington and Seoul in the June 31 final communiqué.

Though touted as a "bold, new" initiative by the administration, the pressure on Seoul to enter three-way talks is little more than a rehash of Henry Kissinger's early 1970s plan for talks involving the two Koreas, the United States and China. Then, as now, the concern of the "China card" players was that an effective military and political alliance against the Soviet Union, involving Japan, China and the United States

could not be established or maintained as long as China—allied with North Korea—lines up on one side of the explosive Korean conflict, and the United States—allied with South Korea—lines up on the other side. From the earliest days of "ping-pong diplomacy," Washington and Peking have worked together to resolve this problem most importantly by prodding Pyongyang to end its privileged middle position between Moscow and Peking and to enter a full-scale alliance with China.

At this time, the Park government in Seoul is a major obstacle to these plans. North Korea's bizarre leader Kim Il-sung has stuck to his demand that the United States reduce support for Park before North Korea fully enters the Peking camp. Moreover, the government in Seoul is known to oppose the entire strategic thinking behind Washington's "China card," fearing the establishment of an anti-Soviet bloc in Asia will drastically increase tensions on the Korean peninsula and throughout the entire region.

The three-way talks proposal pushed by Carter in Seoul is a virtual declaration by the administration of its willingness to use South Korea as a bargaining chip with Pyongyang and Peking. The prospect of direct relations between Washington and Pyongyang, the eventual withdrawal of American troops from South Korea, and the "human rights" criticisms of the Park government are all being waved before North Korea as incentives to join the anti-Soviet camp.

Already, the United States has sent a memorandum on the proposed talks to North Korea via an unnamed third country—the first "official" direct communication between Washington and Pyongyang in over 25 years.

By reducing its strategic commitment to Seoul in this way, the Carter administration is now basing its entire policy toward the Korean peninsula on the whims and fancies of two of the most unpredictable and xenophobic governments in the world—China and North Korea. The same strategic logic employed by the Carter administration last year in trying to force Vietnam to accept the political dictates of Peking resulted in a war in Indo-China and the threat of global con-

frontation. Handing the Korean peninsula to Peking poses an equal, if not more serious, threat to world stability and peace.

U.S.-China plan

Over the last six months, numerous signals have appeared which make clear that the United States and China have worked out a plan for "resolving" the Korean dispute, including cooperation on convening the proposed three-way talks. The pattern of signs shows that enormous amounts of effort went into the Carter proposal and the great importance with which Washington and Peking view Korea.

The first bit of evidence surfaced last February, during the visit to Washington of Chinese Vice Premier Deng Hsiao-ping. It is well-known that American officials discussed Korea with Deng at that time and informed sources have reported it likely that an agreement to promote "dialogue" between the two Koreas was reached. The same sources have noted that the decision to alter Kissinger's original call for four-way talks and exclude China was probably decided at that time as well.

China is extremely cautious in its dealings with Pyongyang, fearing that too much pressure on its neighbor could provoke the unpredictable Kim Il-sung to tilt his country toward Moscow. Aside from being a political defeat, Peking fears such a tilt by Kim could give the Soviet Union a massive military opening toward Manchuria, China's heavy-industry zone bordering North Korea. Deng apparently thought it would be better for the United States to take the lead in the Korean dialogue, with China quietly urging North Korea to go along.

Just days before Deng's February arrival in the United States, a series of statements were made by the two Korean governments, which led to a brief flurry of talks in February. The South Koreans anticipated that Washington would provide Deng with a forum to present North Korea as a peace-loving nation, so President Park Chung-hee in late January preempted the prospects for such a presentation by proposing the reconvening of the stalled bilateral North-South talks "any time and at any place." North Korea, some believe on the advice of China, accepted Park's call for talks.

Though the flurry of talks that followed quickly broke down, they gave credibility to the claim that North Korea had "moderated" its radical position toward South Korea and was genuinely prepared for dialogue.

Even a quick analysis of those talks, however, reveal that North Korea's radical position toward the South has not changed. In the initial reopening of the talks, which began in 1972, but broke down shortly thereafter, the Pyongyang representatives demanded that the talks be expanded beyond the government level to include

opposition political parties and "social organizations." The Seoul government contended that this proposal, for years the official position of Pyongyang, was an attempt to avoid dealing with the proper authorities of the South.

The pattern of signs became clearer during this past April and May, as leaders of the Senate Foreign Relations Committee and Henry Kissinger conducted separate tours of Asia. Following the Foreign Relations Committee visit to Peking, North Korean sources in Japan issued an unprecedented invitation to the senators to visit Pyongyang. At the same time, the North Korean sources, speaking through the *Baltimore Sun*, endorsed the "friendship" treaty signed last year by Japan and China, which amounted to backing by Pyongyang of Peking's anti-Soviet policies.

Upon his return home, one of the leading members of the Senate delegation, Zionist lobby Sen. Jacob Javits, told reporters in Washington that China wanted the United States to take the leading role in "resolving" the Korean dispute. Javits also indicated at that time his belief that China and North Korea had flexible policies concerning dialogue with the South.

Meanwhile, Henry Kissinger had completed his tour of China in early May and traveled on to Korea. Having arrived in Seoul no more than 10 minutes before, Kissinger proceeded to tell reporters gathered at the airport that he still favored four-party talks—which exclude the Soviet Union—to resolve the Korean dispute.

It was also at this time that a new round of "ping-pong diplomacy" took place. North Korea had won the right to host the world table tennis championships in Pyongyang on the agreement that arch-enemies South Korea and the United States would be free to participate in the games, but it shifted its policy and excluded the South Koreans. Despite protests from Seoul, the State Department rendered legitimacy to Pyongyang's decision by allowing the American team to participate in the games. Carter administration spokesmen claimed this decision was entirely "nonpolitical," but this claim had little credibility with the many who recall Henry Kissinger and Zhou Enlai negotiating over the ping-pong table just eight years ago.

