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EXECUTIVE INTELLIGENCE REVIEW

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EXECUTIVE INTELLIGENCE REVIEW

Editor-in-Chief
Nancy Spannaus

Managing Editor
Tessa DeCarlo

Production Editor
Deborah Asch

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IN THIS WEEK'S ISSUE

The world's "development faction" is rallying for a showdown...and the London center of their no-growth opponents is precariously vulnerable financially...Leading our **INTERNATIONAL** report this issue is an analysis of how **West Germany's Schmidt** and his allies in Europe and elsewhere intend to make the **July economic summit in Bonn** a forum for a **Grand Design strategy** of high-technology development deals and world economic expansion...with a significant assist from the Arabs...and from certain U.S. and Soviet sources...The other policy pole is represented by a summit that has just concluded...the Washington, D.C. meeting of the elite **Trilateral Commission**...and we have an **on-the-spot report**, provided by the Indian newsweekly **New Wave**...telling how **Henry Kissinger** and **Zbigniew Brzezinski** went after **West German** and **Japanese** development policies...while other Trilateraloids attacked the **SALT talks**...all in the broader context of **expanding the World Bank-IMF austerity-for-debt machinery** to a worldwide police state...

* * *

"**British geopolitical policy** is coming toward the final countdown"...an assessment and a **warning** from the **Labor Party's Lyndon**

H. LaRouche...who has taken apart London's notion of the "**China card**" and put together a **comprehensive primer on current strategic policy**...framed as a **proposal for U.S. military and political leaders**...In **MILITARY STRATEGY**...LaRouche locates China's current and potential role in world affairs...explains the genesis of the **split** that is appearing **inside the hard-core London grouping itself**...explicates the economics of London's **Black Guelph roots**...and warns that the **alternative** to success for the **Grand Design** is **150 million American dead in a near-term nuclear war**...

* * *

The emerging **geopolitical** role of China is taken up by **another commentator**...Cuba's **Granma** newspaper...In this week's **SPECIAL REPORT** we present a **timely exclusive**...the English-language versions of two recent **Granma** editorials that **tear into** National Security Advisor **Brzezinski's China gambit**...and underscore the **terrible danger to world peace** it represents...Included is an **introduction by Lyndon LaRouche**...on what the Cubans **do understand** about the international situation and its U.S. factional reflection...**what they don't**...and what this means for **the future of U.S.-Cuban relations**...

INTER-NATIONAL
SPECIAL REPORT
U.S. REPORT
ECONOMICS
THIRD WORLD
MILITARY STRATEGY

* * *

The Cubans have already scored a hit against Brzezinski...with Cuban President Fidel Castro's denunciation of the "Big Lie" that the National Security Advisor and his coconspirator at the CIA, Stansfield Turner, have put over on President Carter...and the U.S. Congress...In U.S. REPORT, the story on how Brzezinski worked the "Cubans taking over Africa" hoax...by putting the hapless Carter in a virtual information quarantine...Included in our coverage: what Fidel said...the statements of black African leaders on what's really at issue in Zaire...and a survey of reactions from Congress and the press...Featured in U.S. REPORT:...Lyndon LaRouche's call for a "policy counterpole" that can steer the nation past the tremendous dangers confronting it now...in which LaRouche compares the weaknesses of the best of both the Republican and Democratic Parties...with the crucial policy-making role of the U.S. Labor Party he heads...

* * *

Our ECONOMICS section gives the details on the race between London and its opponents...over who will go bankrupt first:

Britain or the U.S.?...As we go to press, Britain is out ahead...and our Foreign Exchange column tells why, and how...But America's vulnerability is underlined in our Banking coverage . . . which documents the fact that the U.S. Federal Reserve Chairman Miller is mouthing line for line demands of the Bank of England . . . to kick the U.S. out of international banking, to London's advantage . . . and tells why this could mean an imminent blow-out if Miller isn't stopped . . .

* * *

And in THIRD WORLD, a closer look at another aspect of the China issue...as our Asia editor surveys the regional basis for a U.S. China policy that can mean peace and prosperity...not Maoist backwardness and war...based on a different kind of "encirclement"...that already has the support of many of the most important forces in Asia...

The Grand Design For The Bonn Economic Summit

Schmidt is outflanking Britain — But what will the U.S. do?

West German Chancellor Helmut Schmidt, with backing from the French, Italian and Japanese governments — and a special kind of support from elements of United States and Soviet policy — intends to make the July 16-17 economic summit meeting in Bonn the subject of a "Grand Design" for world economic development.

The "Grand Design" strategy involves complex shepherding of international forces, and is at work on at least two levels. But, in summary, this is what Schmidt intends to put across in and around the summit meeting:

1) An agreement in principle for cooperative expansion of international trade, with the creation of an "international trade forum" as a standing world body;

2) A major development package supported by wealthy OPEC nations, probably centering on an urgently motivated development program for black Africa; and

3) An extension in some working form of the West German-Soviet economic treaty which Schmidt and Soviet leader Leonid Brezhnev signed in Bonn early in May. An unprecedented provision of that treaty called for German-Soviet cooperation in third-country development efforts.

At the summit proper, the lineup Schmidt is looking for is West Germany, France, Italy, and Japan pulling the United States to their position, and putting Britain in line.

American officials involved in the summit preparations already project that Schmidt will pretty much ignore whatever the European Community summit the previous week — a divided affair at best — recommends for the more important meeting. Already, what the London *Times* and London *Financial Times* misrepresented as Schmidt's "Grand Design," i.e. an expansion of the European currency snake and strengthening of the monetary organs of the European Community as a counterpole to a weakening U.S. dollar, has been given up for lost in London. Instead of playing games with the European Monetary Union, "Coordinated Recovery Action Program," and other British emanations, Schmidt will stand on two legs at the summit: the Schmidt-Brezhnev accord, and the prospect of a major deal in the Mideast.

Maneuvering At OECD

The June 14-15 ministerial meeting of the 20-nation Organization for Economic Cooperation and Development in Paris indicated, in a shadow-boxing

format, what is in store for the summit. West German Foreign Minister Hans-Dietrich Genscher made the most significant speech, identifying the outlines of a cooperative world development program. Genscher endorsed the proposal of the OECD's Development Aid Committee for a \$10 billion fund for Third World development, on the precondition that it be set in the context of an overall international economic growth strategy. What was more important, Genscher emphasized, was that private sector investment picked up, and that required stronger guarantees for the integrity of such investment. To do this, Genscher proposed that the Comecon countries aid in providing such guarantees.

Apart from the obvious novelty of the proposal, Genscher's words carry meaning on a broader level: in the context of the Schmidt-Brezhnev discussions, he in effect proposed an overall political agreement to create stable conditions for economic growth in the developing countries in cooperation with the Soviet Union.

U.S. Secretary of State Cyrus Vance told the OECD meeting that the advanced-sector countries should "take positive steps to expand international trade," not merely combat protectionism. That is the formal position of the West German government as well, as expressed in a June 2 speech by Economic Ministry Undersecretary Rohweder, announcing the Schmidt proposal for a standing world trade body to emerge from the summit with the objective of "securing and expanding international trade."

In a telling indication of how matters stand with the U.S. Administration, Treasury Secretary Blumenthal took a 180-degree opposite approach in his speech June 15 to the OECD group. Blumenthal demanded strengthening of the Western countries' agreed limitations to national support for export policies — the so-called "Gentleman's Agreement." Should OECD members fail to strengthen the limitations on export subsidies, trade credits, and so forth, the U.S. will take "swift and effective" retaliatory action, Blumenthal threatened.

The British government — whose Trade Minister Edmund Dell last week threatened unilateral protection against steel imports unless an overall agreement emerged — supports the Blumenthal line, as does OECD staff. However, in a victory for Vance, the West Germans et al., the entire matter was tabled until the summit.

The big unanswered question is, what will the United States finally adopt as its position for the summit? A commentary in the Soviet government daily *Izvestia* this

week gave one hint, praising Schmidt and a list of West German businessmen for their efforts in promoting East-West trade. *Izvestia* singled out for special commendation the chairman of the German Conference of Industry and Trade, steelmaker Otto Wolff von Amerongen, who proposed an international consortium involving the United States and Japan, to develop Siberian resources.

"The plan is not fully in place," the Soviet newspaper said, "but experts of several countries are working on it energetically."

There is strong support in the United States for energy-oriented cooperation with the Soviet Union, notably for energy-oriented cooperation with the Soviet Union, notably from an April report of the Rockefeller Foundation, drafted in cooperation with the French-owned *Compagnie Francais des Petroles* and other oil companies, calling for international support for Siberian energy development. "We called for a program like this four years ago," says Ronald Danielian of the International Economic Policy Association in Washington, a prestigious corporate-sponsored research organization. "The United States needs a multiplicity of energy sources."

The Arab Angle

West German, French, and other proposals for a major rechanneling of the OPEC surplus into developing-country expansion programs are now under consideration in Riyadh. According to West German government sources, Schmidt's best-case scenario is strike such a deal with Saudi Arabian Prince Fahd, who visits Bonn next week; arrange for appropriate channels for Saudi funds into Africa on his official visit to Nigeria June 26; and walk into the summit on July 16 with a package in hand.

Schmidt's efforts dovetail with those of French President Giscard, highlighted by Giscard's proposal to a summit meeting of 20 Francophone African countries in Paris in May for a European-sponsored development program for Africa. At the annual meeting of the African development bank in April, Prince Fahd strongly indicated Saudi willingness to participate in such a program.

Well-placed banking sources close to the Saudi Arabian Monetary Agency report that the Saudis are "moving very cautiously" with respect to the several proposals in front of them, and have not yet made their final commitment. Among the proposals paralleling Helmut Schmidt's are a plan raised at the Euro-Arab dialogue in Montreux, Switzerland, for the creation of a transfer-of-technology organization in the Arab world designed to act as a bridge between Saudi coffers and the Western private sector, and Nelson Rockefeller's vaunted "SARABAM" corporation, a private-sector proposal for development funding. Apparently, the Saudis are waiting for the resolution of security issues in the Gulf and in Africa before making a final commitment of funds.

However, the OPEC countries are already moving in the direction of recycling petrodollars for the purpose of trade expansion, in the view of Treasury officials. In an unpublished study, the Treasury estimates that OPEC's

investible surplus will fall this year from the \$36-40 billion of the last three years to about \$20 to \$25 billion. The difference largely represents the ongoing disbursement of LDC (Less Developed Countries) aid commitments made over the recent period, now being paid out. This projected \$10 to \$15 billion of additional OPEC aid could represent a base-line figure for the Schmidt plan.

The petrodollar question looms large in the minds of American business planners. The International Economic Policy Association is thinking in terms of a "symbiotic relationship" between OPEC countries with excess funds, OECD countries with excess capacity, and LDC's with absorption capacity for manufactured goods. Ronald Danielian contrasts this approach with the "coordinated reflation" proposal. "Without this type of approach," Danielian argues, "we're going to find it very, very difficult to get the world economy moving."

Bashing The Japanese

One potential monkey-wrench in the works is a sudden, furious turn against the Japanese, coming out of the London *Economist*, various speakers at the Trilateral Commission meeting in Washington (see report below), and Treasury Secretary Blumenthal — in other words, the British policy nexus. The June 9 London *Economist* featured a classic painting of a Samurai warrior on its front cover with the inscription, "A yen for victory." Citing the \$16 billion Japanese trade surplus projected for this year by some economists, the *Economist* demanded Japanese action to reduce exports. A brawl with the Japanese at the current round of the General Agreement on Trade and Tariffs, which ends a day before the summit begins, could upset summit discussions of means to expand international trade.

However, the Japanese have publicly backed away from a fight, and put their cards on the "Grand Design." The Bank of Japan has not intervened on the foreign exchange markets to support the dollar against the yen as per usual pattern, despite the dollar's sharp fall from about 221 yen to 216 yen by June 15. In addition, the Japanese have put out signals to Western press and government circles that they are to make significant concessions on the issues of import tariffs and fiscal stimulus. The leading edge of Japanese cooperation has been to stress the potential for international cooperation on energy and development issues, themes sounded by Japanese business association head Doko in an interview with the *New York Journal of Commerce* June 13. At this late date, it appears unlikely that another round of "Jap-bashing" will have a serious negative impact on the summit. The Japanese have artfully mastered even worse problems over the past year, and are virtually assured of West German backing.

To what extent the British will be able to undercut the "Grand Design" is in considerable doubt. Some City of London financial experts now speculate that Britain's own precarious financial condition will compel the Callaghan government to "seek terms" with West Germany and other continental European countries to avoid a sterling crisis within the next few weeks, including a pledge to toe the line at the summit.

—David Goldman

Trilateral Commission Meets In Washington

Endorses World Bank, IMF policy role

Exclusive from New Wave

WASHINGTON — Behind closed doors in the sumptuous meeting rooms of the L'Enfant Plaza Hotel in the U.S. capital, the Trilateral Commission met over the weekend of June 10 to evaluate its work of the past few years and map out the next decade.

The new executive director of the Commission, Henry Kissinger (replacing Zbigniew Brzezinski who has taken over Kissinger's old post as special assistant on National Security to the President), and Commission chairman and founder David Rockefeller, together with at least 10 past and present U.S. cabinet members, led the secretive sessions where America's allies in Western Europe and Japan were given briefings on the future of the "trilateral alliance."

The Trilateral Commission meeting, like that of its parent organization the Bilderberg Society two months ago (EIR, Vol. V, No. 16, April 25-May 1), took on the

character of a strategy session of British-linked monetarist forces to maintain global political control. This time, these forces were desperate to counter the tide toward a "Grand Design" of technologically advancing economic development, which was opened by the recent Bonn-Moscow treaties and involves greatly expanded trade and cooperation between the socialist sector, the developing world, and the same advanced capitalist countries represented in the "trilateral" grouping. (See "Bonn Summit," above.)

Despite a bewildering array of seeming variants on policy options in the three main areas of the Commission's discussions — food, energy, and labor relations — this underlying direction of the proceedings was given away by the Commission's full endorsement of the World Bank and International Monetary Fund as the final arbiters of all economic and energy policies. Not only did the Trilateraloids issue a statement calling for

Trilateraloids Hail IMF Conspiracy

Reprinted here are excerpts from last week's Trilateral Commission Energy Task Force Report, reviewing, particularly, the World Bank and International Monetary Fund functions. Emphasis has been added by the editors of the EIR.

As the first step the IMF, as the focal point for short-term balance of payments financing, should be strengthened and broadened in that role. Strengthening the IMF should begin with further increases in IMF quotas, as the basis for general drawings and lending capacity by at least 25 percent prior to the next five-year review.

In many cases, a tightening of the conditionality criteria of the IMF will also be necessary, as well as more public monitoring of the implementation of borrowing country policies. This action not only provides valuable information to potential private lenders but also gives added leverage for national policymakers to implement *sound, but sometimes unpleasant*, economic measures. It is important that countries with large balance of payments deficits be encouraged to begin taking the steps necessary to reduce or eliminate these deficits through internal adjustments to their economies....

Secondly, responsibility for the disposition of the facility's resources should be expanded to include such third world non-oil exporting countries such as Brazil and South Korea (and Mexico, according to Treasury Secretary Blumenthal — ed.). This change would not only validate a higher volume of lending

capacity but it would also more directly involve the LDC's in the management and utilization of the facility....

Expansion of International Development Association (IDA) funds to provide at least \$10 billion in soft loans... and greater capitalization of the International Finance Corporation.

Finally, the capital of the World Bank should be increased to remove constraints on lending to higher income LDCs. This process of depoliticizing multinational financing facilities will be less than fully effective however, if the U.S. Congress continues to insist on trying to add human rights conditions to IMF and World Bank lending criteria....

There should be consideration given to establishing a multi-lateral "cofinancing" guarantee facility. Under such an arrangement the OECD and OPEC countries might provide guarantees against default on a limited volume of new bond issues on bank loans to developing countries that meet certain criteria. Another possibility is for the IMF to develop joint financing programs with private financial institutions. These programs might involve cross default protection between the IMF and the participating private institutions and also give the private institutions the protection of any IMF restrictions that might be negotiated.

...One thrust of the Trilateral governments might be to foster international cooperation in, and financial support for, a number of energy demonstration projects, perhaps financed through the World Bank.

the strengthening of the police powers of these debt-collecting institutions (see box); but they underscored that commitment by endorsing U.S. Treasury Secretary Blumenthal's call during the proceedings for South Korea, Mexico and Brazil to take on "greater responsibilities" for how IMF allocations are made. Those countries, which have in widely varying degrees pursued a high technology-based economic growth policy, are thus called upon to participate in allocating credit for low-energy labor-intensive "development projects" which will protect debt payments at all costs.

The "political" side of this selling job for the IMF and World Bank was handled by a string of anti-Soviet tirades closely echoing the statements of Dr. Kissinger and his Carter Administration double, Dr. Brzezinski, tirades which dominated particularly the first morning session of the weekend meeting.

However, despite public posturing of unity, from insider reports the actual proceedings of this past weekend were far from achieving full accord behind Kissinger's collect-the-debt-and-confront-the-Russians line, and some observers wondered whether this policy would withstand national pressures for peace and real economic development from each side of the "trilateral" formula. In fact, certain of the combined formulations coming out of the meeting — such as nuclear energy partially being endorsed for the advanced sector, while genocidal "soft" technologies were advocated for the less developed countries (LDCs) — suggested an effort to coopt precisely those prodevelopment pressures while not giving in on the basic issue of IMF institutional control.

In this light, as well, was seen the Trilateral Commission's (and Henry Kissinger's personal) endorsement of the Willy Brandt-World Bank plan to bring developing sector raw materials under the full control of the Fund and Bank using the "soft approach" of allowing the victim governments to "participate" in relinquishing their national sovereignty to these institutions. Brandt, the chairman of the ruling West German Social Democratic Party and head of the Socialist International, has projected himself over the past year as chief of an "eminent persons" commission canvassing for stronger World Bank and IMF control over the restructuring of the world economy. The Trilateral Commission became the first major organization to endorse Brandt's North-South "solutions."

Although Brandt was not present at the conference in person, the invocation of his schemes was an unmistakable signal by Kissinger. It is well known in politically informed circles that Brandt has steadily subverted the "Grand Design" policy of Social Democratic Chancellor Helmut Schmidt and his prodevelopment allies in Western Europe, the United States and Japan.

Policing the Advanced Sector

From the first day of meetings, Kissinger oriented the proceedings in one direction: the creation of *control* mechanisms for energy in the light of "predictions" that oil prices will go up. For this policing purpose, fuel banks, regional nuclear fuel banks, and the

strengthening of the International Energy Agency all played a major part in discussions despite the fact that Western Europe and Japan were essentially told to use their judgment on nuclear policies — a reflection of the fact that the governments of Japan, West Germany, Italy and France have already demonstrated their firm commitment to the development of nuclear power.

Such piecemeal pronuclear "concessions" however could not paper over the political attacks to which Kissinger and his spokesmen subjected those trilateral "partners" and their elected political leaderships. Although the morning session of the first day was dominated by Kissinger's two pet topics — launching economic warfare against the socialist sector, and forcing the U.S. Administration to take a harder bargaining position toward the Soviets in strategic arms negotiations — the U.S. White House and the governments of Japan and West Germany were successively made the targets of broadside attacks.

The first morning's panel on "The Domestic Setting to American Foreign Policy-Making" featured Rep. John Anderson (R-Ill.), Sol Chaikin of the International Ladies Garment Workers Union (AFL-CIO), and Anthony Solomon, U.S. Undersecretary of Treasury for Monetary Affairs. The threesome in no way concealed their goal of weakening the vulnerable U.S. President Jimmy Carter — ironically, the very same president installed in office in 1977 with much assistance from the Trilateral Commission. Anderson "predicted activism" in the role of the U.S. Congress in determining the final outcome or failure of the ongoing Strategic Arms Limitation Treaty (SALT II) negotiations — tantamount to a threat to Carter that no SALT treaty will be passed unless he keeps up a provocative posture against the Warsaw Pact. As one source put it, this "is keeping the President in line."

Sol Chaikin went further in presenting (behind a thinly veiled "labor" front) the Brzezinski-Kissinger view of the current Administration. Chaikin attacked the "softness" of the Carter White House toward the Soviets in the SALT talks, and described "a growing feeling of uncertainty and insecurity in our country, particularly by those who had much higher hopes after the 1976 presidential elections." Sources indicated subsequently that the "those" referred to by Chaikin were an extrapolation based on outbursts such as one by the former West German Defense Minister Georg Leber, criticizing West German Chancellor Schmidt for supporting President Carter's decision to hold back on the production of the so-called neutron bomb.

The highlight of the morning session was Undersecretary Solomon's off-the-record remarks to the conference. Solomon reportedly blasted Europeans and Japanese alike for their practice of subsidizing exports. According to one source, Solomon systematically listed and dismembered the economic figures presented by the governments of each of these countries, laying special emphasis on Italy and Japan, the most stubborn opponents of the Carter Administration's trade-slashing policies.

Later, it was learned that Japanese Economic Cooperation Minister Kichi Miyazawa answered these

criticisms by reminding the audience that Japan had successfully modernized, locating the problem of trade with a suggestion that Solomon put his own house in order. "Economic cooperation between industrialized nations is still flabby, and the United States is indifferent or oblivious to the effects the fluctuating dollar has on other economies...." Responding to Solomon's demand for rapid "restructuring" of the Japanese economy, the Minister stated: "The Japanese economy is a good case in point. After the successful struggle that began in 1868 with the Meiji Restoration to modernize the economy, it was decimated in World War II. But we pulled it right back up again within two decades. Our economy kept going and bounced back after being hit by what is called the 'oil crisis' of 1973. We have weathered enough bad situations....If there is a crisis today I think it lies in our attitudes...If we approach our various troubles with a sense of powerlessness and defeatism — then we have really got a crisis on our hands.

"The desire to cooperate is stronger now than it has ever been in the past," Miyazawa concluded forcefully, "and we have at our disposal rich technological and theoretical knowledge for problem-solving that gives our age less uncertainty than ever before."

While Miyazawa left abruptly after this defense of Japan's policies, many top advisors to Japanese Prime Minister Fukuda were reported actively organizing throughout the conference and in Washington political circles on behalf of the dramatic proposal for a \$1 billion joint U.S.-Japanese fusion energy development program which Fukuda made this spring during a visit to the United States.

The use of the Brandt line, like Solomon's diatribe, was introduced quite explicitly to counter the "Grand Design" policies of the West German and other European governments. A Dutch representative, speaking about NATO, dutifully toed the Kissinger economic warfare line by expressing interest in cutting off aid to Cuba for its involvement in the African continent. But as even Chaikin admitted, such "linkage" formulations ran into "some criticism" when it came to questioning the need to transfer U.S. capital and technology abroad.

Kissinger intervened personally, first to emphasize his own method — the International Resources Bank proposal made at the 1976 United Nations Conference on Trade and Development in Nairobi — and then to endorse the Willy Brandt variant. Kissinger's IRB is a straightforward looting scheme by which developing countries' raw materials wealth is mortgaged to monetarist institutions to pay debt. Brandt's formulation, on the other hand, involves getting the acceptance of government members to "invite" foreign companies to "develop" these resources.

The World Bank's recent report made public the same day as the Trilateral conference, was frequently cited as evidence of that institution's "interest" in financing oil development in the Third World as one option for energy. For most of the LDCs, however, "renewable" sources of energy — wind, biomass, solar and other technologies of minimal energy density which are apt for supporting only the most labor-intensive, thinly populated

economies — are advised.

The energy and food programs which emerged from the Trilateral Conference are summarized below. Alongside the monetarist thrust of these, the formal outcome of the meetings is only of passing importance. The Trilateral voted itself into existence for another five years. Commission founder David Rockefeller indicated that it was no major feat that over half the current U.S. Administration, many of the previous Ford cabinet and members and advisors of powerful governments in Europe and Japan are also in the Commission. If they had obtained power, he suggested, it is because they are so good — not because, as has been speculated, there is a "conspiracy" at work.

However, the presence and absence of certain Trilateral members revealed deep schisms within the organization. Dr. Kissinger more than represented the hawkish faction of American power circles, whose role is played inside the Carter Administration by Brzezinski and others. But Carter's Secretary of State Cyrus Vance, although a Trilateral member, attended the proceedings for barely a few minutes. Similarly, no representative close to Western Europe's Schmidt attended the conference, and the ousted West German Defense Minister Georg Leber merely turned up to back Kissinger's anti-Soviet pronouncements.

—Leela Narayan

Energy Task Force

The energy report was prepared by John C. Sawhill, president of New York University and former administrator of the Federal Energy Administration under the Nixon Administration; Keichi Oshima, a major advisor to the Japanese government Atomic Energy Commission, and Ministry of Trade and Industry and Economic Planning Agency; and Hans Maull, a long-time fellow at the International Institute for Strategic Studies (London), and Center for Contemporary European Studies at the University of Sussex, England.

The policy recommendations below are in the context of a "prediction" and recommendation for raising the current price of oil to provide incentives for other energy options. Emphasis was placed on the controlling end of energy options rather than strengthening of the International Energy Agency (IEA), and a great deal of discussion on "the rift" that had developed between Europe, Japan, and the U.S. on the nonproliferation question.

For the United States: Deregulation of natural gas, and the removing of price controls on crude oil. "Globally if prices remain at or near current levels, there will be little economic incentive to develop readily substitutable alternative sources or to reduce demand growth as rapidly as would be desirable under the more pessimistic longer-term forecasts.

"Trilateral countries must (a) consider various mechanisms for increases over the next several years in those areas of the economy where it is desirable to encourage conservation and (b) provide special

incentives to industry for the development of alternative sources of energy." For the United States reduction of oil imports is advised, as well as pushing ahead with conversion to coal gassification, and major "renewable" energies are recommended to be advanced at as rapid a pace as possible.

For Europe: Because of the differentiated nature of European oil and other energy resources as well as clear resistance to antinuclear policies, a case-by-case energy evaluation is promoted for Europe. Recommendations are similar to the U.S. though here, nuclear power is left to the discretion of the government's needs. A Trilateral energy summit was urged as soon as possible.

For Japan: Japan's nuclear orientation is advised but a "heavily nuclear orientation might be broadened to provide increased attention to solar and other alternative energy sources." Support has been given to a joint fusion research program between Japan and the U.S.

