



U.S. POLITICAL  
NEWSLETTER

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## CAPITALIST POLICY: THE FUNDAMENTAL FLAW

WASHINGTON, Jan. 25 (IPS) -- President Gerald Ford delivered a State of the Union message Jan. 19 whose fundamental economic policy-commitment is identical to that of the Rockefeller financier-interests whom he politically opposes. By acting to preserve a self-aggravating austerity economy such as the Rockefeller "invisible government" machinery is uniquely designed to govern, the President has undermined his own extensive political efforts of recent weeks to cool world "hot spots", harness CIA covert operations, and dismantle the Rockefeller "invisible government."

Ford pledged his administration to Schachtian austerity, energy boon-dogging and Schlesinger-size budgets for military production -- a program which will "Hooverize" the President in a matter of weeks, drastically exacerbating the economic crisis conditions for which it is purported to be a remedy. For that reason, the President and his backers must soon adopt Rockefeller political policies as well -- with or without Rockefeller.

Ford proposes massive cuts in federal spending on social services, a simultaneous real-dollar increase in military spending and adoption of Rockefeller's Energy Authority dedicated to underwriting investment in slave-labor fuel-extraction projects. While state and local officials across the country are slashing services to balance their own budgets, a theme pervading the Ford message was the need for states and localities to assume even greater responsibility for social services. In this point of program, Ford has removed the last shred of distinction between his and Ronald Reagan's presidential candidacies.

Senator Edmund Muskie (D-Maine), speaking for the "Democratic opposition," attacked Ford's speech pro forma, but had no fundamental quarrel with austerity. Reflecting the views of those New York investment interests associated with former New York State governor Averell Harriman and former Undersecretary of State George Ball, the Maine Senator had only slave-labor "public works" jobs to add to Ford's measures, and generally distinguished his position only by a preference for "New Deal" over conservative traditionalist rhetoric. The concurrence of the Harriman-Ball faction with fascist austerity policies is otherwise reflected in Representative Henry Reuss' "Financial Institutions and the Nation's Economy" (FINE) study, which recommends a fascist overhaul of the U.S. banking system to facilitate intense austerity -- their extrapolation of Franklin D. Roosevelt's 1933-36 "New Deal."

The Harriman-Ball group, to an even greater degree than the President, has acted to defuse the Mideast and other potential triggers of nuclear conflict, while maintaining the underlying political and economic instability on which such Rockefeller war-making threats

are based.

#### INDUSTRIALISTS FLINCH FROM DEBT MORATORIUM

Due to an ingrained fear of debt moratoria and the inevitable collapse of the U.S. dollar, production-oriented industrialist layers based in Chicago, who have repeatedly reported their preference for detente, production and East-West trade for development, have found themselves in the predicament of being confronted with austerity and military production policies unprepared to advance an alternative. Typified by Defense Secretary Donald Rumsfeld, the Chicago grouping's current position is that of being dragged unwillingly toward adoption of those very domestic and foreign policy positions which they only a few months ago were instrumental in banishing from the Executive branch of government in the "Halloween Massacre."

At this week's Nuclear Planning Group meeting of NATO officials in Hamburg, West Germany, the pro-detente Rumsfeld found himself tossing out the Schlesinger tactical nuclear warfare doctrine only to replace it with pledges of a massive conventional arms build-up based on military production policies -- the quickest way to a new Cold War and ultimately, the "hot" war demanded by Schlesinger and Rockefeller.

#### ROCKEFELLER LAUNCHES COUNTERMOVES

The openings presented by these weaknesses were seized upon immediately by the Rockefeller faction. On Jan. 21, fresh from the same Nuclear Planning Group meeting addressed by Rumsfeld, Belgian Prime Minister Leo Tindemans -- a member of David Rockefeller's Tri-lateral Commission -- renewed his push for ferocious austerity and European-wide arms industry integration for maximum conventional arms production.

Within 24 hours of President Ford's austerity commitment in the State of the Union message, a run on the Italian lira deliberately provoked by the Rockefellers' New York banks forced the shutdown of the Italian foreign exchange markets and sent European cabinets into emergency session to contemplate the implied outbreak of an international currency war. In IPS interviews, Chase Manhattan, First National City Bank, and Manufacturers Hanover executives identified the objective of their maneuver: European-wide currency devaluations favoring dollar-dominated debt and the formation of police-state governments throughout the capitalist sector, capable of exacting from remaining trade and production levels the means to pay debt.