Curiously, perhaps the most telling of all the signals from Washington received little publicity. In early June, the Carter administration suddenly changed the terms on which it would agree to diplomatic recognition of North Korea. Whereas the traditional American position stated that recognition of North Korea was dependent on similar recognition of South Korea by the Soviet Union and China, the June statement said that American recognition of North Korea was contingent on recognition of the South by China or the Soviet Union. This change, of course, has set the stage for the

exclusion of the Soviet Union from the entire negotiating process concerning the Korean peninsula.

North Korean response

As of now, the North Koreans have issued several official rejections of the proposed three-way talks, but these rejections are considered only lukewarm by informed observers. At the time the proposal was issued, few observers or officials expected the North Koreans to accept the proposal outright. Instead, Pyongyang has staked out a tough bargaining position.

Pyongyang has said that reunification talks can take place between "proper authorities, political parties and social organizations" of the two Koreas, but no "alien" interference can take place. At the same time, negotiations on the withdrawal of American troops from South Korea—a precondition for unification—must take place between the United States and North Korea only, since South Korea did not sign the 1953 Armistice Agreement ending the Korean War. These two conditions for separate negotiations with the United States and South Korea are designed to divide Washington and Seoul and, while these responses are just initial bargaining stances in response to the Carter proposal, it is by no means certain that Washington will not abandon Seoul and accept one of Pyongyang's formulas.

Pressure on Seoul

With the American and Chinese plan so clear, the question arises just why Seoul accepted the same three-way talks proposal during the Carter visit that it often rejected in the past. The answer lies in the heated pressure applied by the administration during the talks in Seoul, involving both the still-unresolved security arrangements between the two countries, as well as the threat of Iranian-style destabilization of the Park government through dissident and opposition organizations controlled from abroad.

To the South Koreans, security of their country is still uppermost and Seoul clearly hoped that the talks with Carter would resolve the remaining outstanding issues. The withdrawal of American troops at any point in the near future could result in an outbreak of new hostilities on the highly explosive peninsula. The South Koreans wanted Carter to announce an indefinite halt to the withdrawal, which has been frozen for some time.

Throughout the talks, the administration used the issue as political leverage. Carter refused to announce a halting of the troop withdrawal and instead announced his intention to "eventually" withdraw the troops.

For the time, it appears the administration will keep the troops in Korea, as Carter made several highly publicized visits to U.S. Army bases and delivered

speeches to the troops. For more than a year, carefully released intelligence estimates on the growing strength of the North Korean armed forces has combined with noises from Henry Kissinger about American weakness around the world, pressuring the administration to postpone the withdrawal. Under Kissinger's influence, the administration decision to postpone the withdrawal has stepped up pressure on Moscow by increasing the direct American involvement in the anti-Soviet axis.

At the same time, the refusal of the administration to announce a definitive halt to the withdrawal has the effect of keeping the security issue hanging over the head of South Korea as the threat exists that withdrawal can begin again at any time Seoul "steps out of line."

'Human rights'

In addition to the security issue, administration officials also used their "human rights" campaign as leverage against the Park government. Throughout his trip, Carter called for the "improvement" of the "human rights record" in Korea, urging the government to lift several internal security laws and going so far as to present President Park with a list of 300 jailed dissidents whom Carter said should be released. The list, later made public by Secretary of State Vance, was virtually identical to the one entered into the *Congressional Record* by Senator Edward Kennedy just days before Carter's visit. Kennedy also urged a change in several of Korea's domestic laws.

These dissidents are primarily organized by church groups controlled from abroad by the terrorist-supporting World Council of Churches. Through their "community" organizing of poverty-stricken areas in Korea, these organizations represent an ongoing threat of destabilization of the Park government. Carter, in fact, met with the leader of the Korean National Council of Churches, Rev. Kim Kwan-suk.

Carter also met with the leader of the opposition New Democratic Party, Mr. Kim Young Sam. Kim only recently assumed his post as chairman of the NDP, having defeated his moderate rival, Lee Chul-seong, at a party convention. He has, however, been an outspoken critic of the government since his election. Kim has regularly stated that an Iranian-style destabilization could take place in Korea and recently said that he would be willing to meet with North Korean chieftain Kim Il-sung "any time and any place" to discuss reunification. This statement, which the government charged had severely weakened its negotiating position with the North Koreans, is believed to have been used by the Carter administration as additional pressure on the Park government to enter a "dialogue" with the North.

—Peter Ennis

Mexico snarls U.S. Nicaragua plans

Communiqué rejects U.S. policy of 'Somocismo' without Somoza

In an official policy statement released July 11, the Mexican Foreign Ministry delivered a crushing blow to the Carter administration's flagrant backing of the National Guard of Nicaraguan dictator Anastasio Somoza. Clearly referring to Washington's massive supplying of arms to the Guard, the statement declares that any government providing aid to Somoza's forces not only "offends the juridical conscience of humanity," but is also complicit in "a clear violation of the norms of international law" as stipulated under the war crimes codes in the Geneva Conventions.

The Mexican government, addressing all states in the hemisphere, further erected a significant diplomatic barrier to Washington's desperate moves to keep the National Guard in power after the imminent ouster of Somoza. Any efforts to preserve "somocista structures" in Nicaragua, says the declaration, violates the Organization of American States resolution of June 23, which mandates the replacement of the Somoza dictatorship with a popularly-supported government. And to make matters worse for the Carter administration, the Mexican Foreign Ministry granted virtual diplomatic recognition of the Sandinista-backed Government of National Reconstruction by citing the GNR as the only institution in the country capable of ensuring "a lasting and peaceful solution" to the present crisis.

