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From the Editor-in-Chief

French President Giscard d'Estaing arrived back from his historic visit to the Middle East last week and immediately picked up the phone to call his close friend, West German Chancellor Helmut Schmidt to report what he called "new and interesting developments" coming out of the trip. The result was a summit meeting in Hamburg between the two European leaders. Our Special Report this week takes you behind this story for a look at the triumph of continental European policy in the Middle East, the French initiative for a real Middle East peace including a Palestinian state, and the indications that the Franco-German alliance has received the backing of the Arab petrodollar holders for moving into the important Phase II of the European Monetary System.

It is no surprise that London is entirely up in arms at the French diplomatic coup. Historic Anglo-American preserves in the Persian Gulf, including Saudi Arabia, were successfully and peacefully invaded by French President Giscard. The British are screaming for a showdown with the French at the upcoming EEC summit meeting in Brussels. Our Contributing Editor Criton Zoakos has written a masterful article on this situation, examining the inner reasons for the Anglo-American reaction in their opposition to the emergence of powerful nation-state based forces in Europe and the U.S. Included in the report is an exclusive interview with the head of the National Bank of Paris, conducted in Mexico City by our bureau chief Josefina Menendez.

Elsewhere in this issue we direct your attention to a special contribution from our Contributing Editor Lyndon H. LaRouche, Jr. entitled: Carter Economics Enters into 'Weimar Hyperinflation'. LaRouche sharply analyzes the disastrous course of Carter economics, the 'below zero' condition the U.S. economy has now entered, and elaborates new concepts in the LaRouche-Riemann economic model developed by him and unique in its record of precise prediction of current economic developments.

