

EMF have been under official discussion. Either by raising dollars directly through currency intervention, or by issuing securities to surplus dollar holders, the EMF will become the agency that transforms much of the almost \$400 billion in garbage liquidity in the Eurodollar market into stable, long-term development credits.

For example, the West German daily *Handelsblatt* July 3 reported that the arrangement could only work "if the European Monetary Fund is prepared to take up sums of dollars that cannot be held by other institutions." In other words, the EMF will intervene with the currencies that make up the EUA basket to support the dollar, and absorb virtually unlimited dollars in the process. From Chancellor Schmidt's previous statements, such bonds will be used for technology transfer and comprehensive development and nuclear energy programs for the developing sector. At the same time it was announced in the Japanese paper *Mainichi* that Prime Minister Fukuda will present at the summit a proposal for international collaboration to develop fusion energy.

A full 20 percent of the \$20 billion starting sum will be held in dollars and gold, according to Schmidt's official announcement. According to authoritative Italian sources, the French and Italians will make most of their contribution in the form of gold, "in order to obtain equal status with the West Germans in the new Fund," according to one source. That points to the remonetization of gold as a central bank reserve asset.

The British Were Outflanked

The French daily *Le Monde* reported today that the French and West German had "rigged" the summit to prevent a British veto of the plans, which might have led to a rupture with the United States at the Bonn meeting. "President Giscard was puzzled by British obstinacy about the monetary proposal, and came to the conclusion that Britain did not want to end the residual reserve role of the pound sterling," *Le Monde* said. The groundwork was done earlier in the week, when French central bank chief Bernard Clappier and West German Chancellory official Dieter Hiss made the Belgian Prime Minister, Leo Tindemans, an offer he couldn't refuse at a meeting Tuesday in Brussels. According to informed sources, the French and West German officials threatened Tindemans with a Belgian franc crisis if he didn't behave at Bremen.

Remarkably, the West German daily *Die Welt* reported today, Tindemans brought the "Fronde of smaller countries opposing the Franco-German plan" into line. Isolated, Callaghan had to give his assent. Reports on the morning of July 7 in the British press and in the *New York Times* had predicted that Callaghan "would provoke a split in the EC," in the words of the London *Guardian's* headline. No such thing occurred, and the road is clear for Bonn.

— David Goldman

Israel Uses Lebanon Crisis Against Bonn Summit

A crisis in Lebanon that potentially carries with it the seeds of World War III has emerged as the leading threat to the success of the Bonn economic summit.

The civil war in Lebanon, which is a proxy conflict between Israel and key Arab forces, threatens to trigger another Arab-Israeli war in which Israel is expected to bombard Arab oil fields in the Persian Gulf. Because of the extreme urgency of the situation and the immense importance of Middle East stability to the success of the Bonn meeting, West German Chancellor Schmidt and President Giscard d'Estaing of France are working together to convince the United States to convene the Geneva conference on the Middle East. Meanwhile, key Western powers have taken steps to quarantine the Israeli military to prevent a Lebanon explosion.

But as of July 7 the crisis in Lebanon was perched on the brink of general war. Syrian troops in Lebanon were conducting a broad offensive aimed at crushing the political power of the ultrarightist Christian militia led by Camille Chamoun and Pierre Gemayel's Nazi-

modeled Falangist Party. Israel, which supplies the fascist militia and lends its political support to Chamoun and Gemayel, immediately issued a series of warnings to Syria, sent its air force thundering across Beirut, and moved troop reinforcements to the Lebanese border and the Golan Heights. The Syrians reportedly responded by alerting their military forces.

The Israelis are well aware of the implications of the Bonn summit preparations. Working closely with British intelligence, the Zionists fear that the current alliance between Iran and Saudi Arabia in the Organization of Petroleum Exporting Countries context may provide a solid foundation for the United States, West Germany, France, and Japan to work closely with OPEC on establishing a new world monetary system.

Speaking privately, a leading American Zionist was explicit on this point. The deteriorating situation in the Middle East, he said, bears a direct relationship to the meeting in Bonn in mid-July. "There is a concentration of currency and oil reserves in that area, an area which

is highly unstable and subject to surprises, embargoes, and destabilization from within." Continued instability there, he added, would ensure that the Bonn meeting would be "all talk, big on rhetoric and soft on action."