The bold Mexican initiative has quickly undermined the diplomatic drive mounted by the State Department over the past week to armtwist Latin American governments into approving Washington's plan to save the Guard. This operation went so far as stationing troops in neighboring Costa Rica.

The military deployment into Costa Rica, which according to Radio Sandino included 200 Marines, was denounced by the GNR as a "virtual invasion" of that country, and the Sandinistas immediately placed their forces on full alert for an expected move into Nicaragua. The State Department quickly denied the report, but did admit that a small U.S. helicopter base was set up July 8 near the provincial capital of Liberia, only 70 kilometers south of the Nicaraguan border, for the alleged purpose of evacuating U.S. citizens from Managua. The Department also said that the missile-carrying frigate *U.S.S. Wainwright* was deployed off the north-

west coast of Nicaragua, after the National Security Council had leaked to the *Washington Post* that the U.S. plans to send "more of its warships into the area" or create a "regional strike force."

Although Costa Rican domestic pressure forced Washington to remove its military force, the incident exemplified the diplomatic blitz initiated by the State Department throughout the region, which a high-level Sandinista representative referred to as outright "blackmail." Undersecretary of State Viron Vaky, a Henry Kissinger protégé, was sent on a "shuttle diplomacy" mission to several capitals to bludgeon the area's progressive governments into dropping their support for the Sandinistas.

The Panamanian government, which was being threatened with sabotage of the Canal treaties, let Washington know where it stands by leaking a complete grid of covert U.S. arms shipments to Somoza, compiled by Panamanian intelligence. The report, published in the daily *Estrella de Panama* on July 6, reveals that between June 16 and 30, more than 100 flights of U.S. C-130 military transports left Howard Air Force Base in the Canal Zone, loaded with weapons and equipment for the Nicaraguan National Guard, as well as Special Forces personnel. Eighteen flights of Argentine air force transports into Nicaragua were also monitored.

Even more shocking, however, is the fact that Washington's own press outlets are making it known that the administration is using the National Guard's atrocities as a diplomatic bargaining chip. The *New York Times* of July 10 quoted a U.S. official as saying Washington had "asked" Somoza not to resign until it had "neutralized" the "radical elements" among the opposition. Earlier, the *Washington Post* hinted that Washington's ultimatum to the Sandinistas is that unless they agree to U.S. terms for maintaining Somoza's apparatus intact, the U.S. will give its nod to even more National Guard horrors. Washington "seems to have no doubt," the *Post* commented, "that the provisional junta can be influenced by the possibility of avoiding perhaps another month of bloodshed."

What the Carter administration is threatening was amply illustrated by the latest crimes committed by the Guard this week. According to evidence described by

a Reconstruction Government diplomat in Mexico, to be published in an exclusive interview in the next issue of the *Executive Intelligence Review*, Guard troops throughout the country are extending their extermination drive against male youths by seeking out 11- to 13-year-old males in hospitals, casualties of Somoza's saturation bombings. The youths are then shot in their hospital beds. Even the *Washington Post* reports that "truckloads" of teenagers are driven off to isolated rural areas at night, where they are blindfolded and machine-gunned. In addition, a Red Cross refugee camp was raked by National Guard gunfire, leaving six people dead. In the Sandinista-held city of Esteli, Somoza kept a promise he made three weeks ago by poisoning the city's water supply with arsenic.

The Guard, however, may not be around much longer to carry out Washington policy. Despite a hideous incendiary barrage, Somoza's troops were unable to retake the important city of Masaya, 40 kilometers

southeast of Managua. The Sandinistas are reported to be making steady advances in the south, and have also massed several columns for a renewed assault on Managua itself. Many military analysts are predicting that this time the capital will fall.

There are late reports that in response to the total rout of the National Guard forces, the Carter administration is now turning to "humanitarian" intervention—i.e., food warfare against the Nicaraguan liberation struggle. It was announced today that three U.S. C-130s per day will fly into Managua, purportedly to bring food to Nicaragua's 500,000 war refugees through Red Cross-sponsored food control centers. Under this scenario, the Red Cross, which is the "humanitarian arm" of the black gulph Order of St. John of Jerusalem, will thus play the role of intelligence and communications center for a potential invasion.

—Chris Curtis

The Mexican Foreign Ministry communiqué

The following is the full text of the official communiqué issued by the Mexican Foreign Ministry July 10 on the Nicaraguan situation. The communiqué, without specifying the United States, is a devastating attack on the Carter administration's open military and diplomatic efforts to maintain Somoza's political-military machine, and was directed to the 16 members of the Organization of American States who sponsored the resolution passed by that body on June 23 calling for the replacement of the Somoza regime.

In view of the prolongation of the battle in Nicaragua and of the growing use by the Somoza regime of inhuman methods of warfare, the government of Mexico made known its opinion on this situation to the other 16 countries that voted June 23 in favor of the resolution of the XVII consultative meeting of the OAS.

This position is summarized in the following five points:

1) The resolution of June 23 contains as an essential element the immediate and definitive replacement of the Somoza regime, and the establishment in Nicaraguan territory of a democratic government which includes representatives of the principal opposition groups.

2) Therefore, the participation of the Somoza-linked institutions in the formation of a new government would be contrary to said resolution.

3) On the other hand, the National Government

of Reconstruction, made up of representatives of different sectors of the opposition to the Somoza regime, corresponds to the guidelines laid out in the resolution of the XVII consultative meeting. Its establishment would facilitate a lasting and peaceful solution to the Nicaraguan problem.