For Lesser Developed Countries: It is here that the zero-growth nature of the anglophile Trilateral Commission most strongly comes through. Given the strong dependence of the industrial countries on OPEC oil, great emphasis is placed on maintaining this special relationship, even through giving OPEC funds special investment opportunities in the advanced sector OPEC is encouraged to continue expansion in oil production. For the non-oil producers, within the LDCs, "renewable energy technologies" are advised. But, to propose no nuclear power for the Third World would be patently ridiculous given the tremendous support for it in those areas.

Thus the proposal states, "Basing itself on evaluations from U.S. National Academy studies on application of solar energy to villages in Tanzania, the task force recommends this as an economically competitive energy option for many LDCs." Such a recommendation is largely aimed at what the World Bank has previously named "the Fourth World," the impoverished countries slated for direct and immediate genocide.

Food Task Force

Virtually all the discussions on how to increase food production are in the negotiations stage and have not been made public at this time. Yet Umberto Colombo, an Italian member of the Trilateral Commission and one of

the principal authors of the food proposals being deliberated in the Commission, revealed a scheme for doubling the rice production in South and Southeast Asia by 1993. The total cost of this project will be somewhere between \$50-100 billion, to be financed by a combination of grants, bilateral aid, and loans to whichever area is committing itself to the "domestic changes" necessary for the success of this project. These domestic changes involve orientation of the economy to straight rural development, i.e., maintaining the village structures over further development of cities.

Mr. Colombo indicated in an exclusive interview to *New Wave* that the new rural thrust of India under its current government is being watched closely as the most likely candidate. The project involves intensifying production through greater output per acre in already cultivated lands. The plan focuses on providing better irrigation and cropping, requiring greater use of labor and "appropriate" technology. It will be labor-intensive primarily but will also utilize the advances of the Green Revolution in seed improvements and harvesting. It is known that the Rockefeller and Ford Foundations will, along with the World Bank, do the "feasibility studies" within the year and then turn their studies over to the Brandt Commission and various donor and recipient governments to choose the pilot project.

Informed sources indicated that the food task force will become a determining area for funneling OPEC funds, particularly in the cases where an oil producer is a grain-deficient nation. OPEC financing is believed to range to some 20 percent of the investment made by the advanced industrial countries in these projects. It is known that Japan is greatly interested in locating the project in Southeast Asia while some OPEC producers such as Iran would prefer the Indian subcontinent.

Japan wants the project under the auspices of the Asian Development Bank while other members, particularly Britain and the U.S., would prefer it directly under the World Bank. Some of the latter group have also questioned whether money is not better spent in "export industries" with the food-deficient nations buying the surplus from current producers. This grouping has emphasized population control as the predominant need for South Asia in particular, starkly revealing the zero-growth thrust of the program. The authors of the food report repeatedly disassociated themselves from this population control recommendation.

Soviets Make MBFR Offer To Carter

Proposal bolsters calls for joint U.S.-USSR fusion research

A new Soviet proposal made June 8 at the Mutual Balanced Force Reduction (MBFR) talks in Vienna recognizes for the first time the principle of equal NATO and Warsaw Pact troop strengths in Central Europe — a shift from previous Warsaw Pact insistence that troop reductions must be by percentage to maintain the existing strategic balance. This initiative, combined with recent formal Soviet proposals for the United States to join in a crash program to develop controlled thermonuclear fusion power, constitutes a powerful offer to President Carter to join in the cooperation agreements reached by West German Chancellor Schmidt and Soviet President Brezhnev last month.

The Warsaw Pact offer strengthens Schmidt's hand for the July summit meeting of western leaders in Bonn, where he will try to bring the other NATO countries in behind his cooperation agreements with the Soviets. Following his May meetings with Brezhnev, Schmidt announced that the USSR had agreed to the principle of "parity" in Central Europe, and that a "new impetus" to the MBFR talks could be anticipated. He is now substantially bolstered against charges that West Germany is "self-Finlandizing," that the Soviets' intent

is to "split off" Western Europe from the United States—a battle cry led by U.S. National Security Advisor Zbigniew Brzezinski and picked up with a vengeance by Schmidt's domestic opponents.

The Soviet press has backed Schmidt's efforts in daily coverage. *Izvestia*, June 11, counterposed Schmidt's address to the United Nations General Assembly special session on disarmament with recent anti-Soviet ravings of Brzezinski. *Pravda*, June 10, quoted Schmidt that "we are not among those who imagine they can improve their position in Europe by flirting with the Peoples Republic of China." On the MBFR talks, *Pravda* cited Schmidt's statements that "we must especially not forget that Hitler's attack on the Soviet Union in 1941 'still leaves its mark on the Russians' security demands today.'"

NATO has not yet made an official response to the Warsaw Pact proposal, and is expected to raise a series of questions at the June 15 negotiating session in Vienna. A statement by the Bonn Foreign Ministry June 8 called the proposal an "important step," while noting points requiring further clarification. State Department spokesman Tom Reston said June 13 that the proposal is under careful study, and that many questions remain,

The Soviet View of the MBFR Talks

April 19: NATO put forward a new proposal to the Vienna talks, based on a draft circulated by West Germany nearly a year before. According to the April 15 London *Financial Times*, the Western side wants phase one reductions of 68,000 Soviet troops and 1,700 Soviet tanks in return for 29,000 U.S. troops and 1,000 U.S. nuclear weapons, plus 90 missiles and planes. The West is willing to have two-thirds of the U.S. troops come from "specifically designated units," which means West Germany. NATO is also willing to offer more specific commitments by all direct participants in phase two. NATO will allow the Soviets to withdraw troops from Czechoslovakia and Poland, not just the German Democratic Republic.

April 25: Brezhnev in a speech to the Communist youth organization (Komsomol) called the new NATO proposal "one-sided," but added that "we are prepared to do everything in our power to find mutually acceptable solutions to reduce military tension in the region of the world where it is especially great and dangerous."

May 3: Brezhnev in an interview to the West German Social Democratic Party paper *Vorwaerts* before his visit to Bonn said the USSR is ready for any

percentage cut the other side would like: "5, 10, 20, or even 50 percent."

May 10: Schmidt, following his talks with Brezhnev, said that the Soviets are now willing to negotiate on the basis of "parity," and are also willing to discuss the "grey zones" not covered by either the MBFR or SALT discussions—notably intermediate range missiles. Schmidt noted that this would give "new impetus" to the MBFR talks.

June 1: The Soviet Union's formal proposal to the United Nations General Assembly special session on disarmament, titled "On Practical Ways to End the Arms Race," declared that success in the MBFR negotiations "would serve as an example and a model for practical steps to reduce armed forces and armaments in other parts of Europe as well as in other regions of the world." The statement said that the April NATO proposals are "to a significant degree one-sided, but the Soviet Union is ready to do all in its power to reach mutually acceptable solutions."

June 8: The Soviet delegation to the MBFR talks proposed reduction of the forces of both sides to 900,000 men, including 700,000 land troops. In the first stage, the USSR would withdraw 30,000 troops and 1,000 tanks in return for 15,000 American troops and 1,000 U.S. nuclear warheads.

and "it is not yet clear that the way is open to move forward."

British Tory circles, bent on forcing U.S.-Soviet confrontation, have reacted with dismay. The London *Daily Telegraph* headlined its June 13 coverage "NATO Wary on Troop Cut Offer," and said that observers in Vienna were "surprised" by the Warsaw Pact proposal "given the chill in other fields of East-West relations." The Tories fear that an MBFR accord will have a sobering effect on the Chinese leadership in particular, since if the USSR's "western front" is stabilized, Peking will be left to face the Red Army with no help from anyone but the British aristocracy.

"A Constructive Approach"

The Warsaw Pact proposal is a response to an offer made by NATO in mid-April, on the initiative of West Germany. A TASS news agency release, published in all the Soviet press June 9, said that the Warsaw Pact proposal "reflects the businesslike, constructive approach" of the socialist countries, and specified that the Warsaw Pact is willing to reduce troops on both sides to 900,000 men, of which 700,000 would be land troops. In addition, "selective reductions and limitations in weapons" would be carried out, following the outlines of Western proposals.

Information made available to U.S. reporters by Carter Administration sources fills in some of the details of the Soviet offer. In phase one of the accord, according to the *New York Times* June 13, the USSR would withdraw 30,000 troops and 1,000 tanks in return for 15,000 American troops and 1,000 U.S. nuclear warheads. NATO had proposed larger initial withdrawals: 29,000 U.S. troops, plus 1,000 U.S. nuclear weapons and 90 missiles and planes in return for 68,000 Soviet troops and 1,700 Soviet tanks. In phase two, according to both the NATO and Warsaw Pact drafts, all the countries participating in the talks would withdraw sufficient troops to reach a total of 700,000 for each side.

While both sides have abandoned earlier rigid positions, there are issues which remain to be solved. First is the so-called "data question"—how many troops does each side presently have? The Soviet proposal maintains that "the numerical strength of the armed forces of the NATO countries and the Warsaw Treaty countries is approximately equal in central Europe." This implies that reductions should be "approximately"

equal. NATO on the other hand insists that the Warsaw Pact has 950,000 ground troops in central Europe, rather than the 805,000 admitted by Moscow. The communiqué of the May 31 NATO summit stated that "the discussion of the data in Vienna is an essential element of the efforts towards a satisfactory result, and the clarification of the matter of the data basis is, accordingly, determinant of substantial progress in the negotiations."

The second issue remaining is the question of the West German army, the Bundeswehr. NATO has long held that troop reductions should be on a bloc ("collective") basis, which has meant that the U.S. would withdraw ground forces from West Germany but the Bundeswehr would be left intact. Addressing this issue, the current Warsaw Pact proposal states that "all states directly involved in the talks should take a concrete and definite part in the reduction of armed forces and weapons, in other words, every one of them should make its individual contribution to the reduction commensurate with its military potential."

Bonn's reaction to this, in the June 8 Foreign Ministry statement, is that "the Eastern points conflict materially with the Western proposal of April 19, in that the Eastern proposal anticipates national obligations—rather than collective ones—to reduce military strength. . . . We continue to attach major significance to the principle of unequivocal collectivity."

There are indications however that discussion of compromise formulae is well underway, and it is likely that Schmidt and Brezhnev reached a substantial degree of understanding during their Bonn meetings. A climate of improved U.S.-Soviet relations, and especially a Strategic Arms Limitation (SALT II) agreement, would do much to resolve the remaining difficulties at the MBFR talks. NATO, which previously insisted that Soviet troops withdraw exclusively from the German Democratic Republic, is now willing to allow more flexibility, such that the Soviets could withdraw from Poland and Czechoslovakia as well, according to the London *Financial Times* April 15. NATO has agreed that the second stage of reductions can include some "specific commitments" for reductions by all participants — including West Germany. The new Warsaw Pact proposal in turn is reported to be vague on the question of what separate sub-ceilings would be required for the different national sectors.

Havana's View Of Peking's Geopolitical Gambit

I have recommended to *Executive Intelligence Review* that it republish two recent *Granma* editorials, to afford the policy-maker access to the flavor as well as the content of current Cuban party-leadership perception of Peking's geopolitical gambit.

It should be clear that Havana has understood two crucial things concerning Peking-Brzezinski relations. First, Havana recognizes that the emerging geopolitical role of China during the past two decades is essentially a direct continuation of British Russian policy for Germany from the turn of the present century; China has replaced Germany in London's almost eighty-year-old project for the military balkanization of Russia. Second, Havana accurately assesses Peking's world-outlook in this geopolitical game.

The editorials do not show that Havana has adequately understood the political-economic content of the original British geopolitical doctrine — i.e., Karl Haushofer, Alexander Helphand-Parvus, Haushofer-Schacht protégé Adolf Hitler. Nor do the editorials make the connection between the London authorship of the past and current geopolitical doctrines and the bearing of this on the struggle between London and Peking over a (Peking-favored) *Atlantic-centered* thermonuclear war and a (London-favored) *Pacific-centered* thermonuclear war.

Nonetheless, during recent months, especially since the Schmidt-Brezhnev summit, Moscow's press has made great advances in quality of appreciation of the underlying internal policy differences within the industrialized capitalist nations. Contrary to the popularized, false image of Cuba and Fidel Castro in most of the U.S. press, Cuban Africa policy has been almost consistently directed to effecting stability on that continent and to heading-off a Soviet-U.S.A. confrontation in that region. Few know the specific efforts Fidel Castro has made during recent years to head off a confrontationist course of action from the side of the Soviet Union and its allies. Ambassador Andrew Young does appear to comprehend the policy options Cuban policy does place on the table for the U.S.A.

Carlos Rodriguez's ABC-TV interview with Barbara Walters (May 30, 1978) should be viewed in the same context as the enclosed, republished Havana editorials on Peking policy. Just as Havana views Peking's interventions as aimed at provoking war between the United States and the Soviet Union, so Havana views economic cooperation among the U.S.A., Western Eu-

rope, the Soviet Union, Cuba and others in the capital-intensive economic development of Africa as a means for eliminating the war danger.

As we emphasized in our advice to the Senate Foreign Relations Committee, published this past week, the underlying source of the continuing danger of thermonuclear war is the policies of the International Monetary Fund and World Bank. This is understood by leading French Gaullists, whose criticisms of President Giscard d'Estaing are chiefly motivated by Giscard's continued toleration of IMF rules. Giscard will soon be faced with the crisis of either dumping the IMF or losing French influence throughout Africa. This will be key to the forthcoming Bonn conference. Since the OECD draft has been scrapped, the Schmidt government's Schmidt-Brezhnev ace, and German government "Grand Design" perspectives for Africa and other developing regions will be pitted in fact against the neo-Schachtian, pro-IMF proposals of a bankrupt Britain and its supporters.

In any case, neither Moscow nor Havana can tolerate IMF, World Bank and "Brandt Commission" policies. If OECD nations dump the IMF and World Bank and their policies, it is in Moscow's and Havana's interest to seek economic-cooperation formulas which cover the security of new capital flows into the developing nations. Although Havana is by no means an admirer of Zaire's President Mobutu SeseSeko, Havana and Moscow cannot tolerate Peking's support of IMF-directed economic genocide in Zaire. However, suitable agreements can be negotiated pending key nations' pull-out from support of IMF and World Bank policies, and once the IMF and World Bank schemes are dumped, such agreements among Moscow, Havana and industrialized capitalist nations can go into effect.

As of this moment, as long as Kissinger's and Brzezinski's influence is efficient in U.S.A. policy, Peking has succeeded in putting the world onto the track toward an *Atlantic-centered* thermonuclear war within the medium term. The alternative to such a war is "Grand Design" principles of economic cooperation between the OECD nations and Moscow, along lines adopted in the Schmidt-Brezhnev accords. Thus, Havana's editorial attacks on Peking's geopolitical gambit and Carlos Rodriguez's offer in his ABC-TV interview should be viewed as two aspects of the same policy options for the U.S.A. in our relations with Havana.

—Lyndon H. LaRouche Jr.

'The Chinese Leaders' Great Betrayal And The Sinister Role Of Adviser Brzezinski'

Text of the article published May 31, 1978 in Granma newspaper.

The visit that Zbigniew Brzezinski, National Security Adviser to U.S. President James Carter, has just made to Peking is the most palpable recent expression of the fact that powerful forces in the United States are joining China in an international strategy that represents a serious and real danger to world peace.

The talks which the U.S. adviser had with the top Chinese leaders — talks that were shrouded in secrecy — reflect the aim of trying to coordinate Washington's and Peking's immediate actions in the arms race, to reduce the tactical differences between the two countries to secondary importance, to establish the basis for a worldwide strategic alliance of all counterrevolutionary forces against the USSR, the rest of the socialist community and the national liberation movements and to eliminate the anti-imperialist and socially progressive elements expressed in the non-aligned countries movement.

Shortly before his trip to China, Brzezinski declared to a U.S. *Time* magazine reporter that the United States' ties with China were constant and long-range and were based on their common interests.

Just who is this traveling adviser of Carter's?

Brzezinski is the spawn of the monopolist interest embodied in U.S. multimillionaire David Rockefeller, President of the ultrapowerful U.S. Chase Manhattan Bank, a center that controls enormous capitalist consortiums. Brzezinski, the son of an exiled Polish counterrevolutionary, professes a gut hatred for the socialist countries typical of renegades and expatriates. One of the men with whom Brzezinski worked as a professor at Columbia University described him privately as a gross opportunist capable of stooping to anything in order to obtain a better position.

In mid-1960, Brzezinski was a fervent champion of U.S. intervention in Vietnam. His reactionary, backward nature was brought out clearly in an article published in the June 1, 1968, issue of the weekly *New Republic*.

When U.S. authorities were confronting the growing student protests against the war in Vietnam, this troglodyte-now-turned-adviser recommended that the authorities take prompt and strong action to strip the revolutionaries of their strength and meaning, first by instituting justified reforms and then by eliminating the leaders from the scene of the revolution.

This is the philosophy of the bullies and killers in the Central Intelligence Agency, the authors of many recently revealed plots and crimes all over the world.

Can mankind live in peace and tranquility when individuals of this ilk hold such important posts in the most powerful imperialist country of our time?

To wind up this brief biographical sketch of Brzezinski, we should mention that he has also been adviser to the

Rand Corporation, one of the institutions most closely linked to the Pentagon. In 1973, when the Trilateral Commission was created, these "merits" led to his being named, first, Director of Political Studies in the Commission and then, in 1974, its President. The Trilateral Commission is an organization that promotes a political concept aimed at coordinating and uniting the monopolies and multinational centers of the United States, capitalist Europe and Japan for a single exploiting purpose. President Carter is a distinguished member of this exclusive club.

At least one of Brzezinski's companions on his trip to China is also worth mentioning. This is Samuel Huntington, Plans Coordinator of the National Security Council of the United States.

This citizen was ironically described by the French *Le Monde Diplomatique* as the "brilliant inventor of the concept of forced urbanization." It was his sick, reactionary brain that dreamed up the idea of "strategic hamlets," veritable concentration camps set up in Vietnam as long as the U.S. aggression lasted.

A war criminal turned into a representative of the people of the United States, into an architect of its foreign policy. This is a great affront to the peoples.

The loathsome alliance between the most reactionary circles in the United States and the Chinese leaders, that emerged more clearly with the smiles and toasts in the palace in Peking, is one more proof of the Chinese leaders' great betrayal of the principles of Marxism-Leninism and of proletarian internationalism.

With ever greater assurance and in a more overt, less scrupulous way, the Chinese leaders are making common cause with the most warlike elements of the bourgeoisie of the United States, Japan and Western Europe and are clamoring against the policy of peace and detente advocated by the Soviet Union. The representatives of the U.S. imperialist circles are rubbing their hands with glee over the prospect that China will win out over the Soviet Union.

Weeks before Brzezinski's visit to Peking, Richard Solomon, one of his aides, wrote in *Foreign Affairs* magazine that China had become an ally of the United States and that the Peking leadership favored the strengthening of NATO and had offered its support to U.S. diplomacy on problems running from the Middle East to northern Asia.

Brzezinski's visit to China took place within the context of a dirty relationship between Peking and Washington aimed not against the Soviet Union and all the other progressive countries but also against the vital interests of the peoples of China and the United States.

AFP reported on May 22 that, as a result of his anti-

Soviet jokes, the U.S. Presidential adviser had been dubbed the tamer of the Russian bear.

The presidential adviser visited the Great Wall of China dressed in bright sports clothes and clowning, which won him pleased glances from Whang Hai-Hung, Mao Tse-Tung's niece and Deputy Minister of Foreign Relations.

The chronicle says that the adventurous, irresponsible Yankee-fied clown challenged his companions to a race to one of the towers of the Great Wall, telling Mao's niece that, if the Chinese lost, they would have to fight the Russians in Ethiopia but that, if they won, the United States would take on the annoying job.

The insolence of the U.S. official and his scorn for the sovereignty of the peoples is summed up in this dirty and humiliating joke, which the Chinese representatives accepted with smiles of approval.

On that occasion, Brzezinski was showing off for the journalist accompanying him. All his previous actions and interviews had been secret. His private party included neither spokesmen nor journalists.

World opinion, however, takes this action seriously. The Chinese leaders have openly proclaimed that they are preparing to modernize their armed forces, and they are hurriedly building bomb shelters, saying that a third world war is inevitable. It is suspected that one of the questions Brzezinski discussed in his meeting with the Chinese was the probability of supplying China with U.S. weapons. There is a growing danger of World War, and this collusion between the United States and China represents a serious threat to international peace and detente.

In an article published on May 1, 1977, Hua Kuo-Feng, Chairman of the Council of State of China, announced the need to "speed up revolutionizing and modernizing the People's Liberation Army and strengthen war preparations." A few years ago, Mao Tse-Tung stated in a meeting of Communist and Workers' Parties: "War. Well, let it come...There is no reason to fear war. If war breaks out, there will be victims...In my opinion, the atom bomb is no more terrible than a sword. If half of mankind should perish in the war, that wouldn't be important. Nor would it be a terrible thing if a third of the population was left." When he made this wild and foolish statement, Mao Tse-tung was talking about a war against the imperialists. What does the Chinese leadership seem to be after now? In its deeds, it advocates an anti-Soviet war with the same insanity. To this end, it tries to sharpen Soviet-U.S. contradictions and stir up war between the countries.

Would this war permit it to emerge on the ruins as the great predominating power? That would be a senseless hope. For it doesn't appreciate the devastating destructive power of nuclear weapons and of their current deadly stockpiling. It would certainly be a war that would entail the devastation of China itself. Moreover, it is an estimation that involves the worst political, economic and social designs for the world — but what is worse yet, the Chinese leadership seems to be thinking openly of war in alliance with the United States against the Soviet Union.

For their part, the most rabid Yankee imperialists plan to use China as a weapon to pressure the Soviet Union and the rest of the socialist community, and this prognosis does not exclude promoting conflicts and even war between China and the USSR in order to eliminate socialism and the revolutionary process.

Now, when the Special United Nations General Assembly on Disarmament is taking place in New York, it is well to recall that the Chinese leaders opposed the reduction of the military budgets of the countries that are permanent members of the Security Council.

It is also well to recall that Peking has not signed any of the international agreements aimed at limiting the arms race.

Brzezinski and the Chinese leaders understood each other very well, because they have been speaking the same language for years.

Let's look at the following remarks:

In a debate held in New York in 1974 Brzezinski voiced the opinion that detente was anachronistic, dangerous and incompatible with the overall problems of the world. This past May 20, at the welcoming banquet for Carter's adviser, Chinese Foreign Minister Huang Hua declared, "The peoples should not let themselves be lulled by illusions of peace. They should oppose the policy of detente."

During that same banquet, Brzezinski definitively stressed the interests that U.S. imperialism and the Chinese leaders had in common when they said that a secure and powerful China was in the interests of the United States and that a powerful reliable United States that had commitments around the world was in the interests of China.

The new Mandarins seek to inculcate the population — and particularly the Chinese Armed Forces — with this philosophy. Since the end of 1969, when the so-called Communist Party of China publicly stated that the Soviet Union was its "main enemy," there has been no end to the dirty attacks against the Soviet Union and other countries of the socialist community.

A glance at any bulletin issued by the official Chinese news agency *Sinjua* shows that the news agency prints every bourgeois anticommunist insult to the Soviet Union, Cuba and other socialist countries that appears anywhere in the world. In many cases, the ones who write the articles that appear in the newspapers and magazines of small groups that respond to Peking's slogans are followers in the pay of the Chinese. In other cases, the most archreactionary, fascist publications are echoed in the pages of the Chinese bulletins.

This cynical, opportunistic and adventuristic policy of Brzezinski's, trying to wring the most out of the wild and debased Chinese leaders' betrayal of history, is completely irresponsible and insane.

What can it lead to? To the failure of the policy of detente? To unrestrained arms race? To war? To blackmailing the Soviet Union and the rest of the socialist camp? Can anyone in his right mind say that such a policy could be of benefit to a world population currently besieged by a serious economic crisis, energy

shortages, and population, environmental and food problems?

Can it offer the so-called Third World countries any hope for a solution to the problem of development?

Can it be in the interests of the people of the United States, China, the Soviet Union or any other country in the world?

No one has the right to play around with the future of mankind. It is absurd to think that the progressive camp will permit itself to be intimidated by this unheard-of blackmail.

In 1969, Leonid Brezhnev, General Secretary of the

Communist Party of the Soviet Union, energetically answered these provocations:

"The newspaper *Kuang Min Ribao*," Brezhnev told the International Conference of Communist and Workers' parties held in Moscow, "has launched an appeal to prepare both for conventional war and for a great nuclear war against Soviet revisionism. It is clear that between their wild cries and their real possibilities of doing what they say, there is a wild gap. The Soviets have strong nerves. They are not alarmed by cries. But the orientation of official Chinese propaganda is completely clear."

'The Chinese Leaders' Great Betrayal And Their Anticomunist Alliances'

Text of the Article published April 1, 1978 in Granma newspaper.

Peking's new mandarins have become the most loyal allies of the most retrogressive world bourgeoisie and the warmongering circles of the North Atlantic Treaty Organization (NATO), led by the United States.

In recent months, visits and contacts between the Chinese military and NATO dealers in war — especially those of West Germany, France, England and Japan — have been stepped up.

Naturally, the United States is not lagging behind in this mad, unrestrained arms race directed toward a tempting market.

As far back as the summer of 1977, the *New York Times* leaked a secret document revealing that high levels of the Pentagon and State Department were discussing the pros and cons of supplying China with military technology, communications installations, nuclear reactors, laser equipment, planes, helicopters, antitank missiles, etc.

Chinese military delegations have become assiduous marauders of NATO arsenals.

Last fall, a Chinese military delegation headed by Yang Cheng-Wu, Associate Chief of the General Staff, traveled to France. It visited land and naval bases and expressed an interest in acquiring air-to-land and surface-to-surface missiles.

China hopes to purchase vertical takeoff Harrier fighter planes in England. A British spokesman has already said in Parliament that the British were prepared to fill the Chinese request.

The NATO generals are openly delighted with these visitors, who passionately defend maintaining the military bases of this aggressive pact and who unreservedly support strengthening a military alliance aimed not only against the socialist countries of Europe but also against the liberation movements and progressive governments in Africa.

It was NATO that sustained the colonialist Portuguese regime to the very end. Thousands of citizens of Angola,

Mozambique, Sao Tome and Principe, Guinea-Bissau and Cape Verde were killed by the bullets and shrapnel of weapons that came from the arsenals of that military alliance.