The lira crisis pointedly underscored the fundamental convergence between Rockefeller and his Harriman-Ball-aligned opponents in the New York investment community: the Harriman-Ball faction fully supported the Italian operation, viewing it as a replay of the Marshall Plan in which Averell Harriman was personally involved under President Truman.

## KISSINGER SABOTAGES SALT

It now seems certain that at least one Rockefeller operative will not survive to see the ultimate convergence of Harriman-Ball and Rockefeller policies. Secretary of State Henry Kissinger, now on his way home from Moscow without a SALT II strategic arms limitation agreement, has further undermined his standing with the President, the Congress, and the public, by repeatedly and against the President's wishes introducing the Angola issue into the talks, and by turning down a Soviet offer of the type he "couldn't refuse."

The ridicule heaped on Kissinger's wrecking efforts by Soviet leaders was reported avidly and in detail by the U.S. press, as the following exchange between the Secretary and Soviet Party leader Leonid Brezhnev and Foreign Minister Andrei Gromyko, reported in the Washington Post, illustrates:

Brezhnev: "I have no questions about Angola. Angola is not my country."

Kissinger: "It certainly will be discussed."

Gromyko: "The agenda is always adopted by mutual consent."

Kissinger: "Then I will discuss it."

Brezhnev: "You'll discuss it with Sonnenfeldt (a Senior State Department aide to Kissinger). That will insure complete agreement. I've never seen you have a disagreement with Sonnenfeldt."

With Kissinger delaying his return to the U.S. via a stopover in Madrid and still to give his side of the talks to Mr. Ford, the storm cloud over his SALT tactics is momentarily in abeyance. But it is noteworthy that Defense Secretary Rumsfeld assigned a senior Defense Department official to accompany Kissinger to Moscow and report back directly on his activities. A Kissinger aide quipped: "He's here to keep us honest."

Kissinger was sent to Moscow by Ford under orders to bring back a SALT agreement or at least substantial progress toward an accord. Several sources speculated that the Secretary of State was being set up for a swift exit if he returned without an agreement. Now that he has returned empty-handed, these sources have renewed their speculation. The word got back to Kissinger who on his flight out of Moscow was forced to term rumors that he was about to resign as exaggerated.

On his return, Kissinger faces Congressional scrutiny of his requests for Angola aid, a controversy over his role in wiretapping government officials under the Nixon Administration, which could result in a perjury indictment against him, and release by the House Select Committee on Intelligence of damaging information on his role in directing covert operations in such nations as Chile, Cyprus, and Angola. It remains to be seen if Ford and anti-Rockefeller forces will now finally allow the ax to fall on Henry's neck.

## MIDWEST CRITICAL OF FORD ECONOMIC PROPOSALS

Prodded by the details of the Rockefeller banks' role in the Italian crisis--details made primarily available in the U.S. by this news service, pro-development corporate interests in the U.S. began to stir, responding critically to the industrial collapse implied in Mr. Ford's economic proposals. After an editorial endorsing the President's State of the Union message in its first edition Jan. 2], the Chicago Tribune printed strong denunciations of the Ford speech in news articles in later editions. Ford's policies, declared Tribune writers, are for "Alice in Wonderland, unreal, unlikely, and impossible to get through Congress."

The Chicago Sun-Times called the speech "woefully inadequate," and followed with a Jan. 22 editorial wondering aloud why Mr. Rumsfeld had replaced Mr. Schlesinger as Secretary of Defense, since the President's defense budget plans conform to Schlesinger's massive designs perfectly. A subsequent Sun-Times editorial assailed Ford for not taking steps to raise living standards.

An alarmed spokesman for a midwestern capital goods industry told IPS Jan. 2] that the U.S. Labor Party's International Development Bank, Emergency Employment Act and debt moratoria proposals were a topic of heated discussion among his colleagues following the State of the Union address. A spokesman for a leading Chicago bank also stated that these programs were "under consideration".