4) The countries that continue supplying arms and war materials to the Somoza regime are acting in violation of the resolution of the consultative group. This question takes on a particularly serious character in view of the fact that that regime is making use of white phosphorous napalm and fragmentation bombs against the civilian population, according to international press reports. Aside from the extreme cruelty, this conduct wounds the juridical conscience of humanity and constitutes a clear violation of the standards of international law including, to cite only some statutes, the Geneva Accords of August 12, 1949, in particular the fourth accord, and the additional Protocol Number 2 to said Accords adopted in Geneva in June, 1977.

5) The government of Mexico considers that the best contribution that members of the international community can make to help put an end to this bloody conflict, is to act in scrupulous accord with the previously cited resolution of the XVII consultative meeting, leaving it exclusively to the Nicaraguan people to choose their form of government.

SIGNED: Minister of Foreign Affairs

RELEASED BY: General Information Office

Luciano Lama talks about terrorism

An exclusive interview with the head of Italy's largest trade union body

Recently this newsservice obtained an exclusive interview with Luciano Lama, the general secretary of the Italian general Confederation of Labor (CGIL), by far the largest and most important of Italy's three national labor union confederations and one of the largest in all Western Europe. Until a few years ago, Lama was a central committee member of the Italian Communist Party (PCI), the dominant political force inside the CGIL. To this day Lama, who maintains his PCI membership card, is the leading spokesman for the trade union wing of the party. As such, the views he puts forward in this interview are expressive of some of the best and the worst of an entire strata of Italians whose political vehicle is the Communist Party. This holds true for Lama's discussion of terrorism and economic issues in the course of the interview.

Lama's repeated conviction that terrorism is a primary issue for the trade unions parallels the speech he gave at the May 1979 European Trade Union Confederation conference. The Italian government has been working with the PCI for the past few months to convict and jail the controllers of Italian terrorism. More recently this has led them into identifying portions of the Socialist Party leadership itself as tied into terrorism. The relevant police and magistracy, together with the PCI and the government, have also identified terrorism as an aspect of a broader operation aimed at destroying the Italian republic. In keeping with the highly politicized tradition of Italian trade unionism, therefore, Lama here responsibly identifies the fight against terrorism as a major task of the labor movement. This is particularly urgent in the case of the CGIL, where the terrorist-linked Socialist Party acts as the minority partner to the PCI.

Lama's stated views on economic policy, on the other hand, hardly seem to coincide with the expected views of an otherwise progressive European trade union leader whose stated aims are the economic development of the devastated Italian south or Mezzogiorno, solving the Italian unemployment problem, and generally restoring the country to minimally the levels of economic development it had enjoyed in the 1960s. When read attentively, Lama's economic views are an irrational

series of contradictions, with little emerging to indicate a coherent economic program.

From this standpoint Lama's interview is an excellent paradigm of crippling flaws of the best of Europe's trade union leaders. Typical is Lama's discussion of the nuclear energy question. On the one hand, he says that to give up nuclear energy development would mean to irrevocably renounce "certain of the most desired aspects of conditions of human life today" stemming from the economic development which only high rates of energy throughput will be able to ensure.

On the other hand, Lama is forced to pay lip service to the environmentalist movement—a movement which in Italy is controlled by the cited Socialist Party and the Caracciolo family, which the PCI knows very well to be involved in terrorism (in fact, the "Balck Nobility" family is one of the key controllers of Italian terrorism), as has been emerging from the recent antiterrorist investigations. On the issue of economic development itself, Lama voices the entire tradition of the CGIL when he repeats twice that it is a definite "aspiration" of the trade union movement, yet is careful to say in the same breath that he is of course not certain that "having available twice today's energy is an advantage for mankind." The logic of this capitulation finally leads him to formulate a vague plan for what amounts to a redistribution of wealth, which by implication rejects economic growth altogether.

Here Lama is exposing the very serious flaws of even the best of the PCI and trade union leadership, both of which he represents. The PCI has never formulated a theory of political economy consonant with the policy outlines of Lenin who is otherwise purportedly the major theoretical influence on the party. The reasons for this are complex, but essentially arise from the fact that Lenin himself never achieved an economic theory consonant with his own economic strategy. At the same time this flaw in the PCI's makeup has been well profiled by British intelligence, whose influence in Italy can hardly be overestimated. That influence has been felt both through the agent networks which have been grafted on to the party, and through the broader climate created by such institutions as the Socialist

Party which has become almost the exclusive province of British and Zionist intelligence.

All this is doubly true for the PCI's trade union movement. The CGIL in the postwar period was subjected to a series of combined Anglo-American operations that finally succeeded in creating splitoffs which gave life to the contending national labor confederations. The smallest of these, the UIL (Union of Italian Labor) in particular was the completely synthetic creation of Anglo-American intelligence under the aegis of George Meany and Irving Brown of the AFL-CIO, and particularly portions of the United Auto Workers under Doug Frazer. The UIL's forces are almost exclusively concentrated among the "metalworker" unions of the northern auto and related plants. It is the Keynesian

brand of liberal economics, with its hatred of economic growth and science and its offshoots which these networks have systematically fed into the CGIL, generating a climate thereby which functions to give credibility to such antirepublican notions as the free market economy, environmentalism, and other synthetic ideologies inherently antithetical to the innate but often inarticulate CGIL tradition.

Lama's propitiation of these theories in his interview are therefore par for the course, and typical of much of the PCI leadership even at their best, even when specific tactics and strategies adopted by them contradict their own mouthings.

—Vivian Zoakos

Organized labor must combat terrorism

This exclusive interview was given to Executive Intelligence Review by Luciano Lama, general secretary of the Italian trade-union confederation CGIL. The interview took place during the conference of European trade unions in Munich, West Germany, this past May. Mr. Lama was the only trade-union leader at that conference to identify terrorism as the most important enemy of the working class.