The Arrogance of Israel

From political and military sources in Israel have come a series of threats that Israel will invade Lebanon to defend the "Christian minority." But, in fact, the Syrian action in Lebanon is aimed at eliminating a nest of Nazi militiamen—direct descendants of the pro-Hitler Lebanese gangs of the World War II era—who have formed an unholy alliance with the Israelis. Israel's nauseating posturing about "humanitarian" concerns in Lebanon is thus revealed to be nothing less than a cover for a deal with Nazis.

The renewed Syrian attacks on the rightists, which have left about 200 dead in seven days, came after the assassination of Tony Frangieh, a former ally of the Gemayel-Chamoun clique whose family had broken with its fellow Maronites and openly endorsed the Syrian role in Lebanon at a time when Chamoun was demanding a Syrian withdrawal. Frangieh was close to the Syrian leadership, especially President Assad's brother Rifaat Assad, with whom he was in partnership in various business deals, from trading to drug merchandising.

Threats to intervene against Syria came last week from the office of Prime Minister Begin, Defense Minister Weizman, and from Military Intelligence chief General Shlomo Gazit. In addition, Weizman said that the Syrian action would force a "reassessment" of Israel's negotiating position in Middle East peace talks. At the same time, Israeli officials announced a rejection of the long-awaited Egyptian peace plan, which was

delivered to Israel on July 4 by the U.S. ambassador.

At stake in Lebanon is nothing less than the existence of the nation. At the height of the crisis, President Sarkis of Lebanon threatened to resign unless a ceasefire were implemented, reportedly adding that the Syrians must drop their conditions which included the dismantling of the power of the rightist Lebanese Front. Sarkis's threat to resign would mean total chaos in Lebanon, since it would be followed immediately by the declaration of several rival governments, leading to partition.

Chamoun, leading the fight against Syria, declared that his forces will fight "for our own state," implying a partition. A Falangist source said that they anticipate the declaration of a free and independent Mount Lebanon "state," based on pre-1860 lines, "which would be immediately backed by Israel." The Washington Post, editorially, backed such genocidal schemes, accusing Syria of "mass slaughter of civilians" and adding that partition "is a decision that the Lebanese can only take for themselves."

Internationally, both the United States and the EEC condemned the fighting in Lebanon and urged an immediate ceasefire. Both the U.S. and the EEC emphasized the importance of maintaining the territorial integrity and unity of Lebanon, and Washington said that it would take "whatever steps we consider necessary" to end the fighting.

Carter, in addition, last week stated that the United States would favor the convening of the Geneva conference if the current round of Egyptian-Israeli talks fails, as expected. Carter's statement, which echoes a similar plea from Schmidt, was described as a "bombshell" by the Israelis.

—Bob Dreyfuss

New York Times' Paul Lewis Article Disinformational Garbage

LaRouche comments on Bremen decision

On July 7, U.S. Labor Party Chairman Lyndon LaRouche, Jr. issued from New York this release on the developments at Bremen and their implications for United States policy:

The July 6 dispatch published under Paul Lewis's by-line in today's *New York Times* is totally disinformational, and willfully so on every point but Lewis's reporting of the British hostility to the New European Monetary Union established by today's EEC decision.

Fortunately, those key figures in Washington and elsewhere who have reviewed the European events of July with myself and my associates during recent weeks will recognize from today's official BBC reports that my forecast of breaking policy developments is entirely confirmed. However, Robert Strauss's office and other key elements of the Administration, Congress and business community have been until recent hours incapable of

comprehending the basic realities of European and Japanese outlooks and policies. A continuation of the obsessive focus on German and Japanese "reflation" and other exercises in futility by the office of Strauss and other Administration circles is exceedingly dangerous at this juncture.

New World Monetary System

What is now in progress is the establishment of a new, gold-reserve-based world monetary system to replace the shattered Bretton Woods system — to replace the dominant role of the International Monetary Fund and World Bank. The European Monetary Union, adopted by the EEC is the first major step toward that indispensable objective.

The basic features of the new policies being installed are as follows:

1. The establishment of a new world "central bank,"