

National News

The White House party line

White House Press Secretary Jody Powell last week called in the press corps to read them some choice excerpts from a trans-Atlantic phone conversation between the President and Chancellor Schmidt.

The Chancellor, said Powell, wanted to tell the American people that both he and President Giscard stand by President Carter's side during the current crisis. There should be no doubt, Powell's dramatic reading continued, that both France and West Germany pledge their fidelity to both the Western Alliance and the United States. Both France and West Germany, further desired to make it clear that they wanted the Soviet Union to withdraw its troops from Afghanistan immediately, said Powell. The White House press secretary reported that President Carter was "very pleased with the conversation."

The White House press corps neglected to ask a few obvious questions. Is it now presidential policy to release all private conversations between the White House and other heads of state? Will the White House soon inform us of the content of any recent hotline conversations between Washington and Moscow or of the nature and content of Soviet warnings to the administration, reportedly extremely sharp, on continuing to play the so-called China Card?

'Team B' source calls for Nazi war economy

"We are now very close to war. You don't know how close . . . We have absolutely no capacity to back up this so-called Carter Doctrine." These words by a source who is a "fellow traveller" of the former "Team B" of CIA intelli-

gence specialists, were stated to an *EIR* reporter in talking about the world strategic situation.

"The armed forces and especially the army are made up of people who are incapable of carrying out the demands of a stressful situation," he continued. "The army is loaded with drug addicts, with functional illiterates. It is like a huge welfare hotel. It can't fight a war. It is my view and the view of others in the military command that if the Soviets challenge us, we are going to back down or we are going to be forced to use tactical nuclear weapons . . . at that point we are moments away from a full nuclear war and I think we would lose that war. Carter has taken the risk that the Soviets won't call his bluff. If he proposes to fight where we can't win, then the country is finished . . . We have to ease our way out of the present crisis and move toward a total overhaul of our military capacity—no quick fixes."

This will require the creation of "an authoritarian society . . ." he added. "We will scrap the welfare system and a lot else to fund the military buildup. You think I sound harsh. Well, I am the realist."

Both Carter and George Bush were acceptable presidential candidates to the speaker. The problem with Carter is that he is going to suffer the consequences of his policy debacle: "He doesn't have the ability or credibility to carry out a more authoritarian policy should that become necessary. He will unfortunately pay the price for the mistakes of others."

Bush hit with slush-fund scandal

The campaign of George Bush, the newly anointed GOP front runner, has been hit with its first scandal.

An article prepared by a team of *Los Angeles Times* reporters and syndicated nationally revealed that Bush was the recipient of more than \$106,000 from a

secret Nixon White House slush-fund for the former CIA director's unsuccessful bid for a Senate seat in 1970. While the transactions did not violate federal law, the *Times* says that "Bush's acceptance of the money and his failure to disclose it fully—as required by Texas law—raise questions of propriety, especially since most of the money was in cash and difficult to trace."

The money was conduited through a fund known as the "townhouse operation" because it ran out of a basement of a Washington home. Most of the transactions were conduited under the name "C.A. Green," a codeword for cash. The fund, which totalled more than \$1.5 million, made contributions to candidates in 15 states.

Named as top contributors to the fund were; W. Clement Stone, the Chicago millionaire; Max Fisher, the Detroit-based powerbroker and head of United Brands, with connections to dope-running networks and organized crime; Henry Ford II; and the Boston-based oil and shipping magnate Thomas Pappas.

Former Watergate prosecutor Archibald Cox, white-washed Bush during his Watergate investigations, absolving him of any wrong-doing. Nonetheless, it was reported that Bush's connection to the "Townhouse Operation" was the crucial factor in convincing the circle around President Ford not to nominate Bush for the vice-presidency in 1974, when he was under active consideration.

Spokesmen for the Bush campaign downplay the scandal, calling the allegations "old copy that has long since been cleared up."

USWA under threat of mass shutdowns

Contract talks between the nation's steel producers and the United Steelworkers union got underway last week with slim prospects of an early settlement.