EIR: *How do you think the fight against terrorism can be brought into the program of the ETUC (European Trade Union Confederation); and what forces do you think are behind terrorism?*

Lama: I am convinced that there are national forces behind terrorism and probably also forces organized internationally, who wish to destabilize the political

the conquests made by democracy in our countries. It cannot be ignored by the trade unions. We in Italy are conducting a sharp fight against terrorism—which is not the case in other countries where terrorism also exists. Above all, it is not the case on the part of the ETUC. I think that the ETUC, as its first commitment in the battle against terrorism, must open a debate among Western European workers, so that they become conscious of the gravity of the danger they face, and so that they will prepare themselves to actively fight, to repulse, to expel from within the working class and the workers, the forces of terrorism—which are small if one thinks of the "armed struggle," the violence. But, they are not very small at all if one thinks of the sympathizers and the moral support, and of that even larger group which refrains from taking any position, thus lending passive assistance.

We must act in such a way that the labor movement, even at the international level, becomes a force that brings together the workers, the population, public opinion, against terrorism; otherwise fear and inertia will spread, and terrorism will be victorious, if our people allow themselves to be overcome by fear and passivity.

EIR: *What possibilities does the CGIL see for the realization of Moro's strategy of a DC-PCI government?*

Lama: I don't know; it is difficult to respond to this question because we are on the eve of an election campaign in our country, a campaign whose results are naturally very uncertain. I think that the problem of a new political leadership for the country is a problem of very great importance, not only for the workers, for the labor movement, for the encouragement of the most advanced socio-economic policies. Also for another

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situation in various countries on an international level. They want to deliver up these populations, these states, to authoritarian powers which are almost always rightwing—even if occasionally the passwords, the slogans of those who support the terrorism seem to be of a revolutionary left character.

The true end of terrorism is to create authoritarian regimes and a state of civil war, in which the majority of the population, who desire peace and order and reject violence, end up supporting a rightist leader who will at least assure them tranquility and order. This is the strategy of the terrorists, at least, in Italy, Germany and other Western European countries.

A phenomenon of this kind presents a danger for

reason: a government of national unity would have the possibility of combating terrorism more effectively and this is the danger threatening our society that we spoke of before.

The point is that in Italy we have a situation of grave emergency. In emergency situations the democratic political forces must find the capacity not to eliminate differences, but to set them aside for a moment and give more weight to the fundamental reasons which unite them. And the basic reason today is the defense of democracy and liberty on the one hand and the fight against the economic crisis for an effective economic recovery in Italy on the other, with the aim of developing jobs and of fighting underdevelopment in the Mezzogiorno.

These two related objectives require an agreement among the major political forces, above all between the DC and PCI and then among the PSI and the other democratic parties, in order to get out of this situation. Afterwards, naturally, the free play of democracy, of majority and opposition, etc., can fully develop themselves. But I maintain that today a government that is not representative of all the most basic forces in the sphere of labor would be a *weak* government and therefore incapable of fighting effectively to emerge from this emergency situation.

EIR: *What contribution can the European Monetary System make to the development of the Third World?*

Lama: Even in Europe there exist profound differences from the point of view of economic development and the financial situation (in terms of the rates of inflation) among the different countries. It is thought possible to confront this situation of disparity with the establishment of this European Monetary System, which will reestablish a semi-fixed exchange system, in the sense that currencies can oscillate only within determined limits, between one European currency and another.

I must say that this is not a solution to economic problems, precisely because it is only a financial and monetary solution. If you want to unify the economic-financial and social management of different countries, it is necessary to begin with economic policy. That is, it is necessary to create the conditions for the progressive convergence of the economic conditions which underlie monetary policies. Monetary policies are an instrument, they are not the object of political action in the economic field, whether national or international. I think, therefore, that currency unification in Europe does not resolve the problems of economic unification.

In certain ways, then, one can say that the linking of the Western European economic systems with the Third World will be more difficult, rather than easier, as a consequence of the establishment of the European Monetary System. The reason is that the natural tendency which will be created through the EMS will be to

consider this zone of the world as a zone in which there exists a monetary system that is closed with respect to the rest of the world; with an inevitable temptation to utilize this closed monetary system not to support links with the weaker and less developed economies, but to utilize it as a force acting in an authoritarian way, in terms of hegemony and in terms of the economic and financial burden weighing on the underdeveloped countries.

I fear, therefore, that without strong action by the labor movement and the democratic forces of this country, who are most sensitive to the problems of justice in economic and financial relations on a global level, sensitive to the problems of the Third World and underdeveloped countries outside of Western Europe, we could even have as a consequence of the EMS a closing-off and not an extension, not a tendency to openness, of these economies with respect to the countries of the Third World.

EIR: *How do you evaluate the significance of nuclear energy and advanced technology?*

Lama: I think we are in a phase where the interest in technological development is certainly not ended, but where it is more necessary to evaluate the consequences of certain innovations: the consequences for workers' jobs, the consequences for the natural environment, the ecological consequences, therefore, of a degradation of the natural environment due to the application of certain technologies and due to excessive consumption of raw materials and nonrenewable energy sources. This problem is a problem that humanity has never confronted until today, because the relationship between man and the environment was very favorable to the environment; demographic growth had not reached the exponential increase we see today, and the levels of consumption of individuals has never reached the rates we see today.

So, throughout the whole history of the tens of millenia it took to develop civil society on the earth, we were always in a situation where the problem of the availability of products necessary for the life of mankind was not under discussion. Now it is, because the necessity is much greater and because the population has grown tremendously and it grows, I repeat, with a demographic dynamic that is very considerable.

I think that we are in a phase in which science will probably find other forms of energy sources that can replace those which are not renewable. These alternative energy sources could be hydrogen, could be the sun, could be the light, but until this moment the practical techniques for utilization of these sources have not been found. For any one of these sources, the theoretical solution has been found, but not the technical basis. Until we have that, we must utilize all those sources that are available, *including nuclear*, providing that in

the utilization of nuclear energy we guarantee safeguards for the health of the workers and the citizens.