The NATO member countries sustain, arm and incite the bloody racist and fascist regime of South Africa, which holds patents on and manufactures the most sophisticated war weapons, now being used to massacre the patriots of Zimbabwe and the fighters of Namibia and to repress the black populations of the Soweto and Johannesburg bulwarks of the apartheid system.

China seeks its allies in countries such as France, whose government has sent thousands of paratroopers to intervene in Zaire to save the corrupt and bloody regime of Mobutu Sese Seko. The French air force bombs and massacres the fighters of the Polisario Front who are struggling for the independence of Western Sahara.

In recent months, Peking has been a mecca for every arms salesman in the world. The list is too long to include in its entirety, but a few examples are worth giving:

* West German General Johannes Steinhoff, former Chairman of the Military Committee of NATO, accompanied by Adolf Kilmanzeg and Hendrich Tretner, specialist in surprise attacks and aerial landings. Both are, of course, very closely linked to the revanchists.

* Manfred Woerner, current chairman of the Federal Republic of Germany's Bundestag Commission on Defense.

* Admiral Poser, former head of NATO Information Service.

* James Schlesinger, former U.S. Secretary of Defense and current director of the U.S. Federal Energy Agency (*sic*), considered to be a Pentagon hawk and a bitter enemy of the process of international detente.

* Marshal Neil Cameron, Chief of the General Staff of the British Army, who, while in Peking recently, stated without any beating around the bush that the British and Chinese both considered the Soviet Union to be the main

enemy. This led to a diplomatic flurry and a official protest by the Soviet government.

* Hideo Miyoshi, former Chief of the General Staff of the Self-Defense Forces of Japan, who stated on June 9, 1977, that visits to China by Japanese military officials would increase.

* Hisao Isachshima, civilian instructor at the Japanese National Defense College, and a group of retired naval officers from the Self-Defense Forces also paid a visit. At the same time, it became known that the Chinese authorities were in contact with high-ranking officers in the intelligence department of the Self-Defense Land Forces of Japan.

According to estimates made by *Far Eastern Economic Review*, a magazine that specializes in Asian affairs, China's military expenses amount to 28 billion a year, an exorbitant investment for China's economy and one that will subject its people to ever lower standards of living.

This past April 3, the European Common Market granted China most favored nation status, which only the United States and Japan had enjoyed up until then. This will facilitate increased trade between China and the western European capitalist countries, for the purposes already mentioned.

In reality, however, the strategic objective goes beyond this. Through these exchanges, credits and ties with western Europe, the new mandarins hope to find the front door open for helping themselves from the military arsenals of the capitalist countries of western Europe.

Pravda, organ of the Communist Party of the Soviet Union, warned on February 9 that, according to a Common Market representative, this agreement set no limits on the sales of strategic material to China.

The French right-wing daily *Le Figaro* was even more explicit. It commented that the Chinese, in blackmail fashion, had let it be known that if France didn't give them what they wanted in the military field, they wouldn't be in any hurry to place their orders in other branches of French industry.

The bourgeois politicians who dream of using China in their anti-Soviet maneuvers should not forget that her hegemonic designs represent a danger for all mankind, including of course, the capitalist states.

Have these war lords forgotten the lesson of recent history, when they protected, armed and encouraged the German imperialists and then the Nazi hordes occupied almost all of western Europe?

Have they forgotten the lesson of recent history, when the heroic struggle of the Soviet Union, that paid a price of more than 20 million dead, was the decisive factor in freeing humanity of the fascist yoke?

The Chinese traitors have forgotten that, without the triumph of the October Revolution and the Soviet victories over Nazism and the Japanese fascist army of Manchuria, the October 1, 1949, victory of the Red Army in China — a victory that was greeted and supported by all progressive people in the world — would have been impossible.

Some petty, hackneyed theoreticians try to deny that the decay of the colonial system in the world has been

possible because of the existence of the Soviet Union and the rest of the socialist community.

However, the Chinese have not limited their flirting to Europe.

On February 16, China and Japan signed an important long-term private trade agreement worth more than 20 billion.

Chinese heavy industry, the basis of the military modernization which they advocate, will be reinforced with Japanese technology.

At the same time, the new mandarins are using every possible stratagem to convince the Japanese government to sign a so-called Peace and Friendship treaty with China.

According to an editorial in the January 6 edition of the Japanese daily *Sankei Shimbun*, the Chinese government places special importance on this treaty because it is included in "its strategy against the Soviet Union."

The treaty contains a certain antihegemony clause which the Chinese are turning against the Soviet Union. Under the label of "hegemony" — which some scatterbrained politicians call by another name but which, in essence, coincides with the main objectives of this term — the Peking leaders are keeping up an anti-Soviet barrage that the rulers of the United States, those of other capitalist countries and, of course, their puppets all find so pleasing.

This infamous, despicable policy of the Chinese leaders meshes perfectly with the strategic interests of the U.S. imperialists. This is the reason for the special attention given to these aspects by President James Carter's adviser.

For revolutionaries, this is the clearest, most categorical expression of the fact that China has taken the final step in its conscious betrayal of Marxism-Leninism, socialism, communism and proletarian internationalism and that its alliance with the imperialists is growing ever stronger.

In May last year, in an interview granted *Afrique-Asie* magazine, Fidel Castro, president of the Council of State of Cuba, said, "We have received reliable reports stating that the Chinese secret services are working in close collaboration with the French, U.S., West German and NATO secret services. It must be said that, incredible as it seems, it is absolutely true."

Coordination in all fields is notorious and evident. The Chinese made no bones about their absolute coincidence with the imperialist countries. Recently, *The People's Daily*, organ of the so-called Communist Party of China, dedicated an entire article to extolling the European Common Market countries' position on the political situation in Africa and the Middle East.

Referring to a meeting that the nine member countries of the Common Market held last February, the Chinese paper commented: "The results of the deliberations on the events in Africa and the Middle East reflect the desire of the Western European countries to increase their ties and their cooperation with the Third World so as to oppose the big power hegemony of the Soviet Union. Their position favors a common struggle of the Third

World and of Western European countries against the powers that seek hegemony.”

How can anyone think that the West German government, that has set up a missile-testing base in Zaire, favors the struggle of the “Third World”?

Is France, which has supplied South Africa with nuclear plants and weapons of all kinds, an ally of the progressive countries and the liberation movements?

Can the countries representing the system that has historically plundered Africa help in its independent development for the benefit of the African peoples?

In the case of the Middle East, the commentary is even more despicable and cunning. It says: “The foreign ministers of the nine countries of the Common Market stated that they appreciated the initiative of Egyptian President Sadat on the Middle East and asked for a general solution to the problem. This position adopted by the countries of western Europe constitutes support for the just struggle of the Arab Peoples against Zionism.”

So, Sadat’s capitulationist attitude constitutes “support” for the struggle of the Arab Peoples?

This is the height of cynicism, a slap in the face to the Palestinian people and to the progressive Arab governments of Algeria, Iraq, Syria, Libya, the Democratic People’s Republic of Yemen and other countries that have denounced the Egyptian President’s treason.

What is the basis in doctrine for these Chinese positions?

It is the “Three Worlds” hypothesis, that was finally reformulated in 1977. According to this archreactionary, anti-marxist folderol that flatly denies class struggle, the world is divided into very peculiar political areas.

The Chinese place what they call “the two superpowers” — the United States and the Soviet Union — in the “First World.” Since they maintain that the USSR is the main enemy, all their attacks and all their actions are aimed against the Soviets.

They place the capitalist countries of Western Europe, Japan, Canada, Australia and some other countries in the “Second World.” Here, too, are the European socialist countries, which they consider to be “exploited” by the Soviet Union.

The Chinese leaders place the underdeveloped countries of Asia, Africa and Latin America — themselves included — in the “Third World.”

According to the Chinese leaders, all the countries of the “Third World” should unite with those of the “Second” and even collaborate with the U.S. “superpower” so as to create a great alliance to destroy the Soviet Union.

These renegades consider all alliances good in the struggle against the Soviet Union, whether with the capitalist monopolies, the Bonn revanchists or the most warlike circles in the United States.

The Chinese leaders have assumed the enormous historical responsibility of having destroyed the unity of the revolutionary forces and of practicing a policy against socialism, the worker’s movement and the national liberation of the peoples.

With this crafty policy, that tries to undermine the unity of the progressive forces, the Chinese leaders rendered an incalculable service to the imperialists, who, at that time, were escalating their criminal war of aggression against the heroic people of Vietnam.

With this deceitful, opportunistic, unprincipled doctrine, the Chinese leaders have helped to lengthen the life of imperialism, neocolonialism, colonialism, apartheid and to increase confusion and all kinds of ideological deviations.

It is the basic duty of all who struggle for peace, social progress, national liberation and socialism to expose the actions and phrasology of the Chinese leaders and their strategic alliances with the imperialists and reactionaries.

Castro Hits Turner's 'Big Lie'

Cuba's President says Carter was deceived

Mounting evidence is coming out in the public domain that Admiral Stansfield Turner deliberately misled the President of the United States and several committees of Congress on the issue of alleged Cuban involvement in Africa.

FOREIGN POLICY

Behind Turner stands National Security Council director Zbigniew Brzezinski whose credibility is equally at risk in the issue. Cuban President Fidel Castro said as much in no uncertain terms in an extraordinary interview that he gave to two U.S. congressmen this week.

Speaking to Rep. Beilenson (D-Cal) and Rep. Steven Solarz (D-NY), Castro said "The lie told against Cuba is not a half lie. It is an absolute total and complete lie. It is not a small lie, it is a big lie. It is not a negligible lie, it is an important lie."

Upon returning to the U.S. after his interview with Castro, Solarz told a news conference that "Castro made a very compelling case" that there was no Cuban involvement in the Shaba province invasion. The two congressmen told the press that they are making a report to the House International Relations Committee, and they have requested an interview with Carter.

President Castro was very explicit in identifying Brzezinski and took great pains to separate President Carter from responsibility as the author of the lies: "It was a manufactured lie — manufactured in Brzezinski's office. I think Mr. Carter has been confused and deceived, but I do not think Mr. Carter has resorted to this himself."

While Castro has been careful to sever Carter from Turner and Brzezinski, the NSC, the CIA chief and the *Washington Post* among others have consistently identified Carter and the Presidency with their views. Carter has been led to reiterate the view that the Cubans were involved, with the result that he and the White House are now faced with a yawning credibility gap in Congress.

Congress Skeptical of Turner "Evidence"

Castro's statements have been more than corroborated by the reactions of Senators on the Foreign Relations Committee who heard Turner's original testimony last week. Sen. Sparkman, the committee chairman, characterized the evidence as "circumstantial in nature and not conclusive."

Even more skeptical was the House International Relations Committee. Fourteen members of that body

signed a letter that was delivered to President Carter and made public June 12. The signers, who ran the gamut from conservative Larry Winn (R-Kan) to extreme liberal James Bingham (D-NY), expressed their concern over "what appears to be a change in U.S. policy toward the Soviet Union." The congressmen specifically queried the geopolitical games of Brzezinski: "we do not understand the meaning or intent of recent strong statements by the Director of the National Security Council with respect to the Soviet Union. . . Is this to suggest a relationship between the SALT talks and the Soviet involvement in Africa. . . ?"

Put Turner in the Hot Seat

The most urgent need is to recall Admiral Turner for further testimony before Congress. While the House Committee's request that Secretary Vance appear to clarify the congressmen's questions has been granted by the White House, and he will testify at the beginning of the coming week, renewed questioning of Turner in the light of the latest developments offers Congress the best avenue of getting to the bottom of the dispute. This will confront Turner with the following difficult choice: either to stick by his original evaluation without a shred of additional plausible evidence to back him up — and be totally discredited — or to backpeddle, and open the way to expose Brzezinski's central role in the whole stinking affair.

Careful gridding of public statements and press accounts make it clear that Brzezinski played a key role in the attempted hoax. The invasion of Shaba province began on May 11-12. Over the course of the next several days there was continuous communication between the U.S. and Cuban governments to try to contain the dangerous effects of the action. President Castro told Mr. Solarz that he received a positive message from a high Administration official, presumably Secretary Vance, asking Castro's help in ending the fighting. On May 17 Castro called in the U.S. representative in Cuba, Lyle Lane, and told him that Cuba had nothing to do with the invasion and in fact had tried to prevent it. The next day, Castro told Solarz, the U.S. mission to the United Nations acknowledged Castro's assurances.

Suddenly on May 19 the entire picture of cooperation between Cuba and the U.S. changed to one of hostility and accusation. The single event that caused this rupture was the briefing given by David Aaron of the National Security Council based on the intelligence evaluation provided by Stansfield Turner. For the first time it was claimed that the Administration possessed the evidence to prove Cuban involvement in the Zaire invasion.

This was the coup carried out by the NSC behind the backs of the State Department, the UN Mission, and

Congress. The alleged evidence on which this abrupt shift was based has never been made public, was denied to the relevant foreign relations committees of Congress, and claims based upon it have been greeted with widespread skepticism both here and abroad. Indeed, the government of West Germany, in an official reply to a parliamentary question on this very issue, declared that no evidence existed to show Cuban involvement in the invasion.

Turner's role in this coup is explicit. The CIA representative at the May 19 White House meeting claimed that his agency had the evidence to prove that the "Cubans have recently been training the Katangese insurgents," even though President Castro publicly and privately has emphatically stated that the Cubans broke off relations with the Katangese in 1976, to the point of denying them medical supplies.

In subsequent testimony Turner has attempted to embellish claims of Cuban links to the Katangese with alleged eyewitness accounts, maps that purport to show Cuban training grounds for the rebels, and even hints of the existence of aerial photos. But in the words of Senator McGovern, "none of this would stand up in court."

Turner's only response is to claim that intelligence evidence does not have to meet the requirements of the rules of evidence.

Despite the clear evidence of the perfidious role of his CIA chief and his NSC Director, President Carter still foolishly inflicts upon himself responsibility for those lies. Therefore the relevant Senate and House committees will have to expose two glaring features of this critical situation.

The first is Turner's role, and the second is Brzezinski's in charging into this mess and turning it into as East-West confrontation of global proportions. The role of these two men will demonstrate the breakdown of availability to the White House of political intelligence evaluation that adequately reflects the national interest.

The mandate for a searching investigation by Congress into this situation exists, as evidenced by the communication of the American Committee of East-West Accord signed by 60 prominent Americans. The Committee delivered their warning of the threat to detente and SALT to Brzezinski personally. But the White House did not learn of their communication until it had appeared in Pravda several days later.

— Stephen Pepper

Castro: Brzezinski Lied To Carter On Cuba

Cuban President Fidel Castro this week denounced as lies U.S. Administration allegations that his government aided last month's rebel invasion of Zaire's Shaba province. The Cuban head of state offered to meet with President Carter to clear the air on this issue. Below are excerpts from a New York Times News Service interview with Castro by reporter Jon Nordheimer, which was printed in the June 10 edition of the Chicago Tribune:

Havana-President Fidel Castro charged Tuesday that President Carter has been "manipulated and deceived" by elements in his own Administration concerning last month's invasion of Zaire's Shaba province by Katangan troops. He blamed Zbigniew Brzezinski, Carter's advisor on national security.

He said he would be willing to meet with Carter to sort out the tangled circumstances behind the invasion and the allegations that flowed from it.

Castro denied with great passion charges that Cuba had supplied the Katangan rebels and trained them before the invasion last month, and said that it has been the policy of his government to avoid "encouragement" of the Katangans since the cessation of the civil war in Angola in early 1976.

"It is not a half-lie," he said with regard to the charges in Washington that Cubans were involved in the Shaba invasion. "It is an absolute, total, complete lie."

He was careful to avoid suggesting that Carter personally had taken a hand in producing what he called a "gross fabrication" about the Cuban role in Africa.

"It was a manufactured lie — manufactured in Brzezinski's office," Castro said. "I think Mr. Carter has

been confused and deceived, but I do not think Mr. Carter has deliberately resorted to this himself."

"Without doubt," Castro said, "People in his administration want to manufacture their own Gulf of Tonkin in order to intervene in Africa."

He said that before Washington charged that Cuban troops were involved in the Shaba incident, he had supplied the United States Government with information about rumors that Katangan Rebels were preparing to invade Shaba. He added that this was "the first time in my career" that he had given Washington such information.

He also gave this account of his exchanges with Washington in mid May:

"Between the 11th and 12th of May, the first news was released of the Shaba events," he said. "Between the 12th and 15th of May, two statements were released by the U.S. Government that contained the truth saying there was no evidence Cubans were involved in this operation.

"On the 15th, through the U.S. interests sections here, we received a message coming from officials of the U.S. Government on the highest level. In our opinion that was the message on Africa that was constructive and positive."

... His original message had been conveyed to Cyrus Vance who in turn gave it to Carter.

Within hours, the Cuban leader charged, the content of his messages to Washington had been leaked to the American press.

"Not all of it was leaked," he said, "but part of it that

Le Matin: Cuba Tried To Stop Zaire Invasion

The Cubans and the Angolans knew about the plan for the rebel invasion of Zaire's Shaba province last month — and tried to stop it. According to a French radio report this week by Jean-Francois Kahn, Cuba and Angola moved to discourage the action, and Nathanael Mbumba, the leader of the rebels, was in close contact with Belgian, not Cuban or Angolan, circles before the invasion. The substance of Kahn's report, first heard on France's Antenne 2 television, was printed in the Paris daily Le Matin of June 13. Excerpts appear below:

According to Jean-François Kahn, who cites firm sources, Nathanael Mbumba informed Angolan President Agostinho Neto and a Cuban official in Angola of his plans to attack the Shaba province and take over the city of Kolwesi. During a stormy meeting, the Angolans and Cubans then tried to convince Nathanael Mbumba to make an alliance with the progressive and Lumumbaist forces in Zaire, notably with Guzenga, former faithful of Patrice Lumumba. Mbumba did not give in to these pressures and there occurred a quasi-break between the Katangans on one side and the Angolans and Cubans on the other.

...Jean-François Kahn gives more details. According to his information, Nathanael Mbumba has stayed in contact with several officials from Gecamines, inheritor of the old Union Minière of

Upper-Katanga, where he was once a militia chief. During a meeting which took place several weeks before the attack on Kolwesi, Mbumba told his interlocutors that he would, out of necessity, and out of necessity only, rely on Cuban logistics, but that his fight remained the same as that of Moise Tshombe who, during the early 1960s, tried to obtain the secession of Katanga to the benefit of Western capitalist firms.

Still according to Jean-François Kahn, Nathanael Mbumba would have had contacts with conservative (Christian Democrat) political circles in Belgium to whom he explained that "Mobutu is France's man" and that Belgium's interests were thus being undercut. The leader of the rebellion explained that when Katanga would be invaded and Mobutu's regime overthrown, Belgium would be able to recoup its interests in Zaire, notably in Katanga.

These revelations prove: first, that the grafting of Marxist intellectuals didn't take in the FLNC (Front for the National Liberation of Congo) and that it has remained above all a reactionary organization sold out to foreign interests; second and most important, that the responsibility of the Soviet Union and of Cuba is not engaged in this affair, even if the Cubans have trained some of Nathanael Mbumba's men in the hope that they would serve their projects in a revolutionary perspective.

we had given assurances to the U.S. government that we had no role in Shaba."

By that evening, a State Department spokesman in Washington made the accusation that Cuba had a role in the Katanga invasion.

"It was a brutal way, a really gross and offending way that had no consideration at all for us," Castro stated. "It was something really strange. If the U.S. had any doubts it could have conveyed those doubts to us through Mr. Lane, but it all happened within hours."

Regarding Brzezinski, the Cuban leader said that "in my personal view he had used blackmail as an instrument against us," to worsen Cuban-American relations as in the case of the senate debate earlier this year over the package sale of jet fighter planes to Egypt, Saudi Arabia, and Israel, "someone within the Administration" used the presence of the Cuban advisors in South Yemen to "convince the senate on the advisability on the sale of the planes."

"All of this gives me the impression someone inside the administration is making use of lies to manipulate congress and the president," he concluded.

His voice rising with emotion, he reiterated his assertion that Cuba had not supplied arms, training or advisors to the Katangans, and in fact had deliberately avoided contact with them because Havana feared that an attack on Zaire would divert world attention from the

struggle against the governments of Rhodesia and South Africa.

"We assist liberation movements in South Africa and Rhodesia, and we do not deny that," he said.

African Front-Line States Blast Brzezinski

On June 7, Tanzanian President Julius Nyerere convened an extraordinary meeting of all foreign diplomats in Tanzania to single out U.S. National Security Council Chief Zbigniew Brzezinski as the provocateur responsible for the anti-Soviet furor over the destabilization of Zaire.

Two days later, Angolan President Agostinho Neto opened the door wide for a reconciliation between Angola and Zaire, the necessary precondition for stabilizing this region of central Africa. Neto's initiative discredits claims that the Angolans are trying to topple the Zairean government of Joseph Mobutu.

The following is excerpted from Angolan President Agostinho Neto's June 9th speech, which was his first official statement on the Shaba affair:

Compatriots and comrades:

...Following the outbreak of what has come to be called the Second War of Shaba — to which the PRA (People's Republic of Angola) contributed nothing, except perhaps

the historical happenstance that found Zairean refugees in our territory — certain preventive measures were taken by us against the gratuitous accusations made against our country.

The Angolan state has not trained, has not armed any army, nor organized any expedition against Zaire.

Our Soviet and Cuban allies have not intervened in any way whatsoever in Angolan territory to provoke a rebellion.

This fact, however, did not prevent the steps taken from serving to demonstrate the desire that has always led us to maintain normal relations of friendship with our neighbors. Thus, to all those who solicited us, formal guarantees of protection were given — to Belgian, French citizens or whatever other nationality that may have ventured to seek the route of Angola to return to their countries....

Other measures were taken as well....it was decided — and long before the rebellion in Zaire — to transfer close to 250,000 refugees located in the provinces of Lunda and Moxico away from the areas bordering on Shaba....

Those who arrive from Zaire with arms will be systematically disarmed and taken to refugee camps.... We believe we can thus alleviate the apprehensions of the Zairean government concerning the possibilities of attacks launched from Angola.

I also take this opportunity to make an appeal to Zaire to withdraw to the other side of the border the bands of the FNLA, FLEC, and UNITA as well as the mercenaries, who carry out constant attacks against our territory, undoubtedly with the knowledge of the authorities of that neighboring country.

The People's Republic of Angola does not meddle in the internal affairs of other countries, whether their regime appeals to us or not. We therefore seek relations of friendship and cooperation particularly with those adjacent to us. And if good relations between Angola and Zaire are necessary for the peace and development of this region of Africa, it is necessary to eliminate the causes of tension....

Nyerere: Brzezinski "the New Kissinger"

Below is a summary of the June 8 presentation by President Julius K. Nyerere of Tanzania to the diplomatic corps in his country's capital:

"If Carter wants to turn around and listen to the new Kissinger in his Administration...he should not be surprised if we change our views, because then he's saying he doesn't care about one-man one-vote in Africa. He only cares about confrontation with the Soviet Union, and defense of capitalism in Africa...."

"I'm still hopeful," Nyerere added, that a "progressive" voice would be heard in the Carter Administration. "Let that (be the) voice which is still

speaking to Africa, not this hysterical voice about Africa being taken over by Cuba. It is an absurdity. I don't think it becomes a powerful country like the U.S."

President Nyerere stated that the Soviet Union and Cuba were heavily involved only in Ethiopia and Angola, and "...in both cases at the request of legitimate governments concerned, for reasons which are well known and completely understandable by all reasonable people."

On the idea of a NATO-related Security Force for Africa, he added: "...those who seek to initiate such a force are not interested in the freedom of Africa. They are interested in domination of Africa...."

Nyerere warned that, "Recent developments have shown that the immediate danger to Africa comes from countries in the Western bloc."

House Committee Demands Clarification of U.S. Foreign Policy

Following Jimmy Carter's markedly anti-Soviet foreign policy address of June 7, the House International Relations Committee dispatched a letter to the President requesting clarification of U.S. foreign policy. Among the Congressmen who signed the letter were Dante Fascell (D-Fla.), Charles Diggs (D-Mich.), Steven Solarz (D-N.Y.), Larry Winn (R-Kan.), Donald Fraser (D-Minn.), Donald Pease (D-Ohio), Jonathan Bingham (D-N.Y.), Charles Whalen (R-Ohio), Don Bonkers (D-Wash.), Ed Derwinski (R-Ill.), and Gerry Studds (R-Mass.). Excerpts follow:

...We are concerned over what appears to be a change in U.S. policy toward the Soviet Union. Specific expressions of concern were voiced over press reports on apparently conflicting statements made by members of your administration on the possible relationship of recent Soviet and Cuban activities in Africa and the ongoing Strategic Arms Limitation Talks. For instance, we do not understand the meaning or intent of the recent strong statements by the Director of the National Security Council (Zbigniew Brzezinski) with respect to the Soviet Union, nor do we know the motivations for this development. Is this to suggest a relationship between the SALT talks and Soviet involvement in Africa, in the Persian Gulf, or in Afghanistan?...There is concern in the committee whether it is in our own national security interest to permit developments in Africa to adversely affect our relations with the Soviet Union...

We would appreciate hearing from the Secretary of State, or whoever you determine is better able to articulate the significance of these developments and whether there has been a change in U.S. policy or whether any change is contemplated.... Many members of Congress are embarrassed by their current inability to answer questions from their constituents as to what is U.S. policy on such issues as Soviet American relations and Africa.

Kraft: Vance Should Run U.S. Foreign Policy

The following are excerpts from a column by syndicated journalist Joseph Kraft, which appeared in the Washington Post June 13.

President Carter's Annapolis speech may not have ended the fight for influence between Secretary of State Cyrus Vance and White House aide Zbigniew Brzezinski. But it settled one point decisively.

It proved that the President himself is a tyro in foreign policy, not only unpracticed in diplomacy but also without even a good working knowledge of recent history. Indeed his personal inexperience is the main reason why the tilting back and forth between advisors has generated serious misgivings in a capital that normally takes rivalry near the top for granted.

...Korea is not generally regarded as an example of a proxy war. All the leading experts in the State Department, including Carter's own appointees, concur in the judgment that the war was started and largely maintained on the motion of the North Korean strongman Kim Il Sung. Whatever the Soviet role, moreover, Korea came at the high point of cold war, not in a period of detente. To put Korea, a major conflict that nearly touched off World War III, on the same plane as Angola, denotes, in itself, a staggering lack of historical understanding.

(Carter) does not put together a strong policy by balancing off one high official against another. Neither does he, by that tactic, communicate the policy to the Russians with clarity. All he does is keep U.S. officials off balance, thus making himself the constant arbiter of choice.