U.S. Labor Party Presidential candidate Lyndon LaRouche's in-depth programmatic discussions with a number of Congressional offices, particularly those with midwest constituencies, intersected spreading news of the European currency crisis to generate second thoughts in even the White House on the State of the Union message. Backed up by a Labor Party announcement of a full mobilization of working class forces to block austerity, LaRouche's impact on the Congressmen was typified by one legislator's statement: "You have more recognition around here than Sargent Shriver." All of LaRouche's consultations focused on the gross incompetence of austerity policies, and the need to block those policies by immediate movement around the Emergency Employment Act and International Development Bank (IDB) proposals.

Administration aides who were aware of these meetings and apprised of the New York bankers "military-political solution" for Europe encouraged IPS to brief all levels of government on these developments and to advance the U.S. Labor Party's solution. One aide indicated that the Administration might act if the Italian situation broke into the U.S. capitalist press. A counsel for an important economic policy-making agency reported that he is circulating the IDB pamphlet through all Administration policy-making circles.

But the pro-development Chicago group continues to be hamstrung by its fatal ineptitude in economics. One Chicago newspaper editor, discussing the new world currency crisis with an IPS specialist, said: "It's tough to find out what's going on. We don't have an overview. I agree austerity is ridiculous, but no one but you people has anything else to say." The same confusion was reflected differently by a board member of a major midwestern corporation, who emphasized to IPS his interest in creating productive jobs and real wealth on the basis of capital goods production -- but then labelled debt moratorium "a hand-out."

## PLUGGING THE DIKES IN THE MIDDLE EAST

The fundamental instability of the Harriman-Ford pro-debt policy, and Chicago by inertia, was clearly discernable in this week's intensification of the Lebanese civil war under Kissinger's direction.

The Harriman-Ball forces in alliance with both French and Mideast political leaders have acknowledged the nuclear war threat in the Mideast and have taken steps to defuse the immediate threat. This week, the New York Times, along with the Chicago press, carried several frightened editorials on the Lebanese time-bomb early in the week, warning against any outside intervention into the crisis. An aide to Senator Ted Kennedy (D-Mass) who has publicly associated himself with Harriman, told a member of a Jewish ladies' organization that the Senator was "in agreement with the French position" on the Mideast -- a reference to Gaullist leader Michel Debre's call for an international peace-keeping effort -- and that Kennedy might make a public statement on Lebanon in the near future.

But their solution to the fighting -- a decision to thrust Syria's Assad dictatorship and the Palestine Liberation Army into the open role of policeman over the Palestine and Lebanese leftists with Israeli support -- in essence implies the same war policy as Kissinger's: all-out massacre of the Palestinians by Syrian and allied Arab agents, with the accompanying threat of Israeli intervention, provocative encroachments against Soviet strategic interests, and other destabilizing factors.

## HARRIMAN-BALL MOVE TO WREST CONTROL OF CIA FROM ROCKEFELLER

Behind the current bi-partisan efforts under Averell Harriman's immediate direction to subordinate the CIA to the President and covert operations to Executive foreign policy determinations are moves by the Harriman faction to dump Rockefeller and take over control of his covert operations machine for themselves.

Following secret testimony by Harriman before the Senate Select Committee on Intelligence Jan. 19, Church appeared on Jan. 20 to propose that covert operations be subordinated to foreign policy and to announce that he will introduce legislation for a Senate oversight committee within ten days.

At the same time, the Rockefeller apparatus was being assailed by such titillating exposes as the report by former network newsman Sam Jaffe that major television newscasters, including CBS' Walter Cronkite and NBC's John Chancellor, work for the CIA.

But sources close to the government have warned that once the Harriman-Ball grouping has dismantled the Rockefellers' private intelligence machine and wrested power in the CIA from the iron-hat traditionalists, they may move to pass an American version of the British Official Secrets Act to "protect" a "reformed" CIA -- a move which would preserve the intelligence network for their own factional uses. Along these lines, Senator Church has also announced that he intends to sponsor legislation that would prohibit former

CIA and other ex-intelligence agents from publishing information gained during their intelligence employ. The Harriman-Ball forces are displaying an awareness -- despite the fact that it has often been used against them -- that they will need the bulk of the Rockefeller "invisible government" apparatus intact in order to enforce their own austerity policies.