Those who maintain that we must renounce this energy source—and maybe they are right, they are certainly right if there are no guarantees for the safety of human lives, or if these are not sufficient—those who say we must drastically reduce energy consumption, must say at the same time that *men's lives* must be changed. There is mass-consumption today that must necessarily be reduced or even eliminated. I find that something *negative* is done by many of those who, for example, preach, saying perhaps with reason and certainly in good faith, that we must renounce the use of nuclear energy. But they *never* say that that means to renounce certain of the most desired aspects of conditions of human life today. This must be said because if we find in the course of a few dozen years that per capita available energy resources are 20, 30, 50 percent less than what we have today, there will be *traumatic* consequences on people's conditions of life or at least on people's life-styles. I am not saying that having available twice today's energy is an advantage for mankind. I say, however, that it is an *aspiration*.

Thus, people's choices must be oriented in other ways. Things being the way they are, we must anticipate a reduction of consumption. Energy consumption is growing at 6 percent per year, while we have energy production which instead is growing is *falling*. These two divergent curves will not converge in view of the fact that one cannot increase energy production beyond certain limits. Thus, the quality of life must change, not in abstract terms, in hippy terms, in terms of the cave men.

We must do it in concrete terms, reasoning with the American citizen of today, who has such high levels of consumption and of life, with the German citizen of today, or the British or Italian, who have a living standard which in terms of consumption must be reduced. We must also reason with the citizen of the Congo, or of Indochina, whose living standards must on the other hand increase. Certainly, their energy consumption, if one wishes to realize a minimum acceptable living standard for today, must be neither that of Detroit or, for example, Frankfurt, nor that existing today in India or in any underdeveloped country of Africa.

Taking a walk around Davis-Bacon

For months now attention has been focused on the battle by organized labor to defend the Davis-Bacon Act, which guarantees the payment of prevailing wages on federally funded construction projects, from attacks by antilabor, "right-to-work," and allied groups. Early last month, the AFL-CIO and the Teamsters mobilized sufficient support on the floor of the House to beat back an effort to have certain programs exempted. Some AFL-CIO leaders, armed with assurances from the Carter administration that it will not tolerate a repeal or significant amendment of the near 50-year-old legislation, smugly say that "things are well in hand."

But while labor battles their overt "enemies," some of their "friends" are preparing to knife them in the back.

Sources in Senator Jacob Javits's office as well as among Senator Paul Tsongas's (D-Mass.) staff report that they are prepared to lead "a walk around" Davis-Bacon, without fanfare and initially without any conflict.

Javits's staff feels certain that the building trades in particular might be convinced by someone like former Labor Secretary John Dunlop, now at Harvard, to make certain deals on the issue.

It is normal for the Labor Department which oversees the act to order payment at prevailing wage rates for "similar types of work" when someone claims that there is a prevailing wage scale for

a "solar reflector constructor." But sources in Javits's office indicated that "this practice can be changed" and that the Labor Department is now "willing to look and act differently ... after all the energy crisis is a national emergency...."

Similarly these sources report that large numbers of CETA workers—paid below Davis-Bacon levels—will be working on many new energy development projects. "We'll ask the unions how many they want to take and we'll work out a number ..." said the source. "This gives them [the unions—ed.] a sense that they are at least being consulted... The name of the game is cooperation."

And what if the unions refuse to cooperate?

"Well, we would have our energy program on the books and we have the power through executive action to make sure that it is carried out," said an aide. "But we rather walk around a fight..."

The Industrial Research Unit of the Wharton School here is conducting a major study on methods of undermining and destroying trade-union organizations in the United States.

The project, which sources describe as "very secret," involves extensive profiling of individual unions for weaknesses as well as proposals for antiunion "counterstrategies." The various profiles will be published in a book under the byline of Dr. Northrup, the project coordinator and the direc-

tor of the unit. The proposed book has been described by individuals involved in the project as a "union-busting handbook."

A major part of the project is devoted to the Teamsters union, or more precisely to anti-Teamster counteroperations, under a project subheading of "Teamster tactics."

The Teamster investigation was conducted by John Brinker, who described himself as a former graduate student at the unit "with six years' experience as a Naval Intelligence officer." Brinker claimed to have coordinated "extensive fieldwork" involving several Teamster locals. He refused to state under what pretext he had approached Teamster leaders or who his informants were. Brinker further refused to acknowledge whether he was working at any point with federal or other law enforcement agencies.

Spokesmen for the Wharton School refused to divulge who was funding the project. Investigators for this news service learned, however, that the project is being funded by the Arlington, Va.-based "Foundation for the Advancement of the Public Trust." The foundation is a component of the funding network of the so-called right-to-work, open shop union busting machine, generally linked to the "right-wing" machine of Richard Viguerrie and such organizations as the National Right to Work Foundation.

Wharton has a longstanding relationship with these union-busting outfits. For example, a Wharton School study on the alleged inflationary character of the Davis-Bacon Act, which guarantees payment of prevailing wages on federally funded projects, serves as the "bible" for the anti-union forces advocating the act's repeal or dilution.

—L. Wolfe and M. Moriarty

Latin America backs Mexico's call for universal dialogue on energy

In a ministerial-level meeting in San Jose, Costa Rica this weekend, the Latin American Organization on Energy (OLADE) gave its support to Mexico's President Jose Lopez Portillo's call for a "universal dialogue" on energy which would bring together the advanced capitalist sector, the Third World, the oil producer countries and the socialist sector. The Mexican representative at the meeting, Industry Minister Jose Andres de Oteyza, explained that when President Lopez Portillo presents his energy proposal at the U.N. General Assembly on Sept. 27, he will be representing not only Mexico's position on energy, but the entire "Latin American bloc's position."