The intimate involvement in day to day foreign policy by a President with so little experience and grasp is dangerous. So the sensible thing for Carter would be to follow two previous Presidents not overly versed in foreign policy — Truman and Eisenhower — who placed prime reliance on the Secretary of State. The more so as Brzezinski has managed to make himself a red flag to Moscow, and has — besides the Carter connection — only the frailest ties to the rest of the U.S. government.

Soviets Reply to Carter's Annapolis Speech

This statement was issued by the Soviet news agency Tass on June 8, the day after Carter's foreign policy address at Annapolis, Md.:

...Despite the fact that the President spoke at the very moment that the special session of the UN General Assembly on disarmament was going on — at which, as is well known, the USSR and several other countries came out with concrete proposals on deepening detente, extending it to the military sphere, containing the dangerous arms race — J. Carter totally by-passed these questions....

As more and more states are realizing, it is precisely the policies of the USA which are the main obstacle in the path of detente and peaceful coexistence, of progress in disarmament. Ignoring all this, the U.S. President stated: "The Soviet Union can choose either confrontation or cooperation. The United States is prepared for either one."

This statement sounds strange, to say the least. Carter knows very well that it is precisely the Soviet Union which long ago and irrevocably chose the road of peaceful coexistence, the road of deepening detente, and advocates these goals consistently and undeviatingly. But evidently in the leading circles of Washington the choice has not yet been made.

The Pravda June 11, "International Week" column by Vladimir Bol'shakov said this:

...Granted, in the President's speech there were positive moments....(But) Carter's Annapolis speech was essentially a whole series of ultimata to the Soviet Union...Americans and the European public are concerned by the fact that the basically aggressive, tough line of Brzezinski, who is widely known for his anticommunism, is getting the upper hand in the White House. This policy is not only fraught with the danger of a return to the "cold war" — which has essentially been revived already by American propaganda, inflaming anti-Soviet hysteria — but also ultimately a turn to confrontation....

Press Debates U.S. 'China Card' Option

Zbigniew Brzezinski's efforts to entangle the United States in a dangerous military alliance with China against the Soviet Union has provoked a battle in the press over the issue of "playing the China Card" Drawing fire is the Carter Administration's decision, recommended by Brzezinski, to sell China high-technology equipment with potential military application. The same equipment is to be denied to the Soviet Union.

At the same time, the British-inspired U.S. press is using the opening by Brzezinski to push for full normalization of diplomatic relations with China by early 1979.

Doubts About the 'Han Nationalists'

Baltimore News American, "Zbig's Chinese Card" by John Roche, June 12:

Ever since President Carter's national Security Advisor Zbig Brzezinski returned from Peking amidst rumors of glad tidings from the East I have been meditating on what is called "playing the chinese card." Operating on the conventional wisdom that my enemy's enemy is my friend, the theory postulates that it is in the American interest to build up the Chinese People's Republic against the Soviets. . . .

In cold analytical terms, the People's Republic is the biggest concentration camp on earth, run by a military junta. Its major problems are domestic, notably maintaining the unity that has existed since 1950 against "mountain-topism" that is, regional communist warlords. Han nationalism, which could be called belief in the Chinese "Master Race," is the most effective instrument for achieving internal cohesion. This in turn requires an external threat, provided in spades by Moscow's overreaction to Peking's impotent claims to huge chunks of Soviet turf. . . .

This leaves the present regime with a mini-max strategy towards the United States. The minimum is to persuade the Americans to contribute substantially to China's modernization; the maximum is to stimulate a central nuclear war between the United States and the Soviet Union.

This is not a Roche fantasy. The late Chairman Mao openly stated on numerous occasions, in slightly varying formulations, that if there were a general nuclear war, the Americans, Europeans, and Russians would be exterminated, but there would still be 200 or 300 million Chinese.

Those who think this nightmare vision vanished with its prophet should read the blood-curdling speech Chinese Foreign Minister Huang Hua made to the United Nations Disarmament session. Long-run Chinese communist strategy is clearly posted on limited Armageddon rephrased as "Let's you and him have a nuclear war."

Thus when I hear the manipulative optimists in the administration talk about "playing the Chinese card," I get nervous. How, except in some meaningless juridical sense, can you talk of "normalizing" relations with a regime that pleasantly anticipates your radioactivation?

Atlanta Journal, *Editorial*, June 12:

. . .The report that the Carter Administration is to approve the sale of military-related equipment to the People's Republic of China can only be regarded as a calculated risk . . . (it) would only further erode the deteriorating relations between Washington and Moscow. It amounts to a public slap in the face of the Soviet Union. . . .But Peking remains something of an enigma itself. . . .The situation in China could change overnight. . . .There is no guarantee in such a situation (of contiuing factional strife) that the current rulers will remain there for a specific period of time. They could suddenly be replaced by others who regard the U.S. as the arch-enemy and the Soviet Union as a friend. . . .

Christian Science Monitor, "China's Dream Wars," by Joseph C. Harsch, June 13:

. . . That Moscow would actually take a deliberate step to start a big war (as China asserts) is, I think, not rational. . . .But of course, Moscow might be pulled unintentionally into war by some crisis which got out of hand. Or it could be panicked into war. A formal alliance between NATO and China could well cause the men in Moscow to think that they had no choice but to take 'preventive action.' That possibility may be the most serious danger to peace which exists today. . . .The most likely cause of a war involving the Soviet Union would seem to be a Middle East crisis which got out of hand or a territorial war between the Soviets and China. Naturally, the Chinese would hope that it would be the former rather than the latter. In Western Europe in 1939 many a political leader hoped that Hitler would attack Russia, allowing the West to sit on the sidelines while Germany and Russia fought it out.

Endorsements for Peking

The Baltimore Sun, "Full Ties With Peking," June 12:

. . . Does it mean Mr. Carter's relations with both Communist giant powers become a shambles? No. Rather, such a move would be a master stroke that could consolidate a natural Washington-Moscow relationship and position the United States nicely in the superpower triangle.

In terms of domestic U.S. politics, recognition of Peking would no longer draw unified denunciations from conservatives. Indeed, a friendly attitude toward Peking is now considered strong evidence of anti-Sovietism in

many political circles, from left to right. Zbigniew Brzezinski, the Administration's strongest Kremlin critic, has emerged as its most ardent exponent of normalization with China. Senator Henry Jackson, the Capital's best informed critic of SALT, has called for full diplomatic relations with Peking. He and others could well interpret a bold Carter move toward Peking as evidence of a no-nonsense attitude toward Moscow. Such an attitude could help SALT II ratification.

... The President's national security advisor briefed his Chinese hosts thoroughly on the details of SALT, listened sympathetically to their complaints about Vietnam and found common ground in opposing the Soviet adventuring in Africa.

New York Times, "Inching Toward China," by James Reston, June 14:

The relations between the U.S. and the PRC move with glacial slowness, but recently there have been a couple of vague indications that the Carter Administration is trying by indirect means to find a formula for normalizing diplomatic relations with Peking. . . The hope in official quarters here is that practical steps, such as improved U.S.-Chinese trade, including dual purpose technology, and the shipment of allied arms to China, with U.S. approval, will lead Peking to indicate on its own, without any demands or requests from Washington, that it will settle the Taiwan problem by peaceful means.

LaRouche: The Urgent Launching Of A Counterpole

The following statement was issued on June 11, by U.S. Labor Party Chairman, Lyndon H. LaRouche, Jr.

Over the months since early 1974 the U.S. Labor Party has gained accelerating credibility and marginal influence as a source of political intelligence and policy options among numerous circles, both inside and outside the United States.

POLICY STATEMENT

For political reasons, including threats of reprisals and even outright blackmail from London-centered elements inside and outside the U.S., leading circles collaborating or conducting policy discussions with the U.S. Labor Party have been generally most cautious to date in avoiding public identification with the party.

The time has come to bring a representative selection of the forces involved in these discussions out into the public view.

The foremost reason this must now be done is that time is running out on the possibility for instituting the drastic reshaping of U.S. basic policy conceptions needed to get the nation — and the world — safely through the years immediately ahead. The poker game between London and Peking, the effort of these two to outfox one another on the setting up of the alternatives of either an Atlantic-centered or Pacific-centered thermonuclear war, leaves no margin for the sort of silliness on basic policy issues which has dominated the White House and much of the Congress during the past year and a half. The effort we must make involves a complete replacement for the "American Century" doctrine developed during the 1930s and 1940s. We must mobilize the forces capable of formulating such policies without delay.

This challenge would be difficult enough in any case. We have other important difficulties.

The most conspicuous such difficulty is the White House. We have a President of the United States whose most notable virtue is that he represents a first line of defense against such menaces as Vice President Walter F. Mondale, Senator Ted Kennedy, Joe Rauh, Jr., California's Governor Jerry Brown, and kindred embodiments of evil. President Carter's fatal flaw and ironic virtue is that he is essentially a chameleon, who assumes whichever policy colorations he perceives the background configurations of power to require. He desires to be President, and desires to cut the appearance of a President who makes "difficult decisions" and is obeyed. Apart from that, he has little political content but a sense of this present proprietorship over the office. He will hold to that office tenaciously despite all assaults, clinging to his property of the moment not with wisdom, but with the stubborn tenacity of a rural landlord.

Carter will make good decisions if the configuration of power prompts him to perceive such decisions as a proper, chameleon-like posture. In this respect, Carter will be as good or bad as we make him.

The second major difficulty is the presently wretched moral and intellectual condition of the Kissinger-tainted Republican National Committee. As long as the Republican Party tolerates this disgusting exhibition of whorish "consensus politicking" by would-be 1980 presidential nominees, the Republican Party does not function as the element of parliamentary "loyal opposition" it might otherwise contribute to the policymaking process.

The third, related difficulty centers around the destruction of the United States government's independent political-intelligence capabilities by a cabal of Henry Kissinger, Zbigniew Brzezinski, Walter

Mondale, James Schlesinger, Ted Kennedy, Morton Halperin, and so forth. Vital political-intelligence capabilities have been wiped out in entire regions of the world by the recent Brzezinski-Turner-Mondale gutting of the Central Intelligence Agency and by related measures. To a large degree, the United States government and Congress are becoming helpless dupes for whatever combinations of disinformation and black propaganda British Secret Intelligence Service mimeograph machines at the CIA and National Security Council burp out. Turner's and Brzezinski's brazen lying concerning the authorship of the bloody affair in Zaire's Shaba province, and echoes of massive disinforming of the government of Saudi Arabia in the French and our own policy establishments, are exemplary of the almost-mortal damage that has been effected under Kissinger, Brzezinski, et al.

What is wanted is a nonpartisan counterpole of policy options and political intelligence, composed of selected, courageous elements of various parties and other key policy-formulating circles in U.S. public life. The twin function of such an institution is to provide policy options and intelligence independent of largely corrupted government agencies and think tanks, and at the same time, to afford the "silent majority" of the electorate a visible kernel of alternative policy leadership.

U.S. Labor Party Problems

The problems of the U.S. Labor Party are a most appropriate illustration of the problem. In various local elections, in every case where there is not massive vote fraud, the U.S. Labor Party polls consistently between 8 and 25 percent of the votes. For example, but for the ultracorrupt Kennedy machine, our 1974 tallies of 11 to 15 percent in Boston congressional districts would be substantially exceeded. Conservatively, the U.S. Labor Party commands important influence among between three and five million voters at least, with the greatest majority of these among trade unionists, minorities, and farmers. The influence is probably substantially greater, but we can account for only the figures given, so we make no guesses here concerning any still larger magnitudes.

As most professional politicians know, a principal difficulty in accounting for the absolute magnitude of Labor Party support is that the majority of those Americans who concur with Labor Party programs vote for traditionalist candidates of the Republican, Democratic, and independent-conservative parties. Labor Party campaigning frequently strengthens such parties' candidates indirectly in this way. So, there is an overlap in the electorate among U.S. Labor Party, Republican, Democratic and independent-conservative constituencies.

This overlap is the hard core of what was once termed "the silent majority." If this hard core is set into motion in behalf of a policy, the core will move the "silent majority" as a whole.

The pattern we encounter with immediate Labor Party supporters is this. Significant sections of these supporters, most of whom consider themselves Labor Party members, whether dues-paying or not, will move politically on specific issues, such as against drug decriminalization or other hideous legislative schemes,

and for efforts such as the Export-Import Bank proposals. However, most of these supporters usually hold back from more than some small contributing effort. They make their thinking on this point quite clear. "We are waiting," they say in one way or another, "for leading forces to move visibly together with the U.S. Labor Party." They are waiting for the correlation of forces in which they perceive the possibility of a winning fight.

Republican and Democratic traditionalist political leaders have a better situation with their supporters — in some respects. Because key traditionalist Republicans and Democrats hold elected office, they can move their supporters into action under conditions in which most Labor Party supporters will tend not to move publicly.

Other parties' supporters move on the basis of candidates and elected officials; Labor Party supporters move on the basis of crucial policy issues.

What we must do, in respect to our common electoral basis in the "silent majority," is to create a nonpartisan unified, visible leadership of the sort which typifies the kernel of a potentially winning combination. By bringing together a representative sampling of elected representatives, party officials, trade union figures, industrialists, bankers, military professionals, and so forth around the formulation of an American-Whig policy turn, the core forces of the "silent majority" will be activated into political motion in key localities.

We have proven this principle of tactics repeatedly in local electoral and other situations. The problem is that this successful local tactic has not yet been replicated on a national scale.

Frankly, at the moment, do we really care whether the candidate elected is Republican, U.S. Labor Party, Democratic, or independent-conservative? What we ought to care about is whether or not that candidate is a committed American Whig. We must get Whig candidates into office and Whig policies and policy perceptions into a controlling position at all levels of government. On this account, the problem which the U.S. Labor Party faces in deploying its own forces is a facet of the same problem experienced in somewhat different forms by every traditionalist Republican, Democratic, or independent-conservative leader.

The Policy Problem

The kind of comprehensive overhaul of U.S. policy required is essentially a resumption of the policies of the leaders of the American Revolution and formulators of our Constitution, albeit a resumption tailored to modern conditions and means at hand. Such matters are not partisan matters in the sense that "partisan" is used to mean specific political-party organizations. It is a national, cross-party concern. This is especially to be emphasized because of the fact that although the U.S. Labor Party is homogenous in its policy outlook, no other important political party in the United States is. Both the Republican and Democratic Parties are mixtures of intrinsically unresolvable liberal and conservative currents, and similarly the independent-conservative organizations are mixtures of Whigs and anglophile lunatics, such as the Buckleyites or elements influenced by Birchite Congressman Larry McDonald (D-Ga.).

The issue before us is that of articulating a policy and policy options which are consistent applications of American republican constitutional principles to the strategic configurations of the quarter century now unfolding before us. In other words, it is a matter of defining what our American Neoplatonic-humanist conceptions of a constitutional democratic republic mean in conceptions of outlook and practice for the specific circumstances of this period.

The "silent majority" of the electorate is composed essentially of American Whigs. They are for continuation of technological progress, for educational policies and practices consistent with the requirements of technological progress, and are opposed to turning our youth into a mass of such pot-headed freaks as are of no real use to themselves or anyone else. They do not know how to formulate national domestic and foreign policies consistent with their objectives, but with sufficient patience and effort applied, this electorate can recognize which policies do and do not meet the requirements in terms of results.

Among the industrialists, scientists, trade union leaders, bankers, and so forth, there are circles which are better than 50 percent right in their policy outlook on one or more areas of national and foreign policy. However, in no known case do these circles assess adequately the interconnections among policy goals in one area of policy and the way in which policies in other areas affect the possibility of meeting those goals.

In many specific areas of policy the U.S. Labor Party has benefited considerably from the knowledge of persons and circles which knew more about that specific area than we did. The point is that in no such experience have these same circles and persons been able to put the whole issue into an efficient, competent, comprehensive perspective. This person, eminently sound on economic policy, is often wholly defective in his or her thinking on monetary policy. In general, leading circles study policy areas one or two at a time, and overlook the way in which excluded areas of policy affect even those areas in which they have competent expertise.

The crucial role of the U.S. Labor Party in American policy-formulating processes is that the U.S. Labor

Party is, so far, the only agency which competently accounts for the interconnections among all the principal components of national domestic and foreign policy. It is for this same reason that Labor Party intelligence evaluations are often vastly superior in accuracy and other features of quality to the political intelligence developed by agencies of much vaster material resources. It is understanding how all the elements of policy interreact to form a whole effect which is the most crucial requirement of political-intelligence work.

With the aid of our collaborators and discussion partners from among leading circles, the U.S. Labor Party has developed a comprehensive set of policy conceptions which are consistent with the most vital interests of the United States. What is lacking respecting the content of this policy is tactical elaboration in various areas; the policy conceptions are nonetheless the proper ones within whose terms specific tactical applications must be developed.

What is needed as a next step is a publicly visible, nonpartisan cooperating force of typical national spokesmen from various aspects of the American Whig spectrum as a whole. This cooperating group of persons must thrash out its internal discussions, including discussions of differences, publicly, using the Labor Party's comprehensive conceptual policy framework as the matrix for organizing the discussions and interrelating the elements as elements of a functional whole.

Such an agency must concentrate immediately on servicing the Administration, Congress and other policy making elements of the United States. It must serve as a policy-options resource, and as a counterforce against the London-centered nonsense and other sorts of idiocies which currently play so disruptive and dangerous a role in our national life. In this process, such a counterforce will set the hard core of the "silent majority" into political motion, and thus move the "silent majority" as a whole — to take the usurped power away from the anglophile "liberals" and "radicals," and to put control of the selection of government efficiently back into the hands of the majority of the electorate.

Forcing The Old Guard Out

...so that the Kennedy crowd can move in

In the post-Watergate atmosphere of fear and demoralization pervading Capitol Hill, a combination of wholesale resignations, electoral defeats, a new round of

CONGRESS

"scandals," and cumulative impact of internal "reforms" is threatening to bring about a major transfer of power from traditionalist, constituency-oriented power blocks to the Kennedyites and their cohorts. A

decades-long campaign by self-styled "reform" organizations led by Common Cause, the National Committee for an Effective Congress and the Democratic Study Group to turn the U.S. Congress into a U.S. version of the pathetic British Parliament is beginning to pay off.

When the 96th session of Congress opens for business next January, the most visible effects of this power shift will be in the Senate, where several key committee chairmanships are slated to pass from the grip of old-line Southern conservatives — men who have maintained a bottom-line commitment to the country's industrial and constitutional principles — into the hands of some of the

worst "liberals" on Capitol Hill.

The committees that will be hardest hit are the powerful Judiciary and Foreign Relations units, whose current chairmen — James Eastland (D-Miss.) and John Sparkman (D-Ala.), — will be replaced by Ted Kennedy of Massachusetts and Frank Church of Idaho respectively.

It is common knowledge that both Church and Kennedy intend to use these positions to promote their own 1980 presidential aspirations, as well as to enhance their immediate leverage over congressional and Administration policy-making. Both men will exercise their newly acquired clout to pressure President Carter into adapting his own policies to theirs. Unfortunately, Carter, who is now fixated on his standing in the popularity polls and worried about his reelection prospects is dangerously vulnerable to manipulation.

Kennedy: King of Judiciary

Kennedy's take-over of the Judiciary Committee will be detrimental to the United States' constitutional form of government. As a member of the committee, Kennedy has been the principal sponsor of the notorious criminal code reform bill, S-1434, and has also used his chairmanship of the Antitrust and Monopoly subcommittee to push a variety of attacks on U.S. corporations on bogus grounds. Now, with his long-coveted ascension to the committee chairmanship in reach, Congressional sources are confidently predicting that Kennedy will proceed with a number of his pet projects. These include an avalanche of antimonopoly maneuvers featuring oil-company divestiture and trucking deregulation, criminal code reform, and related sabotage of the country's judicial system. Kennedy is also expected to use his position to try to force Attorney General Griffin Bell and other traditionalists out of the Justice Department.

The Massachusetts Democrat is taking every precaution to eliminate potential resistance to his plans within the committee. Sources there report that Kennedy's first item of business come January will be to establish complete control over the committee's operations. Under outgoing chairman Eastland's rule, each of the committee's Democratic members were given their own subcommittee and allowed to run it on a semi-autonomous basis. Now, sources say, Chappaquidick Senator plans to eliminate all of Judiciary's subcommittees, leaving him in undisputed control.

While several subcommittee chairmen, including Birch Bayh (D-Ind.) and Howard Metzenbaum (D-Ohio) are expected to object, Kennedy will probably succeed. He'll be helped by reforms the Senate adopted last year, under prodding from Common Cause, which place all funds allocated to Senate committees for operating expenses at the sole disposal of the chairman. Before, each subcommittee could obtain its own funding from the

Senate purse, thereby gaining some degree of independence.

Kennedy's shameless plan to turn the Judiciary Committee into the Capitol Hill branch of the family political machine — aping JFK's infamous take-over of the Justice Department — is being aided by a recent succession of changes in the committee's membership.

Three key conservatives will be definitely out of the picture: Eastland, who's resigning from politics due to age; William Scott (R-Va.), who's leaving the Senate after one term in office; and Sen. James Allen (D-Ala.), who died suddenly last month. John McClellan (D-Ark.) like Allen a strong supporter of the Constitution despite his misguided support for Kennedy's S-1434, died last year.

In addition, ranking Republican Strom Thurmond of South Carolina is facing a tough reelection campaign, fueled by Watergate-style corruption allegations leveled at his brother. Two other Republicans, Senators Paul Laxalt of Nevada and Malcolm Wallop of Wyoming, may also leave the committee when Congress reconvenes.

Church's Game

While membership changes in the Foreign Relations committee will be less extensive than in Judiciary, Church's accession to the chairmanship poses a real danger to the future course of U.S. foreign policy. Underneath his "soft" veneer, Church is a raving proponent of British geopolitical doctrine, as evidenced most clearly by his persistent attempts to rupture relations between the U.S. and Saudi Arabia. Already largely responsible for the destruction of U.S. intelligence capabilities through his 1975 "investigation" of the CIA, Church will soon be situated to exploit this dangerous flaw in American policymaking to the fullest. Church is also doing his best to convince Carter he'd better begin kowtowing if he wants to avoid trouble from the Foreign Relations Committee next year: His last-minute decision to vote against the Administration's proposed plane sale to the Saudis and Egyptians was, in part, meant to convey this message to the President.

Recent developments indicate that the Kennedyites are positioning themselves for purging other key committees of potentially troublesome members. A spate of "watergatings" targeting Herman Talmadge (D-Ga.), chairman of the Agriculture Committee and a close ally of Carter, Edward Brooke (R-Mass.), ranking Republican on the Banking Committee, and several other powerful Senators could force their resignations. The announcement June 7 that the Senate Ethics Committee will conduct an official investigation into the charges against Brooke and Talmadge represents a definite escalation of the attack on the two.

—Kate Murphy

Britain Takes A Financial Pounding

Britain's Exchequer failed to attract sufficient subscribers to take up a £1 billion sterling government debt, or TAP, issue on June 15, as investment houses and banks from other major countries imposed a virtual boycott on purchase of the undesirable "gilts."

FOREIGN EXCHANGE

Frank conversations with West German and New York currency traders this past week reveal that the refusal of the leading international investment institutions to pour money into British government paper is an intentional political backlash against London's unrelenting game of "currency warfare" and dollar dumping, the chief tactics London has tried to force the major Western economies into a disastrous policy of government deficit stimulation, or "reflation."

The blunt remark of one European trader was, "Yes, we are out to bankrupt the British." In addition to turning up their noses at the TAP offer — which was going at the incredible interest rate of 10 percent last week — informed New York sources had reported just a week before that West German and Swiss banks were moving into the market to buy short (on expectation of devaluation) on six month and one year sterling.

The only reason a general run on sterling didn't occur last week is that the Bank of England jumped into the market, releasing a considerable sum of dollars to strengthen the sterling forward market. Since the Bank of England presently presides over only \$18 billion in currency reserves, of which a full \$8 billion is essentially inaccessible drawing accounts, such support operations cannot be readily repeated.

'No to Reflation' the Key

The continental banks which were going short on the pound last week did take some losses. But the truth of the matter is that West German Chancellor Helmut Schmidt's unshakeable refusal to allow the deutschemark to become a secondary reserve currency, deployed alongside the dollar in international operations, is a major stumbling block to all London attempts to protect sterling. At the same time, the British currency faces rising wholesale inflation, a new balance of trade deficit, and a projected downturn in already stagnant levels of capital spending.

In order for the Bank of England to make sterling issues attractive to foreign investors, sterling bond traders must have the option of telling customers that their investments in London will be coupled to fast profit-making on currency speculation. British traders in New York report that they are able to mark up returns of up to 15 percent, if they can purchase sterling-denominated

paper by first buying marks and trading them in for sterling.

More broadly, London is suffering from the fact that the dollar-denominated "Eurolending market" is tightly in the control of largely West German, Swiss, and U.S. banks and their joint consortia. To London's dismay, these forces are keeping up credit lines at reasonable interest rates to a number of developing countries. In a speech in Berne, Switzerland June 13, Bank of England Governor Gordon Richardson fulminated against these banks, accusing them of undermining the British-dominated International Monetary Fund, which is trying to cut off these developing sector credits until the LDCs agree to subjugate themselves to IMF loan conditions — namely, massive austerity. Richardson denounced the continental banks for engaging in an "aggressive, unilateral lending policy."

Richardson's rage is largely based on the fact that so long as these European capital flows are being funneled into that direction, Britain is left off the map. Chancellor Schmidt has cut off British access to deutschemark hard currency reserves as an interim savior of the British economy.

No DM Reserve Currency

On June 5, the West German central bank, the Bundesbank, suddenly announced cancellation of a 10 million deutschemark-denominated Certificate of Deposit which lower Manhattan's Salomon Brothers was about to market for the Deutsche Unionsbank. The Bundesbank stated that it was determined to exercise control over international marketing of mark issues because of the sensitive problem of the West German currency's growing reserve role.

This move signaled Schmidt's crackdown on London efforts to sneak DM paper out of West Germany and its major approved marketing center, Luxembourg. A well-connected London securities firm reports meanwhile that at just about the same time, foreign funds stopped flowing into the London market.

On June 13, the Bank of England attempted to postpone a catastrophe by launching a rumor that foreign funds were indeed coming in to purchase last week's TAP issue. These rumors, partially circulated by British banks in New York, were debunked by curious New York traders.