## Press Ties To Intelligence Agencies Exposed

Jan. 25 (IPS)—To the surprise of no one but the Rip Van Winkles of the journalistic profession, it was revealed in a draft report leaked to the press by the House Intelligence Committee this week that the international news establishment regularly serves as a cover for Central Intelligence Agency operations in the USA and abroad. Eleven unidentified correspondents were recorded as bona fide CIA employees and no less than 15 unnamed international news agencies were implicated as tools of U.S. intelligence agencies in the Pike Committee report.

By the time various "reporters"—including a self-confessed FBI stringer for CBS and ABC—had finished hurling charges and countercharges across the airwaves and in newsprint, the principal British wire service, Reuters, had been identified as a prime playground for the boys from Langley, Va., and such sacred cows of American journalism as CBS-TV anchorman Walter Cronkite and NBC-TV anchorman John Chancellor stood accused of "secret intelligence work" for the CIA.

For those individuals who cannot act on the reality of this world until it is officially acknowledged next to the underwear ads in the New York Times, or mouthed by an aspiring TV comedian on the 11 o'clock news, bourgeois press reportage of the Pike Committee revelations no doubt performs a useful service.

But as the major news agency responsible for breaking this story nationwide—New Solidarity first exposed CIA control of the press in January 1974 and has thoroughly documented large parts of the CIA press pipeline for the past two years—IPS now reports that present U.S. press coverage of the story is not only way overdue, but incompetent to the point that the coverage itself represents

a clear example of "managed news" delivered direct from the organs of the "invisible government."

What has been reported so far are various incidents described as "isolated cases" in which the intelligence agencies planted agents and, or stories in the press corps. Thus FBI stringer Sam Jaffe, former foreign correspondent, accuses Walter Cronkite and 239 other newsmen of working for the CIA. Cronkite denies the story; the Pike Committee staffers say Jaffe is not a "reliable witness." The reader is invited to speculate on Cronkite—does he or doesn't he?—with the implication that only if he turns up in an E. Howard Hunt red wig can one be sure.

Or alternatively, it is reported that immediately following the bloody 1973 coup in Chile engineered by Henry Kissinger, a CIA cover story released by the InterAmerican news agency was fed to 750 international press outlets. The implication is that this was a "dirty trick" played on the press.

What foolishness! The international press itself is a gigantic conspiracy—in which willful deceit is leavened only by stupidity and gutlessness—to perpetrate massive organized lying about the news.

The Labor Committees have described in detail how British Intelligence agent Richard Crossman, the man who boasted that the Allies were going to "out-Goebbels Goebbels," and other agents designed and staffed Anglo-American news agencies to carry out psychological warfare operations against their audience during World War II. Graduates of the Crossman school like Edward R. Murrow became idolized lions of the U.S. "free press" in the postwar period. The journalist who measures his output by such standards is incapable of reliable reportage.

The New York Times, on yesterday's

op-ed page, features a column by one Michael Parenti portraying in detail how U.S. bourgeois newspapers have universally applied the journalistic standards of George Orwell's 1984 "newspeak" to the Portuguese Communist Party throughout 1975. The Times blithely continues to peddle the same lies about the PCP in the very issue in which they expose themselves.

Every newspaper in the U.S. is covering up the fundamental situation confronting the human race—the complete collapse of the world economy. The state of bourgeois news on the worst depression in 400 years is reflected by the Financial Editor of the Christian Science Monitor, who told IPS this week immediately after the plug was pulled on Italy's currency—"Oh, yes the lira—that's stronger than it was last year, isn't it."

To depend on the gentlemen of the bourgeois press for the news is a risk no sane individual can afford to take. Thanks to pressure from the IPS intelligence gathering and news machine, important stories will continue to appear in the press as they did this week—after they appear in New Solidarity. If you are not a regular reader of this newspaper, you do not know what is going on. That is the real story behind the Pike Committee report.

For every major story New Solidarity has broken over the past two years—including such stories like former agent Roy Frankhauser's court-documented revelations of National Security Council gun-running and drug-peddling operations in Reading, Pa.—there is a list in our offices of editors and others who conspired to black out the story. There is a similar, overlapping list of those who willfully printed easily identified "standard boilerplate" CIA slanders of the Labor Committees.