The OLADE decision, incorporated in a document called the "Resolution of San Jose," delivers a blow to the Anglo-American groups' campaign to impose a draconian austerity regime over the world as a way to resolve the energy crisis they themselves provoked. In his speech to OLADE, Oteyza took special care to expose the international press campaign to blame OPEC for the oil price increases that have hit the international markets. "It is a fact that the recent price increases were initiated by the oligopolistic companies which control the market. This has yielded them enormous profits," he said. The OLADE resolution backed the call OPEC recently made to "open a dialogue between industrialized and developing countries."

The Latin American energy ministers' resolution incorporates the essence of Lopez Portillo's proposal to reorder the world system of energy production, distribution and consumption. It asserts the nations' sovereignty over their natural resources, denounces the multinationals' speculative practices by calling for the shut off of "parallel markets," i.e., the oil spot market of Rotterdam, and ties the solution to the energy crisis to the transfer of advanced technology and financial resources from the advanced sector to the Third World, as a precondition for the formation of a New World Economic Order.

This "triumph of Mexico's foreign policy," as Oteyza called it, is an important step in his country's efforts to get an international consensus of support for the Lopez Portillo proposal before he brings it to the U.N. Mexico is already preparing to present the proposal at another major international forum: the Non-Aligned nations' meeting in Havana at the beginning of September, which Mexican representatives and probably President Lopez Portillo himself will attend as an observer.

Although the "Resolution of San Jose" was a success for the international forces that are fighting for energy growth and an international dialogue, it also showed some weak points. In promoting the development of alternative energy sources, it does not define which alternatives those are and, more important, it does not

put emphasis on the development of nuclear energy, the cheap, plentiful energy source required for a resurgence of the world economy and particularly for Third World development.

There are indications that there were also discussions around a special petrodollar recycling fund for the Third World, an idea which the Mexicans have warned against. In the past, Venezuela and other OPEC countries have promoted such a program along lines easily converted into a slush fund for Third World debt repayment, to the delight of the International Monetary Fund. Oteyza warned the rest of the OLADE ministers that a petrodollar recycling fund set up by international private banks in 1973 "was of no use at all." "What the developing countries really need," he said, "are mechanisms which link the transfer of financial and technological resources to specific projects which allow the expansion and diversification of sources of energy in the poor oil-importing countries." This is Lopez Portillo's energy proposal.

The OLADE resolution, calling for Lopez Portillo's "universal dialogue," comes as U.S.-directed efforts to cordon Latin America off as a U.S. strategic energy reserve—open to the Europeans and Japanese only on political blackmail terms—have been stepped up. According to the *Washington Post*, the U.S. government is seriously considering contributing the main quota of a billion-dollar Inter-American Development Bank fund for energy exploration in Latin America. The funds would be assigned only to looting of "alternative energy sources," such as Brazilian biomass or shale deposits, as well as Colombian coal, Argentine oil, etc., in programs severed from real industrial development. The possibility of nuclear energy development in the area is not even considered.

FACTS BEHIND TERRORISM

Jerusalem conference plots International terrorist bloodbath

Under the pretext of a "conference on international terrorism," several dozens of the leading terrorist planners and controllers, all in some way affiliated with British and Israeli secret intelligence services, gathered in Jerusalem during the week of July 5-12 to plot out a new wave of bloody terrorist incidents. The purpose of the "public" conference (in addition to providing the pretext for drawing the core dozens together under one roof) was to lay out before an audience of 700 journalists, government and corporate officials the "evidence" that the Soviet Union is responsible for all international terrorism.

Among the vehicles for pinning terrorism on the Soviets is the present deployment of Jesuit-British intelligence operative and former CIA employee Philip Agee. Through the efforts of the British media and contaminated elements within Eastern European intelligence services, Agee is being provided with KGB "bona fides" as a means of establishing the link between Agee-controlled terrorist groups and the East.

Over the past four years, investigators from this press service term of such "conferences" being convened on the eve of major activations of terrorist gangs under the control of the "experts" in attendance. In the present case, significant signs point to the United States as the principal target for the assault (see COUNTERINGELLIGENCE).

An impressive collection of individuals gathered in the high se-

curity atmosphere of the Jonathon Institute in Jerusalem. Since the sole source of information on the four-day event was the *Jerusalem Post*, only an incomplete list of participants can be produced at this time. Among the key persons known to be present were:

- **Robert Moss**, international affairs editor of the London *Economist* intelligence service, a virtual official branch of British intelligence owned by the Rothschild family and by the Lazard Brothers investment group. Moss's weekly column in the London *Daily Telegraph* serves as one of the principal conduits for "KGB terrorism" scares.

- **Brian Crozier**, director of the London Center for the Study of Conflict Resolution, a branch of the Tavistock Institute psychological warfare division of British intelligence that figured prominently in the creation of European and North American terrorist underground groups.

- **Ray Cline**, former deputy director of the CIA, now a fellow at the Jesuit-run Georgetown Center for Strategic and International Studies.

- **Lord Chalfont**, a longstanding leader of the British Tories and a close collaborator of Brian Crozier and Robert Moss.

- **Paul Johnson**, former editor of the British Fabian journal *New Statesman*.

- **Sen. Henry Jackson**, (D-Wash.), one of the leading Zionist lobby cold war spokesmen in the U.S. Congress.

- **Jacques Soustelle**, the French fascist whose Secret Army

Organization (OAS) was financed through Israeli intelligence's Perindex conduit during the 1960s to stage a series of assassination attempts against General Charles de Gaulle and whose linguistics institute has been identified by both French and Italian security agencies as a command center for Mediterranean-wide left-radical terrorist operations.