Simultaneously, British banks and investment houses are keeping open the very real political option that if they can't bail their own economy out in a credible manner, then they must stake out strong positions internally in the U.S. banking system. The lead article in the June 5 London *Economist* sounded the battle cry for an all-out incursion of British bank acquisitions in North America.

Indeed, by the end of last week, not only British but also Dutch funds — closely connected by familial ties in

both monarchies — began to flow into the U.S. On June 10, it was announced across the international financial press that London's Standard and Chartered had just purchased Union Bank of California.

The London *Economist* proposal works better on paper than in reality. Standard had paid no less than *three times* the listed stock value of Union Bank shares to get the deal through fast.

The decay of the British economy was openly discussed in Britain's own National Institute for Economic and Social Research survey this month. Following the reported £169 million trade deficit in May, NIESR dropped all pretenses that North Sea oil revenues can sort the economy out. Their own predictions are that inflation will soon be up to the 12 percent level, that raw materials prices are going to rise, and that unemployment will also climb.

Britain's partisans at the Bank for International Settlements (BIS) publicly threw their weight behind immediate creation of an international multicurrency reserve system (the scheme that would allegedly create enough free speculative liquidity to give London a longer lease on financial solvency).

Under West German, Swiss, French, and even U.S. pressure, the BIS has never formally endorsed the multicurrency scheme. On June 12, BIS directors Rene Larre and Jelle Zijlstra issued a report not only calling

for new reserve currencies, but explicitly endorsing a genocidal global program to reduce energy consumption and force deflation. Subsequent investigation uncovered the fact that the hideous report had been authored by the chief economist at Banque Bruxelles-Lambert (Lamfalussy), one of the chief outposts of British interlocking control with Belgium's monarchy and its financiers.

The occurrence within 24 hours of a vote of confidence in the British Parliament as well as the collapse of the Belgian government on June 14 and 15 are developments related to the loss of control by the London-centered financial community over international capital flows. While it is impossible to predict what course of action will be hammered out in London this coming week, some of the options and risks are clear.

There may indeed occur a major blowout on the London financial markets, a development that many U.S. and continental European banks are betting on. Or, Prime Minister Callaghan could arm-twist Britain's insurance companies and pension funds to digest £6 to 8 billion of very unpopular government paper in the next 12 months. If Callaghan does this, those institutions' ability to move onto the U.S. market and continue their bank acquisitions drive will be greatly hampered by a shortage of available capital.

Crisis Set For Eurodollar Market, IMF Pushed As World Policeman

British take over U.S. banks to weather storm

Bank of England Governor Gordon Richardson and U.S. Federal Reserve Chairman G. William Miller are proposing a massive regulatory crackdown on the Eurodollar market activities of U.S. and other international commercial banks — forcibly contracting the vast "petrodollar-recycling" operation by which the banks have kept the world economy afloat over the past five years.

— thereby assuring their access to dollar deposits when the crisis hits.

Richardson-Miller IMF Warfare

The City of London forces have opted to make this Eurodollar market crash scenario "operational" not due to any inherent strengths of their own banking system, but out of sheer desperation. Having come dangerously close to another pound sterling collapse and the disintegration of the government paper ("gilts") market this week, the British oligarchy is frantically attempting to divert their own crisis onto the U.S. dollar and the U.S. banking system instead.

The major features of the Richardson-Miller plan were hinted at by Richardson himself in a June 13 speech in Berne, Switzerland. Speaking before a conference of the Association of Foreign Banks in Switzerland, Richardson advised commercial banks to stop lending to countries which have failed to undertake austerity measures to correct their balance of payments deficits.

"International liquidity of the commercial banking system seems to be generating increasingly tense competition for foreign lending on narrower spreads (i.e., narrower margins between the rate at which banks themselves borrow and the rate they charge their customers — ed.) and on longer maturities to an ever-widening range of borrowers," Richardson complained.

BANKING

The Richardson-Miller plan, which has circulated as a scenario in the City of London, would set off a worldwide liquidity squeeze, triggering a domino-like chain of debt defaults by developing nations and eventual failures of major U.S. and continental European banking institutions. As the end result, the present Eurodollar market system will be replaced by the International Monetary Fund (IMF), which will assume dictatorial powers over virtually all international credit flows, both public and private, to hard-pressed government borrowers. British banks have, meanwhile, positioned themselves for the impending Euromarket blow out through a series of takeovers of major American banks

Demanding an end to such "aggressively unilateral lending policies," Richardson called on banks to engage instead in "parallel financing" with the International Monetary Fund; all bank loans should be tied to the borrowing country's implementation of IMF austerity conditions: "If the recycling function of the banking system is to continue smoothly we must expect to see this practice of parallel financing more widely employed."

Anticipating Richardson by nearly a week, Miller told the National Press Club on June 7 that the Federal Reserve was considering ways to get greater control over the Eurodollar market so that "it doesn't create excess liquidity. The Fed is concerned about the unsettling effects of this excess liquidity in the international monetary system."

According to a highly placed West German banker, Miller unveiled a four-point program for Euromarket regulation at the IMF Interim Committee meeting in Mexico City in mid-April, including: (1) the imposition of reserve requirements on Eurodollar market banking similar to those existing in domestic banking systems; (2) the placing of statutory limits on the size of the Eurodollar market; (3) the requirement that private bank Eurodollar market loans to national governments be made jointly with the IMF and be subject to IMF conditions; (4) the setting of minimum interest rates by the central banks on international lending by private banks.

Bundesbank and private West German banking officials have reacted with horror to the Miller proposal. Commented a German source: "Miller's plan would mean destroying the recycling of petrodollars as a system, and also the refinancing operations of the banks. All this would be broken up, and lending to the Third World blocked as a result."

Blueprint for a Blow-Out

As several New York commercial bankers have confirmed, the imposition of reserve requirements on Euromarket banking activities, comparable to those already existing in the domestic market, would drastically increase the costs associated with international banking. Bank profit margins on syndicated Eurodollar loans, which are determined by the percentage point "spread" between the rate charged to the borrower and the rate the banks pay for their deposits (the London Inter-Bank Overnight Rate or LIBOR), are at present razor-thin due to heavy competition among the lenders. Granted, the lack of reserve requirements has often fostered speculative excesses. However, in the absence of alternative financial arrangements to sustain the growth of world trade, the institution of reserve requirements would simply make international banking unprofitable and lead to a massive drain of funds out of the Eurodollar market. Banks would no longer be able to roll over huge developing country debts and this, in turn, would provoke defaults and an international financial panic.

As for the other side of the Richardson-Miller plan — the IMF takeover of bankrupted developing sector economies — Zaire is already providing a test-run. In a flagrant violation of the principle of national sovereignty, representatives of industrial nations meeting in Brussels this week agreed that an IMF official should be made the effective head of the Zairean central bank, so as to oversee the channeling of foreign exchange earnings into payment of debt service.

At the same IMF Interim Committee meeting at which Miller raised his plan for regulating the Euromarkets, U.S. Treasury Secretary Michael Blumenthal proposed that the IMF greatly expand its "surveillance" (policing) of national economies, for which the IMF is ostensibly granted authority under the newly-approved amendments to the IMF charter. Yet, developing sector nations will achieve financial health only if they are allowed long-term financing and the importation of large volumes of capital goods necessary to industrialize their economies. IMF "surveillance" will merely set off a self-feeding economic collapse from which the developing sector will never recover.

"The British are Coming"

In a June 10 article acerbically titled "Lender of Last Resort to Topsy," the London *Economist* joined the chorus for greater central bank regulation of the mushrooming Euromarkets.

The *Economist* openly stated that one reason for the recent expansion of British banks into the U.S., including outright acquisitions of American banks, is to position themselves for the expected Euromarket blow-out. "Many (non-U.S. banks) are now setting up for themselves in America, not simply for the joy of doing business there, but also to ensure a direct line to dollar deposits in the event of a Euromarket crisis."

The third major takeover of a U.S. bank by a British bank this year was announced June 9: the acquisition of Union Bancorp of California by London's Standard and Chartered Bank. "The British are coming," began an article in the June 10 *Financial Times*, noting that British banks have spent a total of nearly \$1 billion in acquiring U.S. banks this year.

The British merchant banks and British-linked U.S. investment banks, such as Salomon Brothers and Goldman Sachs, also have plans to supplant the Eurodollar loan system through the fostering of a Euro-commercial paper market. Since reserve requirements would not exist for the commercial paper market — that is, the brokering of I.O.U.'s issued by major corporations — the merchant banks could seize much of the business presently handled by the large New York and California commercial banks. In fact, the new world financial order could closely resemble the system of brokered bills of exchange which existed under the Pax Britannica of the 18th century.

—Alice Shepard

Economist Calls for Euromarket Controls

Under the title, "Lender of Last Resort to Topsy," the Economist magazine of London led its June 10 edition with the following scenario for pricking the dollar speculative bubble with a clampdown on Euromarket lending, leading to a crisis which London plans to weather from newly acquired bases in U.S. banks:

Four years ago, Herstatt collapsed, there was a crisis of confidence in the Eurodollar market, and central banks reassured depositors by promising to support the overseas activities of their national banks. They also resolved to find ways of improving control over those ambitious banks. Their efforts have lagged well behind events. International banking business has almost doubled since 1974 to a staggering \$650 billion. . . .

The business has got riskier as excess liquidity has forced banks to lend larger sums for longer periods at ever shrinking margins to a handful of major governments. . . .

The ability of this new type of borrower to repay, at least on time, has yet to be fully tested. Bank creditors still get the shivers about loans to Peru, Turkey, and Zaire. . . .

Never before in the history of banking has so much been owed by so few to so few.

Incest is another weakness in the family of bankers. According to the BIS, at least 40 percent of all international banking business is now done by banks with one another. Yet for all the assurances given at the time of Herstatt, the question of who should provide the lender of last resort facilities in case of trouble remains a grey area. . . .

The Eurocurrency market remains unregulated and, to make matters worse, international banks now do around one third of their business from centres where supervision is even less vigorous and where the authorities have not as yet been asked to assume their share of responsibility. . . .

Fortunately, banks are to some extent finding their own solutions. Most have negotiated stand-by facilities with dollar-based banks and many are now setting up for themselves in America, not simply for the joy of doing business there, but also to ensure a direct line to dollar deposits in the event of a Euromarket crisis. They are also keeping their fingers crossed that the United States senate will support the decision of the house of representatives, taken in early April, to provide foreign banks operating in America with the right to go and ask for lender-of-last-resort facilities from the Federal Reserve Board if they run short of dollars either in America or elsewhere. . . .

Bank of England Calls For IMF Takeover of Euromarkets

The Dow Jones ran the following wire June 13 on Bank of England Governor Gordon Richardson's speech in Berne, Switzerland:

Bank of England Governor Gordon Richardson has counseled commercial bankers to show restraint in making loans to countries that fail to take measures to correct their balance of payments deficits.

In a speech in Berne to the Association of Foreign Banks in Switzerland Richardson said "International liquidity of the commercial banking system seems to be generating increasingly intense competition for foreign lending on narrower spreads and on longer maturities to an ever-widening range of borrowers."

He cautioned that "aggressively unilateral lending policies could undermine the balance of payments adjustment process."

The central bankers said finance has been extended by commercial banks to deficit countries in conjunction with conditional loans from the International Monetary Fund. He noted such IMF loans required a corrective economic policy and involve precisely formulated targets.

"If the recycling function of the banking system is to continue smoothly we must expect to see this practice of parallel financing (with the IMF—ed) more widely employed," he declared.

Miller Echoes London on Euromarket Controls

What follows is the text of a Dow Jones wire June 7 reporting Federal Reserve Chief G. W. Miller's call before the National Press Club in Washington, D.C. for controls on the Eurodollar market:

WASHINGTON, D.C.—Federal Reserve Board Chairman Miller, who argued against wage and price controls, today said that the Fed is concerned about the effects that Eurodollar markets could have on the international monetary scene. "While it is a serious problem we don't yet have an adequate solution," he said.

"A lot of money is created in the international markets," he said. He added that the Fed would be considering ways to get better control over that source of money so that "it doesn't create excess liquidity."

A W. German Banker's Retort To Miller's Euromarket Scheme

This interview with an official of one of West Germany's "Big Three" commercial banks anticipates an unfavorable response by European business, industrial and government leaders to the London-Miller scheme for a crisis on the Eurodollar markets:

Q: Do you think that Miller's June 7 call for Euromarket regulation is further fleshed out by The Economist's scenario for full controls?

A: Yes. We have received a summary of an unpublished report by Miller for the Federal Reserve which

substantiates his speech. The report does call for reserve requirements on the Eurodollar markets as his speech hinted. Further, it calls for a statutory limitation on the size of the Euromarkets overall, "mandatory conditionality" on all loans made internationally by U.S. banks, to be established by doing all loans jointly with the International Monetary Fund. Moreover, it pushes the policy of officially setting minimum interest rates for such loans. The U.S. banks, in other words, would no longer be allowed to compete.

Q: Is this the report on which the German banks are supposed to be challenging the Federal Reserve before July's western Heads of State Economic Summit in Bonn?

A: Yes. Just the other day, Bundesbank chief Otmar Emminger told the press that even he believes that the Eurodollar market does provide necessary capital for world business and industry.

We Told You So....

The following interviews were printed early this year in the Executive Intelligence Review while G. W. Miller's confirmation as Fed Chairman was stalled in the Senate. EIR then warned that Miller would support Rep. Henry Reuss's proposal for reserve requirements on the Eurodollar markets in order to destroy U.S. banks' foreign operations and open up the international market to the control of the British-run investment banks:

From our Jan. 24, 1978 issue:

An economist for a New York commercial bank outlines how Rep. Reuss' proposal would affect commercial banking.

Q: What would your bank say to Congressman Reuss' proposal on reserve requirements for the Euromarkets?

A: We'd be adamantly opposed to it—it would really harm the banks. We now have a nominal 2-3 percent reserve requirement; since most of the Euromarkets are short-term deposits of less than one year, say the prevailing rate if U.S. reserve requirements were imposed would be a rise to 16 percent. If we now charge lending rates of 9 percent, we would have to raise our rates by 16.5 percent of 9 percent or 1.5 percent. Now we are presently making 1 percent or less on loans, comparing the rate at which we pay deposits and the rate of interest we are able to get on loans due to poor loan demand. If we had to raise our loan rates by 1.5 percent to pass through the extra cost, why all the borrowers would go into the commercial paper market, that's what. Commercial paper trading has no reserve requirements and the cost to the borrower on the commercial paper market is therefore much lower.

Q: You mean, there would grow up a Eurocommercial paper market, internationally, squeezing out the banks?

A: Yes, that's right. This would be seriously crippling to us and would surely lead to a proliferation of other forms of intermediation than commercial banking.

From our Jan. 30, 1978 issue:

This interview with a Salomon Brothers executive who runs that investment bank's commercial paper operation, provided by congressional sources, makes it clear that Rep. Henry Reuss's (D.-Wisc.) proposal for a "Eurocommercial Paper Market" intends to impose huge reserve requirements on U.S. banks operating abroad to make them less able to compete against City of London banks in the international markets.

Q: What would be the effect of Rep. Reuss's proposal for reserve requirements on the Euromarkets on the establishment of a "Eurocommercial paper market"?

A: It would certainly have a very significant effect on the commercial banks, a very significant effect on their international competitiveness. Why, a market in international paper would be greatly encouraged.

Q: You sound like you are aware of the proposal. . . ?

A: Oh, yes, we have studied it for some 10 years now, but it's really good to know that things are getting closer to implementation. . . the Reuss proposal means that it's really getting off the ground, going public from an authority like that. Our firm has done a study of the whole situation, we have two senior partners, one on Euromarkets and the other on the commercial paper angle, (who) haven't written anything, you know, but it's all in their heads. Our conclusion was at the time—last year—that at present the banks are more competitive in the international market. But, we discussed that. The imposition of reserve requirements would put a significant dent in that.

Q: Have you revived the discussion actively towards implementation in conjunction with the appointment of the new Federal Reserve chief George Miller?

A: Yes, it has been mentioned again recently in conjunction with Miller.

Q: If the reserve requirements went through, in, say, September, how long would it take a real Eurocommercial paper market to develop and what would the volume be in, say, a year?

A: September? Listen, in a market like that, so highly competitive, people get to work damn quickly—a lot of phones would light up right away. It would take weeks at the most. . . .

Q: Who are the main traders among investment banks in commercial paper, and do you think your current position will give you advantage over the banks?

A: Salomon, Goldman Sachs, Lehman, First Boston, Merrill-Lynch, Becker. Yes, we're real competition. . . why, do you know we trade the certificates of deposit and

deposits for the commercial banks? We find money in the open markets for them.

Q: You mean you already know the investors who buy bank deposits and certificates of deposit and you would know where to go with your commercial paper once it was more competitive? And the banks would lose those buyers of CDs?

A: Exactly. We know the market. Say the banks have to offer deposits at 7 percent now, and we're selling commercial paper for that — and as it is the banks don't make much more than 7 percent on loans, so they're

already tight. On top of this they get a 16.5 percent reserve requirement slapped on them — they'd be out of the running compared to the prices we could offer.

Q: Then the investment banks would get all the desirable corporate borrowers and the desirable government borrowers who, like Electricité de France, borrow through state corporations at top rates. . . and the banks would end up with only the less desirable borrowers, to whom they are already overloaned?

A: Yes, that's it, exactly.

An Apology For Kennedy-Style 'Consensus Politics'?

The Way the World Works:
How Economies Fail and Succeed,
by Jude Wanniski.
Basic Books: New York, 1978.

BOOK REVIEW

Contrary to the best intentions of its author, Jude Wanniski's book will be received in Republican circles as the most sophisticated apology available for Kennedy-style politics in the Republican Party. Much of the voting public is already in on the argument, through the medium of Rep. Jack Kemp (R-N.Y.), an up-and-coming figure in Republican contention. The book is a project by Kemp's chief idea-man, who wants to cut through the turgid nonsense of Republican policymaking and take the country by intellectual storm.

Too bad. After some effort, Wanniski comes back full circle to the old Kennedy formula of "consensus politics," employing a tax-cut gimmick as a main selling item.

The argument, which voters will be hearing more of, is not much to chew on. "No individual can possibly be as wise as the electorate, the consensus, in discerning the preferred tastes of all the individuals who compose the electorate." The only political program possible is that which gives all the individuals as much as possible of what they want. So, Wanniski argues, cut back tax rates to permit individuals to keep more of what they earn. Then they will work harder and produce more, and everyone will be happier. When governments tax too much and take away people's earnings, they become sullen and lazy and produce less, and society goes into crisis.

That, by the way, is Jack Kemp's economic program. Economist Arthur Laffer has a detailed rationalization of the tax program, complete with algebra. Wanniski tries to project it back to Napoleon and the Caesars.

"Greed" for the Gullible

All this means that, according to Wanniski, there is really no such thing as political leadership. He

concludes, "the global electorate is the good shepherd." That implies the truth of the matter namely that he and his friends propose to act like sheep — sniffing out the prejudices of the "electorate" in order to find a "consensus" that they can appeal to. Hence his fascination with Kennedy, the great purveyor of consensus politics. There is not much new to this view of society as a collection of self-acting individuals pursuing individual interest, which becomes undone when government goes against individual interest. Adam Smith, David Hume, Adam Ferguson, and other Scot moralists pushed the idea in the 18th century for the benefit of the suckers. By their own boasts, they specialize in mass manipulation through literary and historical hoaxes. Smith's *Wealth of Nations* is the best-known such fraud, a scurrilous slander against the economic policies of the American Revolution.

What really makes up the basis of economic society? The dissemination of science and technology, the absorption of technology by an educated workforce, elevation of labor's productivity through application of technology to capital investment — in short, command over nature. Political leadership means channeling resources into scientific research and new technology development, and organizing economic activity around the application of such new knowledge. That notion of humanist politics was the subject of a 3,000-year fight, whose high point was the creation of the United States as a republic dedicated to human progress.

Against that notion, the rump of merchant bankers and aristocratic oligarchs fought desperately to maintain the advanced populations as manipulable sheep, with the Scot moralists as leading mercenaries. The cynical fraud of the Kennedy Administration, the pawn of Harold Macmillan, the British General Staff, and British aristocratic families with whom the Kennedys intermarried, was a major success for that project. Through Vietnam and the Cuban missile crisis — projects initiated under British advisement — Kennedy nearly destroyed the United States.

The Crown's Consensus

But the most fundamental form of destruction was the notion of "consensus," i.e., that politics should avoid

debate on real national program requirements and concentrate on sales techniques of the Madison Avenue variety. Whatever "public opinion" — i.e., the printouts of the *New York Times* and *Washington Post* — dictates, the leading politicians of both parties will snuffle after. Nearly twenty years after the start of the Kennedy campaign, there is not a single politician of national standing to emerge yet with the brains and guts to organize a *constituency* on behalf of policies that most of the electorate agrees with! With respect to the great breakthrough of the recent period, the commitment of West Germany, France, Japan, and the Soviet Union to undertake a global development program — which could become the basis for the biggest economic boom the United States has ever had — the leaders of both parties won't touch it. In the main, they spin around every time the *New York Times* and *Washington Post* pull the string and set the day's agenda of "important issues."

What grates, in the case of Wanniski and his colleagues, is that this is the situation they want to get out of. Much more indicative of the author's character than the book under consideration is a recent speech he authored for Rep. Kemp for delivery at the April 30 meeting of Republican leaders at Tidewater. "The Republican Party has to take its show on the road," the speech reads. "Foreign aid has to take different forms. We must advise the world about economic growth and transplant the American dream...a kind of new international economic expansion of trade and commerce and peaceful borders." In a recent column for the *Wall Street Journal*, where he is associate editor of the editorial page, Wanniski denounced the British imperial model, in favor of global extension of the American approach to economics.

Re-education Needed

But there are two great gaps in Wanniski's thinking, whence he stumbles back to the Kennedy "consensus." One is that no one ever educated him, or his generation, on the real humanist origins of the American Republic, including the economic leadership of men like Alexander Hamilton and Henry Carey, history which British slanders have hidden from the American view.

The other is plain, old-fashioned fear. He is afraid to tell the electorate and politicians what they *need* to hear, rather than what they *want* to hear. How can you possibly offend anyone by proposing to cut taxes? an aspiring politician must say to himself, several times a day. "The welfare of nation states is," says Wanniski, "not limited by the degree of political education of the populace. It is limited by the capacity of its politicians and philosophers to understand the wisdom of the people."

The gut of the problem is that Wanniski has an utterly contemptuous view of the American people, that is, assuming that their one great motivating force is after-tax income. America came to exist because great men rallied a population around a notion of progress, not tax cuts. For all the filth of the last decades, that impulse is not dead. One indication we have that it is not dead is that men like Jude Wanniski and Jack Kemp are passionately committed to making America great again. This passion we share, and wish them a speedy recovery from the Kennedy disease.

—David Goldman

U.S. Labor Party National Convention

The Humanist Purpose of America

June 30-July 1, 1978

Friday, June 30 10:00 a.m. to 8:00 p.m.

Keynote: Solving the Machiavellian Problem Today
Lyndon H. LaRouche, Chairman of the U.S. Labor Party

Panel I: The Epistemological Question — Plato vs. Aristotle
Uwe Parpart and Criton Zoakos

Panel II: Destruction of the Body of Knowledge — the Fight after Leibniz
Christopher White and Nancy B. Spannaus

Saturday, July 1 10:00 a.m. to 8:00 p.m.

Panel III: The Dirty Rhodes to Treason
Fernando Quijano and Carol White

Panel IV: The Postwar Battle for the Grand Design
Costas Kalimtgis and Warren Hamerman

Performance by Humanist Academy Chorus at intermission

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Horace Mann School
231 W. 246 Street
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The Cornerstones Of U.S. World Leadership

A Draft U.S. Military Strategic Policy

The following policy statement was issued on June 10, by U.S. Labor Party Chairman, Lyndon H. LaRouche, Jr.:

Major-General John K. Singlaub has recently published a five-part, syndicated newspaper series, a series focused on the issue of withdrawal of U.S. forces from Korea. I have before me the copies of that series taken from the *Atlanta Journal*. It is unnecessary for me to comment extensively on the internal features of General Singlaub's military-strategic argument here. I merely inform the non-military-professional reader that the argument is not only sound, but represents knowledge shared by most leading officers of the U.S. Army, serving and retired. My duty on this occasion is to add to the General's report those elements of political strategic thinking which are still, unfortunately, lacking in the knowledge of our military professionals as well as most political leaders.

For a summary of General Singlaub's analysis, see page 12.

To define the task of this strategic policy statement in military terms of reference, I aim inclusively to revive within the U.S. Army (and brother services) the richer comprehension of military strategy employed by Franklin, Washington, Lafayette, d'Estaing, Hamilton, John Quincy Adams, and General Winfield Scott, to revive the development which dominated West Point during the 1818-1828 period.

As I sit to write this, I have before me recent statements of Admiral Thomas Moorer, Nelson A. Rockefeller, Senator Barry Goldwater and others. These statements not only show all three to have been grossly *disinformed*, but in that way reflect the fact that the destruction of the capabilities of the U.S. Central Intelligence Agency has left the government of the United States blinded in crucial aspects of current strategic developments, and has consequently aided British intelligence services in spreading the wildest sort of lies even among persons of such exceptional sophistication as Admiral Moorer and of such extensive personal resources as Nelson A. Rockefeller. Barry Goldwater, a person for whom I have affectionate respect, has been hoodwinked frequently enough before — that is the weak side of the Senator. However, to hoodwink both Admiral Moorer and Nelson Rockefeller in the manner their recent statements reflect takes some doing — it happens, in this matter, that I know the British disinformation operation running amok in Iran, India, Saudi Arabia and re-

lated precincts, and have a pretty fair idea of the way in which both Moorer and Rockefeller were duped.

I take those problems into account as I write this policy statement.

I also take into account the fact that a rip-roaring factional struggle has erupted from within the highest levels of the British intelligence community. Certain British intelligence circles — including some with which we had an amiable sort of connection prior to developments of the December 1976-June 1977 period — are justly alarmed by the raving incompetence of U.S. National Security Advisor Zbigniew Brzezinski's performance during his recent visit to Peking, and by the lunacy of Vice-President Walter F. Mondale's performance on his wild-eyed jaunt through Southeast Asian precincts.