At the traditional opening press conferences of the talks, both sides sounded somber. Lloyd McBride, the USWA president, let it be known that union members could not keep up with inflation during the last contract period and needed a "realistic" contract. J. Bruce Johnston, of U.S. Steel Corporation speaking for the steel producers, threatened that unless the industry got a break on environmental restrictions and imports, the companies would be forced to close more mills. U.S. Steel has already announced plans to close 15 older mills.

Johnston left unsaid that the industry evidently intends to hold the threat of new closings over the heads of union members during negotiations for a new contract. Sources close to U.S. Steel report that this threat will be "the bottom line in the negotiations Either the union gives us what we want or they are going to lose a hell of a lot of members," said one spokesman. "We'll shut down everything that isn't making money."

As if to emphasize the point, U.S. Steel announced that they were going ahead with plans to shut down their Youngstown, Ohio plant and sell most of it for scrap. In desperation, the USWA had proposed to buy or lease the plant to keep it in operation.

All this places USWA President McBride under the gun. The industry is committed to carrying out the greatest retrenchment in history which will cost thousands of jobs.

This decision was actually made some time ago, in policy councils that included Viscount Etienne Davignon of the European Economic Community, who proposed to "rationalize" steel internationally. The erroneous premise is that the world has more capacity to produce steel than it needs; the proposed cut-backs, however, plainly ensure that there will not be enough steel to develop infrastructure in the Third World.

The USWA, according to recent publications, accepts the Davignon ruse, however.

Will Kennedy continue to sink?

The presidential bid of Senator Edward Kennedy is on the rebound, according to certain observers. His campaign organization, especially in New England, is breathing again following the Senator's liberal-oriented attack on the Carter Doctrine at Georgetown University. The media, especially the *Washington Post* and *Boston Globe*, noted the potential for Kennedy's campaign to rise "pheonix-like" from the ashes and make a credible if not victorious try for the nomination. We are witnessing a resurrection, announced columnist Joseph Kraft.

But sources closer to the Kennedy campaign call such statements nice-copy, but otherwise pipedreams. The Kennedy campaign, they say, is mortally wounded. Kennedy is likely to get clobbered in this week's Maine caucuses, where polls show him trailing Carter by two to one. Defeats can become contagious and it is expected that a poor showing in Maine may feed what looks like a rout in New Hampshire, where Kennedy cannot afford to lose.

The Senator reportedly took a poll of top advisors on whether he should stay in the race. It came out deadlocked, 4-4. Kennedy cast the deciding vote himself—"for a candidacy on my own terms." "I'm not going to be a George McGovern," said Kennedy. "And I'm not going to win the nomination."

Other sources report the startling news that Kennedy's speech last week was not worked out to get votes, but carefully constructed in concert with the Carter people to handle another problem—the wildcard candidacy of Lyndon H. LaRouche. Kennedy has not revealed to his staff the content of a series of White House meetings with Carter and his staff on the LaRouche question.

Meanwhile no insider believes that Carter has any lock on the electorate.

Briefly

● **JOHN CONNALLY'S** campaign for the Republican presidential nomination is proving that when it comes to politics, money isn't everything.

Connally, who has passed up federal matching funds money, has already raised and spent more than 9 million dollars. For all this money, he has yet to land a delegate. He spent more than \$150 a vote in the Iowa caucuses and didn't finish in hailing distance of either George Bush or Ronald Reagan.

Now, Connally has dipped into his own pockets to back a half-million dollar loan from a Houston, Texas bank. Recent polls show him with under 5 percent in the New Hampshire primary. Even Connally's money may not buy him out of that one.

● **GEORGE BUSH** picked up more public endorsements of his bid for the GOP presidential nomination last week, from some Watergate era figures. Former Attorney General Elliot Richardson and deputy attorney general William Ruckelshaus placed their separate stamps of approval on the Bush "project." Both Richardson and Ruckelshaus were fired in 1973 by then President Richard Nixon for their "inside" involvement in setting up the White House during Watergate.

● **DAVID ROCKEFELLER** could be seen stalking the halls of Congress last week delivering one message to America's legislators: the fix is on for the 1980 election. Rockefeller, whose Trilateral Commission created President Jimmy Carter and has been running the Carter administration, has decided to go Republican for 1980. Rockefeller is known to be telling leading U.S. Senators that George Bush is the candidate chosen by the Eastern Establishment to be the winner of the 1980 race.