- **Chaim Hertzog**, one of the leading "old boys" in the Israeli secret intelligence service and the present codirector (with Abba Eban) of the Tel Aviv Center for International Strategic Studies, an Israeli branch of the British Royal Institute.

- **Midge Dector** and **Ben Wattenberg**, both of the U.S. Friedmanite American Enterprise Institute.

In one of the more significant and revealing presentations of the conference, Robert Moss "predicted" that Iraqi-backed Palestinian terrorists would launch attacks against the Jewish community in Latin America, particularly Brazil.

Immediately, the Iraqi Ambassador to Brazil, Said Haidar, issued a forceful denunciation, printed in the July 6 issue of the *Estado de Sao Paulo*, charging Moss and the Israeli intelligence services with a "cheap accusation" that he identified as part of a "premeditated Zionist plot to launch a wave of terrorism—even against Jewish people—which will be blamed on Arabs."

Western European intelligence sources, particularly in West Germany and Italy, have amassed significant evidence during the past year's crackdown against the Red Brigades and Baader-Meinhof gang showing that Israeli Mossad agents control and finance these and other terrorist organizations worldwide.

—Jeffrey Steinberg

WORLD TRADE REVIEW

New Trade Deals

PRINCIPALS	PROJECT / NATURE OF DEAL	COST	FINANCING	STATUS
Italy/U.S.S.R.	One year extension of expired 5-year trade pact	\$300mn/yr	NAv	I
Saudi Arabia from U.S.	Riyadh Electric Co. and Suburbs orders 16 MS7001 gas turbines from General Electric for 800 MW electricity generation	\$220 mn.	NAv	Order received
Thailand from U.S.	Thai Airways buys three Boeing 747-200B aircraft	\$157 mn.	\$86.6 mn Exim credit	Financing announced
Syria from France	Gas exploitation (from oil wells), telecommunications, Peugeot factory	over \$100 mn.	NAv	July 16, 1979 signing expected
Angola from Italy	ENI will help develop modern agriculture in a 30,000-square-km area in Angola	NAv	NAv	I
U.S.S.R. from U.S.	Soviets buy 8 mn. tons grain from U.S.	NAv	NAv	Order placed

Abbreviations:

U = Undetermined
 NAp = Not applicable
 NAv = Not available

Status:

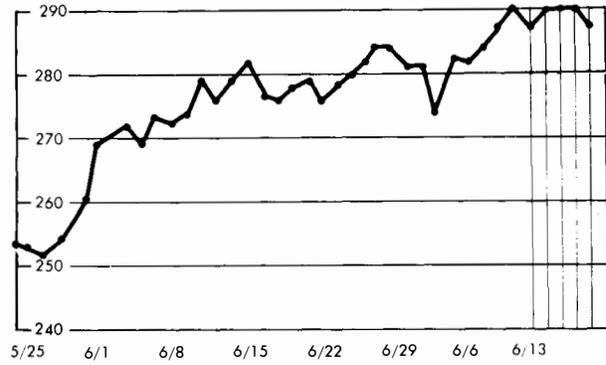
I = deal signed
 II = in negotiation
 III = preliminary talks

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Gold

London afternoon fixing

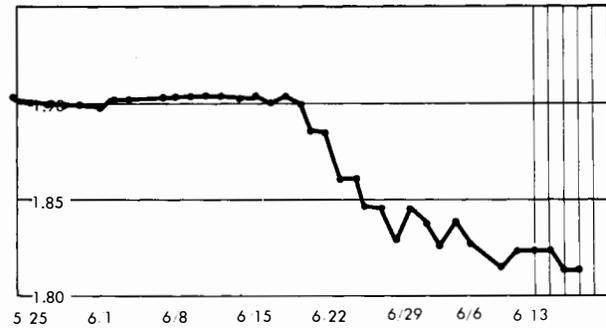
July 9	217.85
10	290.50
11	290.30
12	290.75
13	287.75



The dollar in deutschemarks

New York late afternoon

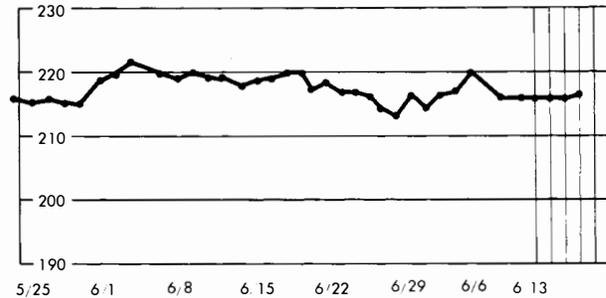
July 6	1.8375
9	1.8370
10	1.8365
11	1.8277
12	1.8260



The dollar in yen

New York late afternoon

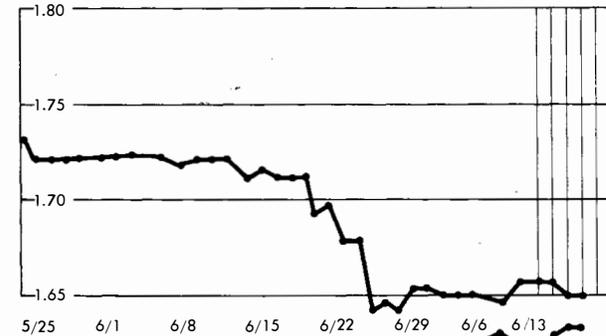
July 6	217.70
9	217.10
10	217.75
11	217.25
12	216.90



The dollar in Swiss francs

New York late afternoon

July 6	1.6675
9	1.6600
10	1.6635
11	1.6530
12	1.6535



The British pound in dollars

New York late afternoon

July 6	2.2080
9	2.2070
10	2.2200
11	2.2330
12	2.2245