Like Benjamin Franklin, I know the British Black Guelph monarchy to be the United States's continuing chief adversary, but I know there are useful potentialities in Britain and also know that the British inner circles are the only significant force in the world, apart from the Vatican, which operates at approximately my own level of competence in knowing the real, underlying issues and processes determining current history. Consequently, I appreciate why certain privileged elements of the British intelligence community are currently enraged at the incompetent performance of such SIS puppets as Henry A. Kissinger and Zbigniew Brzezinski.

In stating that, I do not wish to wrongly deprecate the competence of many important circles in the United States and other nations, circles with which our forces regard and treat as actual or prospective allies in the task of U.S. world leadership now lying before us. In viewing certain British intelligence circles as my opposite number, I am stressing that most of the U.S. Labor Party's actual and prospective allies lack specific elements of competence which only my associates, key Vatican circles and the British presently possess. At this moment, one of my principal tasks is to bring the actual and prospective allies of the U.S. Labor Party within the United States up to a level of parity of strategic knowledge with our nation's various adversaries and potential allies within the United Kingdom.

First, I shall situate the importance of General Singlaub's argument within the setting of the "China option" geopolitical strategy. Next, I shall develop the outlines of the strategy the U.S. requires at this juncture, proceeding in steps. My first step is to set forth U.S. political strategy within the capitalist sector as a whole. Having developed that in basic outline, I shall focus next on the problem of Soviet relations, and then situate China within the whole political-military package.

This outline of U.S. strategy is not merely a proposal. Elements of this global strategy have been put into place by the recent treaties between West Germany's Chancellor Helmut Schmidt and Soviet President Leonid Brezhnev. Key elements within the U.S. policy establishment are already committed to or disposed to adopt key elements of that strategy. It is the only strategic posture open to us which is in agreement with the most vital domestic and strategic interests of the United States.

The Split in British Intelligence

Although Senator George McGovern's exposure of Admiral Turner and Brzezinski's lying to the White House and nation is an expression of native American forces, during recent days McGovern has gained elements of support from "liberal" circles directly allied with British intelligence. This pattern is echoed in the United Kingdom itself, where Prime Minister James Callaghan has acted toward heading off the growing danger of an Atlantic-centered thermonuclear war erupting out of simultaneous Middle East and African bloodbaths. Although it is standard British "deception warfare" practice to push two, directly opposing policies simultaneously, in this case Mr. Callaghan's sharp rebuke to the regrettable Mrs. Thatcher reflects genuine and correct concern within top British circles.

Our own (so to speak) Henry Kissinger and Zbigniew Brzezinski are agents of the British Secret Intelligence Service (SIS). They are not on the MI-5, MI-6 or SIS payroll proper, but they are nonetheless agents of the old British colonial office-centered crowd gathered around the Round Table organizations and such London-controlled institutions as the bureaucracies of the International Monetary Fund and World Bank. Contrary to the misperceptions of the credulous Senator Howard Baker and others, Henry Kissinger is an important tool of British intelligence services, but is not a top-ranking figure in his own right. Kissinger, like Brzezinski, is a tertiary figure within the British Round Table and Bilderberg networks, who is never given the whole truth of the operations to which he is assigned. Kissinger and

Like Benjamin Franklin, I know the British Black Guelph monarchy to be the United States's continuing adversary.

Brzezinski are informed only on a "need to know" basis, and are given whatever mixtures of fact and myth their British masters deem appropriate to motivating such tools to fulfill their intelligence assignments.

Kissinger, like the still lower-level Brzezinski, is an agent of the British intelligence services "in place" within the top policy-making circles of the U.S. policy and intelligence establishment. For obvious reasons, in those instances in which Kissinger or Brzezinski fouls up an assigned mission, it is not prudent for the British monarchy to publicly fire him or to discreetly terminate Mr. Kissinger's services in the permanent fashion customary for dealing with expendable British agents proper. It would be indiscreet of the British to express their displeasure with Mr. Brzezinski by delivering him boxed, crated or bagged to the White House door.

Nonetheless, very important, top-ranking elements of

the British intelligence services are extremely displeased with Mr. Brzezinski's recent performance in Peking. They have the most powerful motives for being displeased. Their displeasure is aggravated by the fact that it was the British themselves who stuck this lunatic parvenu, this house-servant of the old Polish aristocracy into the position of managing President Jimmy Carter. Among the more chauvinistic of some leading British strata, there is presently a morbid sympathy with the spate of Polish jokes Peking's representatives are relating in the wake of Mr. Brzezinski's recent visit to China.

We have reported the matter before. It must be summarized once again in this present context.

Under the direction of such top British intelligence agents as Lord Milner and through the Wittelsbach and Hapsburg circles of British agent Houston Chamberlain, the British monarchy at the turn of this century adopted what is known as the "geopolitical" doctrine. Major General Professor Karl Haushofer and Haushofer's leading protégé, Rudolf Hess, were British intelligence agents run through the Wittelsbach (Houston Chamberlain-linked) branch of SIS. Adolf Hitler was created by this British network around the Wittelsbach family in southern Germany.

The central features of this geopolitical doctrine were, first, to subvert the United States's policy-making institutions to make the USA a virtual puppet of British interest, and, simultaneously, to break up Russia with aid of German military forces. Two world wars were the result of British miscalculation in attempting to implement that geopolitical policy.

With the close of World War II, especially after the recovery of the Soviet Union through 1953-1954, the British were compelled to reluctantly abandon the policy of "balkanizing" Russia through a military thrust from central Europe. The turning point was the Eisenhower Administration's crushing of Britain and Britain's French Fourth Republic puppet in the 1956 Suez affair. (This is why the Rothschilds, et al. deployed the John Birch Society against Eisenhower, and why a Lever Brothers-connected figure funded George Lincoln Rockwell's American Nazi Party through Anti-Defamation League peripheries. Incidentally, it was two Jews and a Catholic priest who founded the Ku Klux Klan. Rothschild agent Judah Benjamin, Bernard Baruch's grandfather and a Catholic priest of the wrong Vatican faction were the creators of the KKK. There is nothing new in the Rothschild's twentieth-century funding of both anarchist and "far right" groups simultaneously. The Buckley organization is of the same parentage.)

Beginning 1956, the British launched what was then their long-haul policy of developing a China-USA anti-Soviet alliance to replace the role Britain assigned to Germany in the two preceding world wars of this century. The Sino-Soviet fissure of the late 1950s — dutifully echoed at that time by the Communist Party USA's Gus Hall on his emergence from prison — was the result of a British inside job conducted simultaneously in both Peking and Moscow. The long-haul objective of this policy was to generate a future Pacific-centered thermonuclear war in which the United States, Japan, China and the Soviet Union would destroy one another, leaving Britain hegemonic in the surviving portions of the world.

Now, two decades later, that British geopolitical policy is coming toward the final countdown. It has been recent British policy to consolidate an anti-Soviet alliance between the United States and Peking, and to create in the United States a new "Cold War" posture, such that the internal political processes of the USA were irreversibly committed to a Pacific-centered war with the Soviet Union sometime after 1980.

Brzezinski screwed it up.

Peking's leading circles are well aware of this British game. They have no intention of being semidestroyed in a post-1980s thermonuclear war. They have no intention of being embroiled in a Pacific thermonuclear war against the Soviet Union. *Peking's policy is that of attempting to judo the British geopolitical policy*, to the effect of catalyzing an early *Atlantic-centered* thermonuclear war. Mao Tse Tung's policy of 1965 has never changed. Peking adheres to the "countryside" (the developing nations) conquering the "cities" (the industrialized nations), and intends to aid that process of securing Peking's world hegemony by fostering a general thermonuclear war between the Warsaw Pact and NATO forces. "Encourage the foreign devils to destroy one another!" is the name of Peking policy.

So, we have two witting chief players in that game, London and Peking. London's objective is to manipulate Peking and Washington into an irreversible commitment to a *Pacific* confrontation. Peking's objective is to judo London's manipulative efforts to cause London and Washington to become locked into an irreversible posture of *Atlantic-centered* thermonuclear confrontation. Both London and Peking have various fallback policy options, but the game we have summarily described is the main line.

The way the London-Peking game is currently played is a matter of newspaper lead articles and lunatic Brzezinski's public fulminations. The line is that Washington must not only "normalize" its relations with Peking, but must win the Pekingese to a war posture by "proving" to Peking that the United States is irreversibly committed to war with the Soviet Union.

The proposed U.S. withdrawal from Korea by 1980 is a key element in London's plotted destruction of the United States. A combination of a new war in Korea with a war and Peking's Cambodian puppet-state locks the United States (and Japan) into a massively escalated anti-Soviet military posture in the Pacific. On the Korea business, Peking has been in full agreement with London — for its own reasons. (Certain nuances of the firing of General Douglas MacArthur by the dupe of anglophile Jimmy Byrnes, Harry Truman, must be appreciated from the standpoint of the long-standing London-Peking connection.)

To most American general officers, the White House's decision in the Korean withdrawal is a manifestation of stupidity. Every leading U.S. general officer — excepting British puppets such as Alexander Haig — fully understands that General Singlaub's analysis is correct. Hence, until they grasp the key features of London's geopolitical "China option" strategy, those general officers understandably judge the White House to be stupid. What the general officers generally overlook is that the British-controlled advisors behind Carter's erring decision are not stupid — at least not stupid in the way most

general officers have mistakenly viewed the problem. The forces behind Carter's advisor Brzezinski intend to trigger exactly the destabilization against which General Singlaub warns.

Peking has evaluated a South Atlantic conflict over Africa, if combined with a British Shi'ite "right-wing" coup against the Saudi government and Iranian government, as ensuring that the United States and Western Europe are locked into an early *Atlantic-centered* thermonuclear war. Within a few hours of Brzezinski's arrival in Peking, Peking's leaders had that suggestible lunatic brainwashed to this purpose.

One must not underestimate Peking's influence in the Shi'ite conspiracy. As long as one key element of the

There is presently a morbid sympathy with the spate of Polish jokes Peking's representatives are relating in the wake of Mr. Brzezinski's recent visit to China.

British command clings to the ongoing version of the "China option" geopolitical strategic deployment, Peking controls the marginal influence within India, Bengal, Burma, Pakistan, Baghdad and elsewhere which ensures a destabilization of the Persian Gulf region. Our high-level intelligence sources from that region have given us chapter and verse on the way in which Peking and British intelligence have duped Nelson A. Rockefeller, key Saudi circles and others on the authorship and objectives of the plot to simultaneously destabilize Iran and Saudi Arabia.

We do not have any firm readings, as of the present moment of writing, that Mr. Callaghan and his associates have grasped the implications of the Persian Gulf plot. It is indisputably clear that they are alarmed by the effect of Mr. Brzezinski's brainwashing on the situation in Africa. Since the forces associated with Winston Churchill III are still committed to the game, despite Brzezinski's brainwashing in Peking, Mr. Callaghan's outbursts reflect a fight within the British ruling circles, rather than the desirable British commitment to defuse the African and Middle East potential for the *Atlantic-centered* posture.

In this author's informed personal estimation, we can not exclude the possibility that the British might shift radically toward some degree of support for the author's own Grand Design policies. Fortunate developments in Africa, including the Republic of South Africa, and Harry Oppenheimer's dissenting view in favor of capital-intensive development at the recent Mexico City conference, are hints in direction of such an option. Certain British elements would tend to adapt to this writer's Grand Design policies if they foresaw no other reasonable choice. These include forces which do not wish a destabilization in the Gulf. However, the British command can not turn uniformly in the direction Mr. Callaghan's turn-about on Africa implies unless they do adapt to the author's Grand Design policy.

The danger is grave, since there are forces within Britain — including some associated with the leadership of Hill-Samuel — who have avowed most convincingly that "our networks will never cooperate with your networks." This latter declaration does not signify the U.S.

Labor Party alone; the British forces which have not only plotted my Baader-Meinhof assassination to have occurred during August 1977 profoundly hate all U.S. policy elements closely associated with the second Eisenhower Administration. Mr. Callaghan and his allies would have to crush such elements of the British elite to put Britain onto a sound policy.

What Controls Brzezinski?

The American military professional familiar with British opposite numbers is capable of grasping the British problem in a certain way. Just as Franklin Delano Roosevelt referred to the father of Prince Philip as "that bastard" and as General George Marshall understood that the British were swindling the United States during World War II, as in his remarks before the Vandenberg committee, so any intelligent general officer tends to reach similar conclusions concerning the British from long experience. However, just as the author himself has had amiable contacts with key British bankers and others during the pre-1977 period, no one hates the British people generically, and British military circles are not devoid of persons of honorable impulses.

The conceptual problem facing the American officer —

London's objective is to manipulate Peking and Washington into an irreversible commitment to a *Pacific* confrontation.

and many others — is the damnable tendency to think in nationalist or racist terms. What is lost sight of in that misguided thinking is that all human beings are human beings, who have within them those potentials such that no difference of national origin or race is of any significance respecting equality of relations among persons. Nor, for that matter, sexual differences.

I strongly suspect — and this is no mere guess — that the root of racialism and pathological forms of nationalism is the tendency among both men and women to regard one another as members of different species. Rather than seeing a loving heterosexual relationship between a man and a woman as the unification of the human species in all its combined powers in that specific way, male chauvinists like the evil radical feminists define the sexes either as different species or imply such a wretched perception in respect to practice — as a different species which can be used, and loved only as one loves a housepet. This evil confusion of sexual differences with species-nature differences is still culturally embedded in the child. Since most of the cases of psychological impotence I have studied are correlated with a blocked personal relationship between man and woman or in corresponding attitudes toward such relationships, I can not be far from the absolute truth in saying that "sexism" — both male and feminist varieties — is the touchstone of racism and pathological nationalism.

The problem with the British people is the British monarchy. As that influence is more or less deeply embedded in that people, they are more susceptible to being evil. As they shift from that pathological outlook toward defining interests in an American way, the British

are potentially almost as good as Americans. In that latter condition, having been reared on the inside of an evil political system, a British person with an American outlook often has the advantage of being less naive than a comparable American. He knows how evil prevailing British institutions and culture are — from the inside.

The root of our problem with the British has never been the British people, the actual interests of the United Kingdom. It was from Britain that our forefathers brought the humanist traditions developed as the foundation of the American Revolution and our constitutional republic — much as we are indebted to Leibniz, and to France in a direct way on that account. Our forefathers went to war with Britain only to the extent that the British people supported our mortal enemy, the British monarchy. It is the British monarchy which has been the chief enemy of the American people from 1603 to the present date. Without the British monarchy, the nation suffering now under that rule would tend to perceive its interests in the same way Americans do, and would join us in a corresponding community of principle. I am no more an anglophobe than John Milton, Priestley, Paine, Price, or Shelley.

To define our enemy more efficiently we must look outside England, to such figures as Otto von Habsburg and the Wittelsbach family which gave us Adolf Hitler, Heinrich Himmler, Rudolf Hess, and Rosenberg as its immediate puppets. Throughout Europe there squats an evil spawn of the old Black Guelph aristocracy. These evil men and women are a cohesive political force of vast power, a force which accurately describes itself as the *oligarchist faction*.

To appreciate the significance of this faction in today's work, consider the case of Prince Johann Schwartzberg. This gentleman and his wife went on to their infernal rewards by way of an automobile "accident," an event which occurred in the wake of hard information that the gentleman was involved in the bloody kidnapping and murder of former Italian Prime Minister Aldo Moro. Herr Schwartzberg, in addition to being related to the House of Habsburg and an Austrian, was a leading member of the Maltese Order, and was diplomatic representative of that order to Italy. The Maltese Order is an ancient, medieval intelligence and covert operations organization fully taken over by the fifteenth and sixteenth century Black Guelph circles of Genoa, the circles which controlled John Calvin and the hard core of Geneva finance.

As the British and Dutch monarchies emerged, following the Napoleonic wars and fall of Metternich, as the center of the oligarchical faction internationally, the Maltese Order came under the direction of the Anglo-Dutch "Bildbergers," basing itself on the island of Malta and the Black Guelph financial center at Geneva. During the middle of the nineteenth century, the British expanded the intelligence and covert operations capabilities of the Maltese Order by creating the International Red Cross as a covert operations conduit for the Maltese. Although the Red Cross volunteers do the things popular opinion imagines them to do, that honest side of the Red Cross operation has served as a cover for running various high-level intelligence and assassination operations, a capability which the British have, on occasion, "loaned" to the United States. In recent months, the anti-

terrorist intelligence and security units of certain nations I shall not name were frustrated by the fact that key controlling figures in the terrorist operations were running about with the immunities of Maltese diplomatic tags. I need only emphasize that I received hard information from several distinct Western intelligence agencies on this subject over a period of months, including some agencies which contributed to saving my life from an impending Baader-Meinhof assassination last August and September.

Otto von Habsburg himself has given us direct representation of his strategic views, and we have massive corroborating evidence to support his statements to us in this matter. (Some of the oligarchists enjoy chatting with us occasionally, since they regard us as one of the few opponents — and intended victims — competent to appreciate their thinking on the level they actually formulate policies. Some of them love to brag wherever they find a conversation-partner capable of challenging their views on matters.) Otto von Habsburg is an embodiment of uncomplicated evil, apart from being a key force behind the effort to launch a promonarchist “fourth party” in the Federal Republic of Germany at this juncture.

The chief significance of the British monarchy, in the stated view of Otto von Habsburg, is that it is the power-base for the oligarchist faction internationally. It does not represent England; it rules England; it uses England. (See box on page 11)

The nature of this evil is not that it admires monarchy as a political institution. Anti-oligarchist, Platonic Alexander the Great was a monarch. So were France’s Louis XI and Henri IV. Richelieu, Mazarin, and Colbert were republican monarchists, as was the Lafayette who was throughout his life a key supporter of a democratic constitutional republic in the United States. The notion that monarchy equals feudal oligarchy is a myth created by scoundrels such as David Hume, Adam Smith, Walter Scott and other SIS liars gathered around the *Edinburgh Review* and later *Blackwood’s Magazine*. We republicans abhor monarchy for ourselves, for reasons set forth by John Milton and Thomas Paine, but a good monarchy has always been a bastion for humanist progress against the pure evil represented by the “feudalist” oligarchists. If a particular king serves the interest of humanity at a certain place and time, so much the better.

Whereas the natural disposition of the industrialist classes of Britain — industrialists and skilled and semi-skilled workers — is to foster global, high-technology expansion, the forces of industrial capitalism have not ruled England since 1660. They have existed as a contained, subjugated element under rule by an anti-capitalist, “feudalist” oligarchy. The “Holy Alliance” established at the 1815 Treaty of Vienna is the expression of the anticapitalist, antirepublican dominant impulse of that faction as a whole, from Otto von Habsburg and the Aga Khan through the Guelph currently squatting on the British throne. *From a capitalist standpoint, British policy is lunatic*. It is only as one realizes that Britain is politically not a capitalist nation, but an oligarchist-ruled nation, that one comprehends the controlling impulses governing British monarchical policy overall.

As we have documented at length in other published locations, the British monarchy is the central institution presently commanded by an oligarchical faction his-

torically datable to no later than the Babylonian usurious tax-farmers who ruled Babylon during the eighth and seventh centuries BC. The continuity of that faction over the intervening millennia of Mediterranean-centered civilization is unbroken to the present date. This faction, which is dated in historical Hellenic culture from the bucolic oligarchist Hesiod, has always been an antitechnology, anticities, zero-growth faction. It has consistently produced forms like the Nazi movement created by the aristocratic Wittelsbach family, for the purpose of breaking the power of the industrial classes and eradicating the influence of “rationalism,” in favor of an agrarian-

Franklin Delano Roosevelt referred to the father of Prince Philip as “that bastard.”

centered order ruled by a parasitical aristocracy composed of landlords and usurious tax-farming aristocracies. When the regrettable Mrs. Thatcher described the British monarchy to be older than capitalism, she hinted at the truth of its origins — in Sodom and Gomorrah.

There is nothing inconsistent in the fact that the current bearer of the title of Count Bernstorff keeps tame Maoists and environmentalists subsidized in the cellar of his *Schloss* (castle). The Bernstorff family, closely linked to the ruling Hanoverian (Black Guelph) House of Britain, maintains the antihumanistic, anticapitalistic oligarchist policies that are older than Hesiod.

What deludes many observers is the fact that the chief components of the oligarchist elite are the Black Guelph titled aristocracy *plus a financial elite typified by the Barings, Rothschilds, Lloyds and so forth*. On the grounds of the role of such bankers, the dupes imagine that the British monarchy’s policies are somehow “capitalist.” These poor dupes — and I include some leading bankers as well as credulous figures such as Senator Howard Baker — show themselves ignorant of the fact that industrial-capitalist forms of banking are directly opposite in principle to tax-farming policies of banking. On the grounds that misguided commercial banks in the United States practice both forms of banking practice, without being able to comprehend the difference between the two, the United States has repeatedly plunged into depressions, like the growing current depression, which had no basis in the objective necessity of industrial-capitalist development — a matter which Karl Marx also never comprehended competently.

Insofar as the credit generated through the fiscal activities of the state (the true source of all significant masses of credit) flows into technologically vectored capital-intensive investment in industry, agriculture and infrastructure, and that the individual investments are a sound contribution to increasing the amount of useful, tangible wealth produced, per capita and profits per current-replacement-cost of productive investments rise simultaneously. Thus, no unpayable debt accumulations could occur in the economy as a whole. The centralized credit policies and fiscal policies of a sound capitalist economy are termed “dirigist.” This “dirigism” does not mean government intervention into the management of the individual industrial firm or farm, but rather main-

taining cheap credit and relatively lower tax burdens for productive investment and basic real household income, while letting the costs of a constricted flow of credit into speculative and wasteful activities float up to high borrowing costs and reduced rates of return.

Every misguided influential person who opposes "dirigism" emphasizes two included points. He or she worships obscenely the memory of the oligarchist and

The British monarchy does not represent England; it rules England; it uses England.

liar Adam Smith, and seeks to protect the anticapitalist aspect of financial practices in the name of "free trade." The poor, miseducated fellow does not know that the American Revolution was made against the policies of Adam Smith. The poor fellow does not see what a clown he makes of himself in being a champion of farming and industry on the one side and Adam Smith's fraudulent doctrines on the other. Such a person is ultimately incompetent in economics, finance and politics. He is half-capitalist, half-anticapitalist, and does not know the difference between the two.

In fact, our universities have not produced a single known competent economist from their political-economy departments throughout the twentieth century. To have an advanced degree from such an institution is virtually to certify one's utter incompetence to practice the profession of economist.

The difference between the two kinds of finance is this. Industrial-capitalist investments are of the type which reproduce more useful, tangible wealth than they consume in production — without respect to such intangibles as services, which are nonproductive *if taken in and of themselves*. Services are productive only insofar as they maintain and increase social-productivity of investments as measured in terms of tangible elements of input and output. Unproductive investments are typified by investments in a purely speculative increase in the value of stocks and bonds, state debt instruments, currencies, and real estate. By fostering a flow of credit away from productive investments into speculative investments, the speculative investments provide debt-service payment and other required margins of income only by looting the productive component of circulating capital of the society. Fiscal and credit policies which do not penalize speculative investments in favor of productive investments thus lead to recurring depressions, inflationary spirals, and so forth.

The doctrine of Adam Smith, of John Stuart Mill, or John Maynard Keynes, and such degenerates as Milton Friedman and Hjalmar Schacht, is based on the economic principles of the Norman Domesday Book. These incompetent (feudalist) economic doctrines are based on the feudal principle which economic theory terms the doctrine of ground-rent, or the so-called physiocratic doctrine. It assumes that all tangible forms of wealth are derived from a predetermined domain of "natural resources," a fixed "bounty of nature." They deny the reality of capitalist technological progress (and progress before capitalism). They deny the historical fact that the

advancement of technology (and matching advancements in the culture of the labor force) are the source of boundlessly increasing total mass and per capita rate of wealth produced and available for consumption.

When society borrows from a *fixed* level of real income, and borrows at interest, then it follows as a mere matter of arithmetic that a continued borrowing must asymptotically loot existing production-income to the point of zero return. If the earnings of invested and borrowed capital are derived from the expansion profits of technologically-advanced forms of expanded production, and if the rate of technological advancement is sufficiently promoted, then the rate of earnings on invested capital must secularly increase at the same time that the after-debt-service earnings also increase secularly. The more a national economy can borrow efficiently under such latter policies, the more easily it can pay debt while increasing its potential as a growing market for imports.

The former financial (monetary) policy is British doctrine, is the parasitical or feudalist conception of credit and fiscal policies. The latter financial policy is the humanist doctrine, the policy on which the greatness of the United States rests.

Through the brilliant success of Germany's Chancellor Helmut Schmidt in negotiating recently the agreements on principle between himself and President Leonid Brezhnev, Western Europe, Japan and the United States have been delivered the means for launching a massive expansion of investment and export markets into the developing sector as a whole. That is, the Soviet Union has committed itself to establishing a 25 year agreement with the United States, Japan, Western Europe and other nations concerning joint economic and social development of the developing sector as a whole. Under this arrangement, Soviet capital imports will be paid for partially with direct compensation from Soviet raw materials, energy and advanced technologies, and otherwise indirectly paid by contributing Soviet exports of a sort appropriate to joint development of the developing sector.

If this potential is consolidated by appropriate agreements, the economic advantages actually and potentially commanded by the United States can be unleashed through world trade, with U.S. export levels quickly rising to between two and three hundred billions annually above present levels. Under these conditions, the United States would quickly acquire a greater degree of power in the world than it has ever enjoyed before. This would not be the power of an "empire," but the power of American world leadership mediated through a policy of keeping the United States the most advanced source of capital goods for the world as a whole.

From the standpoint of the demoralized ordinary Briton glumly surveying the dilapidation of his nation's ruined industrial economy, one might think that the British would be in the lead in attempting to secure such a role for the United States. Ah, but the British people do not govern Britain or shape its policies — the oligarchists of the monarchy and City of London do. From the oligarchist standpoint, the success — at last — of President Eisenhower's Atoms-for-Peace policy means that the oligarchical cause is forever doomed. Several

thousand years of oligarchist struggle to dominate the world will be abruptly ended, the oligarchists crushed politically, and turned either into honest citizens or costumed living museum-pieces for the amusement of children. These oligarchist, a species so threatened with extinction, would rather destroy the whole world than accept the extinction of their unsuitable species. They control the British and Dutch monarchies, control powerful institutions of monetarist banking, and through that power also control many corporations — especially in the crucial area of global communications, and in the areas of news and entertainment media.

We are threatened with either a Pacific-centered or Atlantic-centered thermonuclear extermination of the United States for no other ultimate reason than this.

The Grand Design

The essential strategic self-interest of the United States is to join with other nations to the purpose of transforming the declining economies of the developing sector into an area of escalating import capabilities, through high-technology transformation of the social productivities of those nations. Although the transformation of agricultural production is a massive component of the total effort, the focal point of the undertaking is the creation of new urban centers of diffusion of high-technology, through complexes of industries and centers of learning and culture which are built around (principally) paired nuclear-energy production facilities in the half to one-and-a-half gigawatt range.

The long-term commitment of the United States with respect to the world division of labor emerging from such an initial 25 year, first-phase development effort, is to develop the U.S. economy around the principle of being the principal exporter of capital goods for capital-goods producers. In other words, as developing nations develop modern agriculture and industries, and develop basic capital-goods industries, the export-function of the U.S. economy must be to supply both the ultramodern forms of capital goods and the kinds of capital goods which foreign capital-goods producers require.

Domestically, this requires a rather obvious sort of labor-force policy. Rather than attempting to duplicate the skill-levels of the industries of our nation's foreign customers, we must take advantage of that fact that our nation (minus its pot-addicts and other unfortunate exceptions) represents the most advanced labor force in the world, best qualified to maintain large-scale new forms of production in a way which can not be equalled on such a scale in other nations. Whatever the rest of the world can do, we must do better, maintaining this capability by accelerating the scientific and technological proficiency of our labor force. This will require early and drastic reforms in the content of public-school and university education, a reform which must begin by undoing the wrecking operations launched beginning in the early 1960s under the guise of "liberal educational reforms." We must proceed to eliminate the pockets of labor-intensive employment from our industries and agriculture, employ computer technology properly to eliminate the cancerous mass of administrative routine and other redundant forms of services, so that the

character of the labor force emphasizes a high ratio of skilled productive operatives, scientists and engineers, and emphasizes medical professionals and teachers as the dominate component of the services sector of employment.

This internal policy must be accomplished in our capitalist nation by the appropriate design of built-in incentives in our fiscal and credit policies, including accelerated depreciations beyond any so far used for research-and-development, for industry and farming and for productive improvements in land. Fiscal and credit policies must simultaneously aim at rapid expansion of the tax-base, maintaining relatively low rates of taxation on industry, agriculture and improvements in land, while also fostering high-technology export capacities.

That internal policy serves politically as the mediation of proper foreign policies into the day-to-day perception of self-interests of our electorate. For everything we do right overseas, there is a corresponding, correlated benefit within the national economy itself.

The management of our foreign policy depends upon a network of special allies, a group of allies representing a "community of interest." These allies are summarily identified as follows.

The closest natural ally of the United States for such policies is Mexico. The Mexico of Benito Juarez, as realized in the present constitution, and by the administrations of Obregon, Cardenas, Echeverria and Lopez Portillo represents not only our immediate neighbor, but one of the few nations in the world which has a constitutional order based on those same principles of humanist republicanism embraced by the founders of our own nation. The 25 year transformation of a nation of sixty million Mexicans into the kind of modern republic to which President Lopez Portillo is committed must become the jewel of United States foreign policy.

Immediately, Mexico must be most intimately associated with us in our counselling on policy for the American hemisphere as a whole. This should not be viewed as disparaging other nations of this hemisphere, but holding out to those nations the surety that the industrialized United States and the developing nation of Mexico together define the matrix of USA policy for the hemisphere.

Together with Mexico and other Latin American nations we reach east across the Pacific to Japan. Although there are within Japan certain British-tainted factions, as we have an overabundance of such contamination in our own electorate and institutions, the modern nation of Japan was created by leading Japanese who were intimate collaborators of the Abraham Lincoln Administration, and students of Alexander Hamilton and Henry C. Carey. Through the Meiji revolution, through these forces within Japan, that nation was lifted within a quarter of a century from the corruption of feudalism and Chinese cultural influences into a modern industrial power. This spark of genius within Japan was revived with cooperation of the American postwar occupation under direction of General Douglas MacArthur — largely free of contaminating British corruption of American policy there. It is those leading forces within Japan who maintain the tradition of the Meiji revolution which

embody the clearest continuation of the political-economic principles of the Federalist and Whig currents of our own nation. Moreover, their intellectual and other influence throughout the Western Pacific and Indian Ocean region is great, and their capabilities astounding.

Overlooking China for the moment, Southeast Asia represents a half billion people and India another seven hundred millions. From our continent's West Coast to the

Our universities have not produced a single known competent economist from their political-economy departments throughout the twentieth century.

East Coast of Africa and Cairo, our destiny proceeds in natural partnership and community of interest with the Meiji revolution tradition of Japan.

To the East the cornerstone of USA community of interest in Western Europe is currently expressed by the three nations of Italy, France and the Republic of West Germany. More specifically, the forces represented by the Andreotti government of Italy, the Gaullist forces of France, and the intersection of the Schmidt government and the forces around Otto Wolff von Amerongen in Germany.

Together with these humanist, city-builder forces we build a policy for the entire Mediterranean region and for Africa, reaching to the humanist forces of the Oom Kruger tradition in the Republic of South Africa. In the Middle East, Iran and Egypt are the keystone nations for our regional policy. We must secure the success of the development efforts of Shah-in-Shah Reza Pahlevi of Iran and make of Egypt the center-piece for the development of the Arab region as a whole. In Iran and Cairo, our alliance with Japan meets and overlaps our alliance with our Western European partners.

Our Middle East policy is not British policy — not the politics of oil. Our petroleum policy, in concert with the oil-exporting Islamic nations, is to trade-off the present use of petroleum as the means for building the region as a center of nuclear-energy production and of new cities — in the humanist tradition of the great period of the Caliphate of Baghdad.

Soviet-USA Policy Options

At this moment, there are three perceptible policy tendencies within the Soviet leading circles. One group, presently associated with President Leonid Brezhnev, represents the currents advancing the principles of the Schmidt-Brezhnev treaty. A second current, most efficiently designated as *Bukharinite*, is effectively an agent-of-influence of the British Secret Intelligence Service and its Socialist International subdivision. A third current, ostensibly associated with Mikhail Suslov, is a faction associated with "Marxist-Leninist orthodoxy," a faction which is presently toying with exploiting the Soviet's growing war-winning-strategic advantage to crush the power of the United States.

At last account, there has appeared to be a kind of de facto alliance between the Bukharinites and the indicated sort of "hard-liner." Both are encouraging the

"ecologist" movement in the capitalist sector, knowing that the policies of Willy Brandt, James R. Schlesinger, Henry A. Kissinger, et al., mean a catastrophic weakening of the viability of the United States and our nation's immediate military allies. These forces, at least the Bukharinites, also look favorably upon the economic-genocidal policies of the IMF, World Bank and "Brandt Commission," knowing that such policies mean transforming the entire developing sector — and other sectors — into a permanent region of destabilizations, coups, riots and general bloodbath. Some do this as outright British agents; others do this because they view hunger and misery as favorable preconditions for "socialist revolutions."

The immediate problem is that if the policies of Brzezinski, Kissinger, Rostow, Schlesinger and other lunatics prevail in the White House and Congress, the rejection of SALT and of Brezhnev's offers means the toppling of Brezhnev and Kirilenko in favor of the hard-line "war-hawk" faction. In that case, given the policies of G. William Miller, Blumenthal, Schlesinger as prevailing within the White House, congressional and Manhattan financial circles, *the United States will be plunged toward a war with the Soviet Union which the United States would lose in a matter of weeks.*

Make no mistake on this issue. No serving or retired officer can publicly state the facts as plainly as I do, and may in fact be obliged to make public statements directly contrary to his own best knowledge and estimations. Although I am not under oath on these matters, I think myself obliged not to report certain of the facts which I have adduced in this connection. I will say that General Alexander Haig is either an utter fool (a possible condition) or simply a liar, and that Secretary Brown has certain constraints on what he says. As for President Carter, so far he sincerely lacks comprehension of the problems involved. Outside the domain of estimates of capabilities, I will also say that the current economic policy of the United States and current Pentagon policies preclude the United States from developing a capability of doing more than massive damage to the Soviet bloc in the process of going down to virtually certain defeat. I will add that the China option does not qualitatively improve this configuration for confrontation.

It is probable that Zbigniew Brzezinski is honest in at least his total incompetence in matters of military strategy. The whole RAND, CSIS and related crews of "utopians" represent nothing but a revival of the "cabinet warfare" strategic thinking which prevailed prior to the American Revolution and Napoleonic wars, and which was revived under the hegemony of Metternich and Bismarck during the nineteenth century — before being discredited once again during two world wars and in Vietnam.

The thinking of these lunatic incompetents is at best a replication of the Nazi Blitzkrieg doctrine. Because the Nazis lacked the in-depth capability for winning a sustained war, their military policy depended on knocking out the opponent in one quick punch through decisive advantage in the first phases of general assault. Once, as in the Soviet Union, the first assault was absorbed and the forces under General Zhukov began

systematically deploying Soviet in-depth counter-offensive capabilities, the Wehrmacht and Waffen SS were systematically ground into extinction by Zhukov's tactics.

The "cost-benefit" methods introduced under McNamara are at best a limiting of warfare to a Blitzkrieg capability, depending upon the fatal misassumption that total thermonuclear war is the never-quite-reached asymptote of general war. Since both adversaries in a NATO-Warsaw Pact war will have completed the total thermonuclear bombardment assault against both forces and logistical (i.e., population) centers in strategic depth within less than six hours of 00:00 of war, the official policy of the Pentagon is criminal incompetence.

True wars, as distinct from cabinet-warfare exercises, are essentially meatgrinders. Both forces suffer massive attrition in the first wave of engagements. At that point, in-depth deployable capabilities come into play — with increasing emphasis upon the reserve forces. The winning of a war concentrates on the issue of which side comes out of each phase of the meatgrinder with a marginal gain in relative counteroffensive capabilities, through mobilization of deployable reserves to supplement savagely depleted first-line forces of the preceding phase. War is won when one side is able to occupy and pacify adversary populated territory with one's armed ground forces.

Everything in warfare is nothing but means and auxiliary to the central objective of putting one's armed ground forces into successful occupation and pacification of adversary populated terrain.

General Singlaub has pointed in that direction in his assessment of the relative capabilities of North Korean and South Korean military forces. The North Koreans have fewer troops and so forth, but more combat divisions — because the civilian infrastructure of North Korea provides most of the essential logistical support under conditions of war.

The notion that the USA construct a capable Blitzkrieg force on the basis of a depression-ridden economy, under conditions of rampant "environmentalism" and so forth, is a piece of military-strategic absurdity. The "all-volunteer army" is exemplary of the problem in general. Modern first-line troops must depend upon young men in the 18-25 age-range, well-trained, highly educable, effectively motivated for sustained combat operations, well led and so forth. The notion of making the Army a part of the CETA program, of tolerating a marijuana-stinking barracks life, and so forth, shows that either the Pentagon is utterly incompetent in the ABCs of military science since Machiavelli, or that the Pentagon has become a political organization whose policies are adapted to the front-page of the *Washington Post*.

It is a strong economy, a climate of technological progress in expanding capital-intensive employment and production, which produces a USA population of civilian militia reserves and an overlapping permanent regular force and cadres which gives our nation combat potentiality in depth.

A nation which is not able to commit the best-educated, most skilled portion of its youthful population to a permanent force, cadre and militia is a nation which is unqualified to conduct war against a well-matched

adversary. One should compare the recruitment, training and equipping of the Red Army — an Army trained to fight total thermonuclear war with the shabby, cabinet-warfare, cost-benefit-economy-threadbare policies governing U.S. forces.

Without attributing the foregoing to any military figure, it is fair to state that similar concerns are enraging large numbers of military professionals, and that this desperation concerning the hopelessness of

The Grand Design does not mean no Soviet or USA military forces in Africa or Asia.

getting a sense of reality through to the White House defines the climate in which General Singlaub's public role expresses the perceptions and moods throughout the ranks of general officers and many field-grade officers. For my own part, I emphasize that the present combination of strategic posture by Kissinger, Brzezinski, et al., with the military capabilities and national economic policies of the recent years since "Watergate" adds up to a picture of sheer lunacy. Rampant "anticommunism" plus anti-nuclear-energy policies add up to the policies of a bunch of immoral nuts who seem determined on getting us all killed or conquered.

If the Schmidt-Brezhnev policy matrix prevails on the Soviet side, and if we shape our negotiations with the Soviet Union on that basis, the following results are immediately within reach.

First, there is no notable impediment to reaching the indicated "community of principle" agreement with the government of Mexico — provided we drop our presently lunatic policies against Mexico and adopt policies in conformity with our vital self-interests in capital-intensive investment patterns and exports.

Second, the forces representing the Meiji revolution tradition in Japan want nothing but the sort of policies I have outlined.

President Giscard d'Estaing is known in informed French circles as the pro-American faction's leader, Helmut Schmidt was aptly described by Franz-Josef Strauss as speaking fluent *American* English. The Andreotti government is "more American" than the Carter Administration has been on performance to date. Iran is our ally. Egypt would like nothing better than the sort of USA policy we have outlined.

What we require from the Soviets is not military agreements. If we secure the economic-cooperation and related political agreements, the military agreements can be reached with a minimal amount of difficulty. President Brezhnev has adopted the policy of the Grand Design in his treaties with Chancellor Schmidt and has made it abundantly clear that these are his proposed policies for dealing with Japan, the United States and all of Western Europe.

The keystone of such Grand Design agreements with the Soviet Union is an *understanding of what the Grand Design means*. It does not mean no Soviet or USA military forces in Africa or Asia. On the contrary, if any

regime in the developing nations is suffering a regime which imposes zero-growth forms of economic-genocidal austerity on its people, any such emulation of Nazi policies such as that existing today in Chile impels all partners to the Grand Design policy to desire the elimination of such a government, and to aid a people in ridding itself of such a government within the limits of the principle of the

Old China hangs like a monstrous cancerous growth on the body of China as a whole.

sovereignty of nations. I have reviewed this matter in my *The Case of Walter Lippmann*.

The difficulty which many suffer in this connection is their foolish, deeply encultured delusion that the fundamental conflict in the world is between capitalism and socialism. Rather, the fundamental conflict today is what it has been for three thousand years of Mediterranean-centered civilization, the war between the respective followers of the humanist Homer and the bucolic oligarchist Hesiod. Any state which follows a humanist, Grand Design policy of technological progress and republican objectives for the development of its people is a state which is equally deserving of our support, whether socialist or capitalist. Any state which follows the policies of Hesiod, whether socialist or capitalist in nominal form, is an abomination to us.

The common enemy of President Brezhnev and the United States is Ralph Nader, Joe Rauh, Jr., and what they represent.

The key to achieving success in this negotiation with the Soviet Union is the current Pope Paul VI and the traditionalist (humanist) forces intimately associated with him. This force within the Catholic Church has the special distinction of richly understanding the *ecumenical* principles associated with the fifteenth century Cardinal Nicholas of Cusa and how those principles apply to the specific circumstances of the present global situation. The issue is not whether Pope Paul VI is infallible on each issue. The point is that the international moral authority of the Pope, joined with the invaluable understanding of the ecumenical notion of the Grand Design among those circles, provides the nations with an invaluable mediating agency for overcoming the evil inclusively represented by such creatures of Buckleyite Malachi Martin, the Fascist Bishop LeFebvre, and certain misguided protestant and other misguided souls.

What a Grand Design agreement with the Soviet Union means is that Neoplatonic humanist ground-rules govern every aspect of relations between the Soviet Union and the United States in every part of the world. It means, from the United States side, that we proceed in terms of the principles of John Quincy Adams, Sylvanus Thayer and General Winfield Scott, principles which President Brezhnev has committed himself repeatedly to desiring as the basis for USA-Soviet relations.

It means that the United States and its indicated "cornerstone" allies enter into an overall agreement with the Soviet Union, Eastern Europe and Cuba. This agreement is based on the Neoplatonic humanist

principles of the Grand Design, as those principles were understood by our nation's Founding Fathers, by Leibniz, by France's Henri IV, by Friedrich II Hohenstaufen and by the cothinkers of Al Farrabi and Ibn Sina in the golden age of Islam. Under this agreement, we do not carve the world up into "empires" or spheres of influence as the British do, but lay down humanist ground-rules governing our mutual political and economic cooperation and encounters in "third nations."

If we fail to reach such agreement, or, worse, if the "war hawks" come into power to replace the forces associated with Brezhnev, then we are doomed to fight war, and must proceed with war-avoidance policies attuned to the continuing risks of general thermonuclear war. It is my extremely well-informed estimate that at this moment, Secretary Cyrus Vance and Ambassador Andrew Young could successfully secure the desired agreement in full in a series of steps, provided we rid the government of the influence of Brzezinski, Kissinger, Schlesinger, Peter Bourne and similar regrettable persons. The price of failing to follow such a policy is to risk 150 million American dead in the medium-term.

The Horror That Is China

Statistics and most-reliable first-hand reports assure me that China today is a cruel hell-hole. The heritage of Confucianism, one of the most hideous, bestial doctrines the earth has experienced, is perpetuated through the weight of the idiocy of Chinese traditions and Chinese rural life. There are positive elements in China, especially around those cities which are the centers of industrialization, but the Old China hangs like a monstrous cancerous growth on the body of China as a whole.

The policies of China, the policies which motivated Peking's easily-accomplished brainwashing of the suggestible lunatic Brzezinski, the willingness to connive at the destruction of the industrialized portion of the world, show the Chinese nation to be the most racist culture among the major nations on earth today. China is not yet a civilized nation in any meaningful sense of that term.

China must be contained as long as this hideous condition persists, until China comes under a new range of leaders who resume at least the kind of *Japanese-influenced* humanist policies adopted by Sun Yat Sen. Containment must not mean aversive "Cold War" containment. It means a policy of selective assistance and economic cooperation with China according to the principles of the Grand Design. We must selectively aid China in ridding itself of Chinese traditions, by fostering its industrial and related technological progress. We must aid China's masses in experiencing the moral transformation of a people, which is made possible through locating the individual's sense of social identity and importance in contributions to technological progress. What must be contained is hideous manifestations such as that we witness in Cambodia today. Any effort of China to nurture states or policies resembling the Cambodian nightmare, or to impose the Chinese traditionalist-racist outlook in world affairs must be firmly rejected and contained.

If such a firm policy is adopted, China will accept it. The worst factional forces in China will accept what they can not change because the evil within them is consistently the evil of stoicism. The best factional forces within China will rejoice — at least discreetly — because they will recognize that we are acting to put the future into their hands.

How much General Singlaub might agree with the foregoing, I shall not estimate. Whatever the proper judgment on that point, the fact remains that pulling the Second Division out of Korea does mean uncorking the evil within China throughout Asia, and so destabilizing that and other regions of the world that the very survival of civilization would stand in jeopardy. Anyone who does not agree with Singlaub on that point is either innocently ignorant or a moral imbecile.

However, it is not sufficient to attack such matters negatively, merely to attack wrong military policies and so forth. Unfortunately, so far, the flaw of our leading military professionals is that their reaction to incompetent strategic policies from the White House and

Pentagon has been chiefly negative. They do not put forward the positive strategic political policies necessary to define a basis for competent strategic military postures. They err, as does Admiral Moorer's recent proposal, in producing recipe-like military-posture configurations, not positive policies. Although I often sympathize with them as well as respecting the cause of their concern, I must point out to them that their approach to such matters has been so far overall incompetent because it has been incompetent in respect of political strategy.

My task is to intervene in this situation with full appreciation of the importance and certain basic elements of correctness in what General Singlaub and some others have stated. My task is to provide what they have so far been unable to provide: the essential political strategy within which terms a sound military posture and capabilities can be developed. I shall do more — much more — but what I have said here serves as an initial, summary outline of what I propose.

Black Guelphs: The Elite Must Rule

Otto von Habsburg, eldest son of the late Emperor Charles of Austria-Hungary, recently declared his longing to rid the world of humanism and return the globe to the rule of a feudal elite.

Von Habsburg, a close associate of William F. Buckley and Henry Kissinger's mentor Fritz Kramer, said in a June 10 speech:

We enjoy our wealth today only because our grandfathers reduced their consumption...man hasn't changed. The idea of modern man has sprung up all the time, but it has usually turned out to be the most reactionary idea. Man is still the same...Europe should be arranged according to tribal and regional principles. The principle of the tribe has proven to be the most stable in history.

Denouncing Soviet industrial expansion, von Habsburg warned:

The Soviets are basically very unstable. Their economy is so run down that they depend on the Western economies for support. And they are also oppressing their own people. Most people think that all Soviets are white, but that is not true. The majority of Soviet citizens are of the yellow race, and this will be significant one day.

There is the illusion of giving money for Siberian development. But these projects are just maintaining colonialism in that area. Siberia does not belong to Russia. The Chinese will take this up some day when the yellow race rebels....The Russian race will one day be reduced to that area they had before the colonization began...but in the West there are a lot of illusions about Russia. If it happens again, it will not

be the first time the Americans are paying those who will murder them one day.

Privately, von Habsburg confided to European Labor Party organizers that the British monarchy was the force to oversee this return to tribal-based feudalism. The genius of the British aristocracy is that they have always been able to produce new elites. There are natural elites in this world. and they should do the ruling.

At Harvard University on June 8 Alexander Solzhenitsyn, playing the boyar analogue to Habsburg's Black Guelph, called for a return to spiritualism and abandonment of the humanist tradition of material progress.

Should someone ask me whether I would indicate the West such as it is today as a model to my country, frankly I would have to answer negatively. Through intense suffering our country (Russia) has now achieved a spiritual development of such intensity that the Western system in its present state of spiritual exhaustion does not look attractive....How did the West decline from its triumphal march to its present sickness? The mistake must be at the root, at the very basis of human thinking in the past centuries. (An erroneous world view) became the basis for government and social science, and could be defined as rationalistic humanism or humanistic autonomy: the proclaimed and enforced autonomy of man from any higher force above him. It based modern Western civilization on the dangerous need to worship man and his material needs.

Gen. Singlaub Challenges NSC's Pacific Strategy

"Either President Carter is getting very, very bad advice, or the people who are running things are deliberately trying to weaken our national security," charged Major General John K. Singlaub recently in one of a series of articles which appeared in the *Atlanta Journal*, distributed by United Features Syndicate.

Following an article by John Saar in the *Washington Post*, which claimed: "General Singlaub states that the withdrawal of U.S. troops on the current plan will lead to war," General Singlaub was relieved of duty in South Korea by President Carter after 35 years of active military service in the Pacific theater. He was subsequently forcibly retired from the U.S. Army in the wake of charges that he had publicly criticized the withdrawal of troops from South Korea after the President (and Commander-in-Chief) had decided officially in favor of troop reduction.

According to General Singlaub, U.S. intelligence in Southeast Asia was concentrated on the Korean situation during 1975, at which time it was discovered that North Korea had moved forward their artillery, part of "a significant offensive buildup north of the DMZ." Aircraft had been housed in underground hangers with steel doors and radar units were mounted on elevators, to be lowered in the event of an attack.

He feels, however, that U.S. military presence has prevented a North Korean invasion: "But as the North Koreans look across the DMZ, they see the U.S. 2nd Division sitting astride the main access of advance into Seoul," Singlaub explained.

'Signal For China To Move'

Aside from the strength of the 2nd Division, Singlaub pointed out that since both China and the Soviet Union are engaged in negotiations with the United States, neither wish to be drawn into a direct military confrontation with the U.S. "The withdrawal from Korea, I believe, would be a signal to other nations in Asia that we were giving up our Pacific role, and it would be a signal to China to move...."

Singlaub warned of dangerous military escalation in the area should North Korea invade and control the South. "A communist-controlled Korea would be a

serious threat to the security of Japan, separated from the peninsula only by the narrow straits of Tsu Shima." Withdrawal of U.S. ground troops would also mean that Japan would have to produce nuclear weapons, the retired general pointed out, calling this "a further proliferation we don't want."

He further charged that the decision to withdraw troops was made by the President *outside* the knowledge or advice of the Joint Chiefs of Staff of the U.S. Army, who "learned about it on either the radio or by reading it in the paper. . . They were told quite simply, either support this or we accept your retirement."

Who's Brookings?

General Singlaub suspects that Carter's decision may have come from the Brookings Institution or from retired Rear Admiral Gene LaRoque, head of the Washington D.C. Center for Defense Information. (CDI is "unofficially" affiliated with the Institute for Policy Studies, a Washington D.C.-based left-liberal think tank that has been documented by this news service and by Italian and Soviet publications as a command center for international terrorist operations.)

"As for the Brookings Institution," said Singlaub, "I don't know of anyone who thinks it is a good institution. . . Certainly it has produced studies that in my mind don't even qualify as sound academic studies."

The Volunteer Army

Concerned for the quality of the all-volunteer military force, General Singlaub warned that the literacy level of enlisted men was a major problem to national security:

" . . . We find that the level of literacy is down. Now, that's not just related to the Army; it's apparently a measure of the educational system of our country." The general noted that "these soldiers can't read the manuals that they need to read to operate the equipment. They can't record their observations in the times that are needed because their level of literacy is so low."

Blaming these shocking problems on the nation's school system, he admitted the army is having "to rewrite our field manuals into fifth-grade English. It was bad enough before, at the eighth-grade level."

What To Do About China

Proposing a sane U.S. policy for East Asia

America's policy toward mainland China is being discussed from many angles — most of them superficial at best. Here, the Executive Intelligence Review's Asia desk chief Daniel Sneider analyzes the fundamental policy issues at stake and proposes a U.S. China policy that will serve both nations and the entire region.

ASIA

U.S. policy toward the Peoples Republic of China is presently a major subject of debate in policy-making circles, a debate sparked in part by the recent efforts of National Security Advisor Brzezinski to involve the U.S. in a strategic-military alliance with the PRC.

Nowhere in that debate, from either side, is there any evidence of a serious consideration of the long-term interests of this nation in the vital region of East Asia. The normalization of relations is considered the end subject, with merely the conditions for normalization under debate.

If we are to look beyond that immediate issue, however, then it is clear that we cannot ignore China, that our policy in Asia must deal with the reality of the PRC today.

The Kissinger-Brzezinski approach to Peking — crawling before the new mandarins of China to seek their approval for a policy of confrontation with the Soviet Union — will cement us into an Asian policy which is centered on an alliance with Peking. By pursuing that course we will not only immediately wreck hopes for a cooperative relationship with the Soviet Union, but we will have lost any opportunity that now exists for establishing a positive and creative relationship to the nations on the western end of the Pacific which are vital to America's future.

The alternative to playing geopolitical games with China is readily available. The policy for the long term in Asia must rest on an American commitment to the large-scale industrial and agricultural development of the region: The encirclement of China by technologically advancing neighbors like Vietnam, already willing for such cooperation, will begin to force China itself toward such a policy.

This is a commitment we can share not only with the nations of Asia but with the major powers who already play an important role in the region. That means first of all Japan, an Asian nation that is also a developed industrial nation standing in the forefront of those interested in real development. Also to be included is the Soviet Union, itself an Asian nation too.

The creation of an alliance for development in East Asia represents the real interests of the United States, but also of China. The present regime in Peking remains a prisoner of one of the most backward forms of racialism, Great Han chauvinism, which colors its view of the world completely. To the Chinese racialists, the rest of the world is merely an arena for manipulation, manipulation to serve the advance and survival of the Chinese race. It is from that standpoint that the Chinese see no contradiction in encouraging strategic, including nuclear, conflict between the United States and the Soviet Union — their big power rivals — in the hopes that we will destroy each other.

For the Chinese, the immediate aim of their manipulation, so successfully demonstrated with Kissinger and Brzezinski, is to encourage that conflict as far away from China as possible: in Africa and Western Europe. The Chinese offer of backing to the U.S. is the nicer side of what can only be termed blackmail — that unless the West delivers the arms and technology to China, then perhaps they will just turn back to the Soviet Union.

These Chinese maneuvers have a very short-term quality to them. The longer-term development of China is more likely to be shaped by the process of industrialization and by those political and social layers in China who are most intimately associated with that process. The rapid elimination of the Maoist idiocy of deliberate maintenance of a peasant-based economy and society will foster the rational side of Chinese commitment to national development. That commitment is represented historically by the Chinese Revolution of 1911 of Sun Yat Sen, which was itself a reflection of the inspiring Japanese Meiji Revolution for the industrialization and modernization of Japan.

U.S. policy in Asia must be based on a development policy that encourages Chinese developments along those rational lines, that aims toward a point in the future when China is ready to abandon racist designs toward the domination of the Asian region and join in a cooperative regional development plan. At that point U.S. policy will more fundamentally include a solid relationship with China, as with Japan and other nations in Asia.

It is immediately necessary, then, that we move to create an environment around China which accomplishes two tasks. First, it must make it impossible for the Chinese to enjoy any success in furthering regional tension for their racist ends, as they are doing in encouraging the mad Cambodian regime in its provocations of Vietnam and Thailand. Second, it must establish stability based on development, with an open door to Chinese collaboration in that effort.

The Development of Southeast Asia

The development of Southeast Asia is the centerpiece of the effort that must be made in Asia today. What was once the scene of the genocidal American intervention into Vietnam promises to become a major area of economic activity in the developing sector, provided the region is not once again subjected to the destructive effects of balance of power politics.

Southeast Asia — the area from Burma to the

Philippines — can be a focus of development which will link into, on the west, the Indian subcontinent; on the north, into China and northeast Asia (including Korea); eastward, to the eastern rim of the Pacific basin, to the United States and Mexico. The United States, Japan, the Soviet Union, and China, in combination with regional centers like India, Vietnam, and Indonesia, can effect the most rapid pace of development possible in a short period of time.

Japan Business Chief: Trade, Growth, and Technology for the Region

The head of Japan's leading business organization, the Keidanren, has posed his country's solution to the growing world problems of trade and financial imbalances: international cooperation for developments based on energy and high-technology exports from the advanced nations.

Keidanren president Toshiwo Doko presented this perspective in an article written for and published in the New York Journal of Commerce June 12. Doko's article, datelined Tokyo, appeared as the U.S. Treasury's Anthony Solomon and C. Fred Bergsten once again forced an upward rise of the Japanese yen against the dollar, while pressuring Japan to stop its sales of industrial equipment to the developing countries.

Here are portions of the Keidanren chief's article:

Four years after the oil crisis, Japan's domestic economy still remains in the doldrums. Both the government and private industry are preoccupied with beating the downward pull on economic activity. Uncertainties also grew in the field of trade because of the weak domestic demand and a sharp 34 percent appreciation of the Japanese yen in relation to the dollar, which took place in the last year and a half. The Japanese economy indeed finds itself today in an extremely difficult situation.

The international economy, meanwhile, is burdened with the problems of unemployment and balance of payments gaps. This is a time when countries feel most tempted to seek refuge in protectionism. If we are to hold back the rising menace of protectionism, we must create conditions in the world economy which would make international cooperation possible. Solutions must be found first of all to the problems of a slowdown in the pace of technological innovations and of the uneven distribution of international liquidity. . . .

Our hopes for successfully removing the limits to growth imposed by the energy and resources problems and saving the free-enterprise economy from the slow strangulation of low growth lie in the development of new technologies. . . .

As a resources-scarce nation, Japan must work harder than other nations to further refine its existing technologies for saving energy and resources consumption as well as to push ahead with the development of alternative energy sources. The energy-resources problem has, of course,

international dimensions, as shown by the issues encountered by nations in the Law of the Sea negotiations and in the sometimes conflicting demands of nuclear energy development and the prevention of the further proliferation of nuclear weapons capability.

International cooperation is thus essential in the energy-resources area. There are some successful instances of international cooperation, such as the highly-advanced joint research being carried on by the United States and the Soviet Union in the field of nuclear fusion technology.

Japan must step up its efforts in technological development, within the framework of international cooperation, and help lift the world economy out of its current impasse. It is perhaps a new obligation for Japan, which has so far proved to be the most dynamic factor in international trade. . . .

Japan has already announced a policy for "doubling the volume of its official development assistance (ODA) in five years." But it is an expansion of trade that provides a truly dynamic impetus to the economies of the developing nations. The role of the "industrialized nations, including Japan, is to keep the way open for their trade expansion."

As the newly emerging national economies, such as South Korea, make their presence increasingly felt on the world economic scene, Japanese industries, especially those operating in the labor-intensive lines, would inevitably become less competitive. However, the entry of such a new competitor is certain to spur new technological developments and drive the Japanese economy to move forward.

One thing is essential if we are to keep the way open for the late starters in industrialization and to lift our own economy to a higher level of evolution through the transfer of economic resources to the technology-intensive sectors. It is to give full play to the imagination and creativity of the Japanese people and translate them into technological innovations.

At this stage of Japan's economic and social evolution, it is more important than ever that the center of decision-making in the Japanese society be occupied by those kinds of people who are free and open-minded and not bound by uniformist thoughts. In order to make this happen, we will most probably need a reform of the traditional management practices. Obviously, the Japanese system of education would also require a major re-examination. . . .

The Southeast Asia region already has one of the most readily available and underexploited resources of both raw materials (minerals, fossil fuels, agricultural products) and trained manpower in the developing sector. Malaysia, Singapore, and the Philippines are countries already on the edge of industrial transformation, à la South Korea. Thailand, Indonesia, and Vietnam can become major centers of industrial and agricultural production with the proper input of technology transfer and capital investment from outside.

The roles of Vietnam and Indonesia are the key. Vietnam has the most skilled political leadership, matured by the experience of the past 30 years and commanding a population with the greatest pool of technical skills in the region. They only lack capital input, which the Comecon nations themselves cannot possibly supply on a sufficient scale. The constantly expanding Japanese role in Vietnam is evidence both of that fact and also of Vietnamese desire to expand the scope of its economic and political relations in the world. As regards Indonesia, it is the nation with the greatest raw potential (factors of population, resources, and so forth considered), although lacking development of labor power among the population. It is a challenge that must be met.

The structure of the Association of Southeast Asian Nations (ASEAN) is an advantage in easing the obstacles to regional economic planning of development, although national tensions do exist. The Fukuda government has already made its involvement in ASEAN regional industrialization plans concrete, while the U.S. has failed to do so. The willingness of the Vietnamese government recently to adopt a positive although neutral stand toward ASEAN, and Vietnam's eagerness for economic cooperation with the ASEAN nations, is also an evident advantage. Both Indonesia and Vietnam, from different standpoints, have shown concern over Chinese efforts, like the recent "united front" proposal, to assert "guidance" over ASEAN.

The lack of any major obstacles within the region is complemented by the attitude of Japan. The Japanese government has consistently, in the recent period, and with emphasis since the 1973 oil crisis, stressed its serious commitment to the development of Southeast Asia and Asia as a whole. In the Japanese view, the necessary advance of their economy into more capital-intensive ("knowledge-intensive") computer- and nuclear power-based production must be complemented by the transfer of industrial technology to the developing sector nations, particularly in areas like raw materials processing and manufacturing.

Quite correctly, leading Japanese economists and planners do not view such transfers as creating potential competitors, but rather as part of a vast expansion of economic growth in which Japan must be constantly searching for the most advanced technology upon which to base its economy. This view is clearly expressed in documents of the Ministry of International Trade and Industry and is held by those circles of Japanese business, such as the Industrial Bank of Japan, who already play a large role in Southeast Asia. The Japanese, unlike others, are in Asia to stay, and are fully conscious of the necessity of development to the stability and security of the region and of Japan itself.

Therefore, the U.S. can best strengthen its fundamentally essential alliance with Japan by pursuing a mutual strategy of development in Southeast Asia. Such a joint effort is already viewed by the Japanese government as linked to its proposals for joint, and international, efforts for the development of controlled thermonuclear fusion power. This collaboration was very concretely proposed by Prime Minister Fukuda on his visit to the U.S. last month, and reiterated by Foreign Minister Sonoda at the United Nations. In both its regional and nuclear energy aspects, this perspective would form a viable framework — and the only one, in fact — for defusing the efforts toward trade war.

The Japanese have correctly pointed out that it is not a reduction in their trade surplus that is needed but an expansion of world trade, particularly with the developing sector, and that any reduction of Japanese trade is likely to hurt Southeast Asia more than any other area of the world.

Southeast Asian development is also clearly in the interest of the Soviet Union, from the standpoint both of Soviet economic activity and of Soviet concerns about China. It will guarantee stability of the region, without any question of major power dominance, and offer the Soviet Union a straightforward framework for contribution to that process, as it is already doing in Indochina.

And China will be offered the opportunity to join this development process while denied the circumstances to carry out her chauvinist aspirations and her encouragement of U.S.-Soviet confrontation. Longer-term trends in China toward industrial development and scientific education will tend to strengthen such a rational approach.

How to Proceed

The implementation of this development alliance strategy should proceed immediately, along the following lines:

- (1) The existing institution of the **Asian Development Bank**, which under Japanese leadership has generally not followed the World Bank's "ruralist" emphasis, **should be expanded** into the central credit mechanism for industrial, agricultural, and energy development. Soviet and Chinese participation should be invited on the basis of worked-out regional development programs.
- (2) **A major program for regional development must be defined.** Development projects in the Mekong River Basin, already outlined, must be drawn up in detail with proper input from within the region. **Appropriate forums for U.S.-Japanese discussion** of their input into the region, bringing together experts and private-sector and government representatives from both countries with those from countries of the region, should be convened on at least a preliminary basis.
- (3) Efforts should be undertaken to advance **positive contact with the Socialist Republic of Vietnam** and to encourage U.S. efforts toward normalization of relations and participation in the economic reconstruction of that nation.

— Daniel Sneider

The 'Politics Of Chaos' Comes To Colombia

Liberal Party candidate Julio Cesar Turbay Ayala squeaked through Colombia's June 4 Presidential elections with a 140,000-vote margin of victory over Conservative Belisario Betancur. The result is that the "politics of chaos" — the term that Brookings Institute analyst Abraham Lowenthal recently applied to the Dominican Republic — has now come to Colombia.

LATIN AMERICA

This was Colombia's first election in 20 years free of the strictures of the National Front, the power-sharing agreement reached between Colombia's two major parties in 1958 as the resolution of a decade of interparty violence. Instead of the Liberal landslide that most observers had expected (at least until the last weeks of the election), a situation of institutionalized instability has emerged which is likely to continue through Turbay's accession to power in August and beyond. Not accidentally, this parallels the political conditions in Peru, Jamaica, India, and scores of other countries around the world — and also parallel is the dominant political presence of the World Bank-International Monetary Fund and its policy allies (such as the Brookings think tank) in the midst of the deliberately encouraged chaos.

Colombia's Conservatives have refused to accept the official tallies of the close vote without a recount, and deployed one wing of Betancur supporters into the streets the week following elections clamoring for the defeated candidate to "take power with arms," which has already forced a defensive Turbay to offer to share

"Colombia Is Up For Grabs"

The Colombian election and its aftermath followed in uncanny detail a scenario published in the June 12 issue of *Business Week* magazine under the title, "The Acid Eating at Colombian Democracy". The article was written based on information leaked to the magazine by "confidential sources in the National Security Council," according to an editor.

The article, which was reprinted by the Colombian conservative daily *El Pais*, warns that "the stage could be set for a Marxist-style demagogue, terrorism, or, more likely, a military coup" in Colombia. The article threatens: "Washington strongly supports representative government for Colombia. On the other hand, the Carter Administration wants a more severe crackdown on drugs and corruption that may not be possible unless there is an authoritarian regime....If the victor in this weekend's contest isn't able to handle it, Colombia will be up for grabs."

power with the Conservatives.

Turbay is also faced with a chaotic situation within his own party. Carlos Lleras Restrepo, a former president of Colombia and the leader of one wing of the Liberal Party, nearly effected Turbay's defeat by quietly organizing his own supporters to vote for the Conservative candidate. He thus caused Turbay to lose the capital, Bogota, Colombia's largest city. Spokesmen for Restrepo's faction are now proclaiming the "death of the Liberal Party" and the end of party politics — precisely the scenario for chaos.

No More Mexicos

Colombia is now faced with a disunited ruling party, massive labor unrest, and a less-than-50-percent President committed to implementing an inflationary program of labor-intensive jobs creation for export-oriented looting. These are surely the conditions that breed a coup d'etat.

But more than that is wanted. Turbay alone is no danger to anybody. What the "politics of chaos" are designed to bring about is the complete destruction of the Liberal Party as an institution and thus eliminate the threat of Colombia becoming another Mexico.

With a population of 25 million and one of the more highly educated and skilled workforces in the developing sector, Colombia could indeed become a second Mexico — that is, a nation committed to a high-technology-vectored development program at all cost and ready to stand up to any World Bank and IMF demands to the contrary.

In the 1930s, Colombian Liberal Party President Lopez Pumarejo scared the Anglo-American financial interests with just that possibility. His wide-ranging social reforms and his fight for industrialization complemented his open calls for bringing the "Mexican Revolution" and the nation-building methods of Mexican President Lazaro Cardenas to Colombia.

The ending of the National Front with the just-concluded election caused discussion among some Liberal sectors of instituting the Liberal Party as a "Party of the Government" and with it came, inevitably, discussion of the similar Mexican model, with published articles appearing in "Turbayista" journals of Mexico's successful efforts to mechanize agriculture, for example.

Turbay was never one of the strongest proponents of this outlook. But on the advice of ex-President Lleras Camargo, (see box page 5), he came close to totally abandoning it in the closing days of the campaign. Nevertheless, the mass-based nature of the Liberal Party and the tradition of Lopez Pumarejo continually threaten to launch the reemergence of Mexicanization tendencies. For this reason, British finance, with the connivance of the Brzezinski-led National Security Council and Colombia's oligarchy, want it smashed.

The Economics: Mini-Boom ... And Bust

One of the few remaining still-discernible planks of Turbay's platform is the promise to encourage exports,

decentralize planning, and stimulate job-creating industry. These are the code words that identify for any experienced observer the World Bank's program for Colombia.

Latin America, as has been duly noted by the London banking institutions, ranks high among Third World nations in living standards, social infrastructure, and qualities of labor force. With a relatively highly educated workforce, foreign reserves totalling \$1.8 billion, and low foreign indebtedness, Colombia is slated as a target for attempting a small-scale "Brazilian miracle."

What this would mean would be pumping in a certain minimal amount of capital and infrastructure for the purpose of reaping some quick returns on exportable raw materials and food stuffs. Like the larger Alliance for Progress swindle, it cannot last long. The World Bank has already given some priority to developing Colombia's electrical energy capacity, not at rates sufficient to effectively industrialize (in fact rationing is continually discussed in the big cities), but enough to provide such things as rural electrification in select areas that can be developed for export-oriented farming.

An added danger in the Colombia situation will be the tendency of domestic and foreign, especially U.S.,

How The Oligarchy Deployed

One of the leaders of the opposition to Turbay inside the Liberal Party is Lleras Restrepo. His cousin, Alberto Lleras Camargo, like Lleras Restrepo an ex-President, now leads the "pro-Turbay" wing of the Liberal Party. This situation, while curious to the outsider, barely draws comment in the incestuous world of the Colombian oligarchy. While Lleras Restrepo is now clearly identified as a traitor, his cousin of the Camargo wing of the family represents even more of a danger to Turbay. Lleras Camargo is a virulent zero-growther and is known among monetarist circles as a Latin American who can really "deliver," a reputation which earned him the Humanist Statesman award this year from the British Secret Intelligence Service's U.S. front organization known as the Aspen Institute.

The joint operations of the Lleras cousins were absolutely necessary to prevent a clear Liberal Party victory and thus create the present unstable situation.

It was Lleras Camargo who engineered the second major element of Turbay's near-defeat, by convincing the candidate to tone down his appeal in hopes of winning a rapprochement with cousin Lleras Restrepo. What this meant, in effect, was that in the last weeks of the election Turbay began to sound increasingly like a World Bank brochure on Colombia.

With this disgusting performance, much of the Liberal Party's mass base, which had hoped that Turbay could embody their wishes for a revitalized country free of the dictates of the World Bank, and ready to embark on real industrial development, became too demoralized to even vote. The result was an abstention rate of over 60 percent.

capital to move in for the proverbial "fast buck" on what most financial press outlets may soon start hyping as a mini-boom in Colombian investment.

Along with an attempted mini-boom in export agriculture will be a minerals development program. Current President Lopez Michelsen has recently spoken of the vast El Cerrejon coal resources in the northern Guajira region, now under a joint development contract between Exxon's subsidiary Intercol and the Colombian government. (Colombia has the largest coal reserves in Latin America and the 12th largest in the world). And Turbay, shortly before the election, pledged a \$3.5 billion investment and borrowing program to develop Colombian oil.

Texaco has recently made major finds of natural gas in the coastal waters off Guajira, and Hanna Mining is negotiating a contract for the Cerromatoso nickel fields in central Colombia which could begin producing 4 to 5 percent of the non-communist world's nickel in a few years.

The problem facing most of these investors is the failure to think beyond the ends of their noses. For example, Hanna Mining's Cerromatoso project is now being delayed not for legal or technical reasons, but because the company is unsure of world market for nickel. Nickel is a principal ingredient of stainless steel, which is one of the main inputs into nuclear reactors, and Colombia itself, under any serious long-term development program, would become a major Latin American steel producer based on its abundant local supplies of iron ore and coking coal (see *Executive Intelligence Review* Vol. V, No. 17, "Economic Survey"). Tell the short-sighted planning executive that, and he answers that he has too many other problems to worry about to fight the battle for nuclear energy.

Similarly, Texaco's Latin American subsidiary, Texpet, is sitting on enough natural gas in the offshore Guajira fields to supply Colombia's Bogota-Medellin-Cali industrial triangle with cheap power and to provide a feedstock for a fertilizer industry that could supply a mechanized Colombia-Venezuela agroindustry with the input needed to feed a growing industrial workforce. Instead, Texaco is knocking its head against a brick wall to figure out how it can economically liquefy the gas for export.

As far as oil development goes, it should not really be necessary to remind American oil companies of the political consequences that inevitably result from investment in fast-buck oil looting schemes in Third World countries. If U.S. corporate planning executives can break free of the political analysis that flows from their refusal to challenge the premises of World Bank "development" studies, and begin to really "*pensar en grande*" ("think big") as Mexican President Lopez Portillo recently instructed his aides in an apt reminder of what was once the American business ideology, then the otherwise inevitable tendency towards political degeneration in Latin America can be reversed. Colombia, with its obvious potential for large-scale economic growth, and the political conditions that have not yet passed the point of no return, is a good place to start.

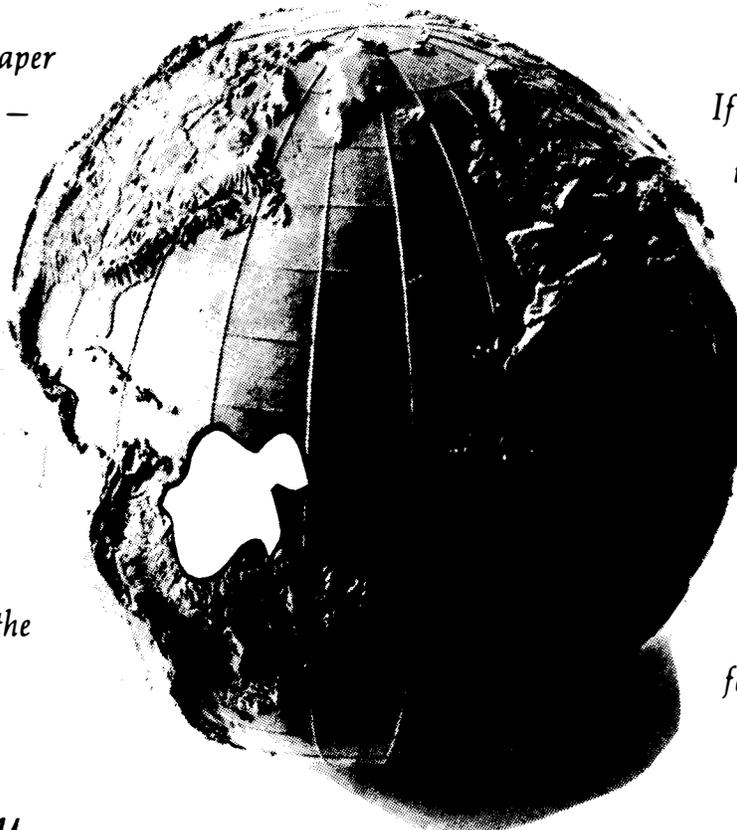
— Lawrence Hecht

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THURSDAY, JANUARY 11, 1978

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

JAN. 11 - THE WALL STREET JOURNAL, A LEADING U.S. BUSINESS DAILY, RAN A MAJOR EDITORIAL TODAY CALLING ON THE CARTER ADMINISTRATION TO CUTOFF NUCLEAR COOPERATION WITH INDIA. IN A SCATHING DENUNCIATION OF THE CARTER VISIT TO INDIA, THE "OPEN MINE" INCIDENT, AND ABOVE ALL HIS COSMETIC CONCESSION THAT HE WOULD AUTHORIZE SUPPLY OF ONE SHIPMENT OF ENRICHED URANIUM TO INDIA, THE JOURNAL TARPUR, THOUGH WE THINK THERE ARE BETTER ARGUMENTS FOR ENDING NUCLEAR COOPERATION. COLDLY AND BLUNTLY AS THE CANADIANS DID AFTER THE INDIAN EXPLOSION. THE JOURNAL CONCLUDES: "IT IS EASY ENOUGH TO BELIEVE THAT MR. CARTER DOESN'T NOTICE MIKES AND IS IN ADDITION SO CONFUSED HE THINKS A LETTER WILL KEEP HIS POLICY INTACT DESPITE THE HEAVY WATER SHIPMENT. BUT ON THE OTHER HAND, PERHAPS IT WAS NOT THE INDIANS WHO WERE INTENDED TO OVERNEAR TO TELL US A LIE WAS USING THE PLOT TO MISLEAD THE AMERICAN PEOPLE."

WHAT IS REALLY GOING ON?

WHILE THE DUST HAS NOT YET SETTLED ON THE CARTER TRIP, BRITISH PRIME MINISTER JAMES CALLAGHAN HAS ARRIVED IN INDIA TO SUPPOSEDLY EVOLVE THE COMPROMISE FORMULA TO BRING INDIA INTO AN ACCEPTABLE STATUS ON THE NON-PROLIFERATION QUESTION. WHILE THE U.S. STATE DEPARTMENT TODAY ADAMANTLY DENIED ANY TRUTH TO THE STORY THAT CALLAGHAN "HAS SUCCEEDED WHERE CARTER HAS FAILED" AS PRESENTED BY THE LONDON TIMES, TODAY'S LONDON DAILY TELEGRAPH ADDS CLOSING DETAILS AT THIS TIME. TODAY'S SECRET PROMISES AND THAT CALLAGHAN HOPES HE WOULD USE THESE ASSURANCES TO PRESS PLEDGES TO PAKISTAN WHERE HE WOULD REQUEST THE NEW YORK TIMES ANNOUNCED CONTRACTED FRENCH NUCLEAR REPROCESSING PLANT. CALLAGHAN ARRIVED IN PAKISTAN JAN. 11, ONE DAY AFTER THE NEW YORK TIMES ANNOUNCED THAT FRANCE HAS REQUESTED THE PAKISTANIS CONSIDER ALTERATIONS IN CURRENT CONTRACTS.

MIDWEST COLD FREEZES OHIO COAL STOCKPILES

JAN. 11 - AS THE NATIONAL STRIKE OF U.S. COAL MINER AND COAL-HANDLING MACHINERY, A SPOKESMAN FOR THE ELECTRIC UTILITY TOLD THIS NEWS SERVICE THAT THE CUSTOMERS HAVE BEEN ASKED TO VOLUNTARILY CUT THE FACILITY IN SHIPPING REPORT. PA. HAS BEEN SHUT. BY THE UTILITIES AFFECTED ALL EXPECT TO HAVE T A DAY. HOWEVER A SECOND COLD FREEZE IS PRE WEEKEND. THE ONGOING MINERWORKERS' STRIKE IN FRESH COAL TO REPLACE FROZEN COAL. ALTERNATIVE USED LAST WINTER DURING THE THE OHIO STATE ENERGY OFFICE DURING TV COAL DELIVERIES TO RESIDENTIAL USERS

A SPOKESMAN FOR THE U.S. DEPARTY WILL DO NOTHING IN THE PRESENT ST MAKES A STATEMENT HE ADDED THAT T PRODUCED BY THE ONGOING STRIKE AND UNTIL THEN THE GOVERNMENT CONSERVATIVE BRIT' FIRING OPPOSITION TOM KING: BRIT GOVERNMENT HIS D OF

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