

Latin Plan Disappointment

In Mexico City last February, U.S. Secretary of State Henry Kissinger offered to open a "new dialogue" between the United States and the nations of Latin America.

He acknowledged a need for modernizing the structure of the Organization of American States and to overcome barriers impeding the flow of trade and technology in the hemisphere.

The 24 Latin American foreign ministers at the Mexico City conference indicated that they were pleased with Kissinger's fresh and candid approach to their problems — especially the new problem of coping with higher prices for the oil that most of their countries must import.

It comes as both a surprise and a disappointment, then, that President Luis Echeverria Alvarez of Mexico has taken such a contrary path in his call for a new economic alliance of Latin American countries — one that would pointedly exclude the United States.

Echeverria has been advancing his proposal on a six-nation tour of Central and South America, devoted otherwise to signing new agreements between Mexico and his host countries for trade and technological cooperation.

Any move by Latin Americans to attack their economic problems on a cooperative basis is all to the good, of course, but Echeverria's proposal clearly smacks of the kind of "cooperation" being practiced by oil-exporting countries to dictate unrealistic prices for the world's fuel supply.

While the Arabs may seem to have discovered the legendary money tree with their near monopoly in oil, Latin Americans should be skeptical of the idea of trying

to plant one of their own with the raw materials and other exports they produce.

Their own economic problems are a good lesson in the kind of havoc these cartels produce.

Moreover, they are not living in a sparsely populated desert where oil virtually bubbles out of the ground. Latin America is a patchwork of countries in differing stages of economic development, some with flourishing agricultural and industrial enterprises and all faced with providing enough food and jobs for populations expanding too rapidly.

Most of them are dependent on assistance programs, trade, investment and infusions of technology and management expertise, coming mainly from outside their own region.

Latin America needs better economic relations with more advanced industrial nations like the United States — not the strain in those relations which attempts to mold a Latin American resources cartel would inevitably produce.

The Alliance for Progress launched in the Kennedy years might have been a greater success if its programs for international cooperation to raise living standards in Latin America had not been side-tracked by nationalism, political instability and failure by many governments to pursue the internal reforms which would spread out the benefits of their economic development.

The concepts of the Alliance for Progress are still worth pursuing, but they will only become more remote and unattainable if Latin America jeopardizes its relations with the rest of the world by pursuing policies of economic chauvinism.

Forecasting Gets Tough

Until the last year or two, forecasting had become a favorite management tool in both industry and government. Computerized data made the task easier and, many believed, more precise.

Simply match the components as they exist today in the economy or business picture with similar data from the past, and presto, an accurate forecast is possible.

As do many other theories, this one may work most of the time but it is not working now. Economic forecasting has been off by too wide a margin for more than a year.

Inflation is perhaps the key indicator which has been missed by a mile by predictions time and again.

No one in authority had predicted a double-digit rate of inflation before it arrived, and then many economic authorities were saying it would soon go away. Now they are less sure.

It is interesting that many of those same individuals are fore-

casting more sparsely these days, and then only in the most general terms.

What has happened to the forecasting business is not all bad.

It was easy to succumb to the temptation that a crystal ball was better than taking effective action. But there is little historic precedent for the major changes which have combined to produce the current economic situation.

Among them are universal inflation, shortages of basic commodities, near-monopolistic situations which have developed in some important commodities, and a large flow of short-term capital between countries.

To sum up, the current situation is unique.

Under these circumstances, it might be more productive to devote efforts to solving some of the more urgent problems, rather than attempt to put together a patchwork of suppositions and experience for forecasting purposes.

The 'Threat' Is Here

One of the nation's founders expressed the view that the greatest threat to the survival of the United States would ultimately come from within. On the threshold of America's 200th anniversary, that threat is now materializing — but in a form so insidious as to be unrecognizable to unwary citizens.

It has arrived cloaked in a philosophy of taxation that deliberately aims at the destruction of the financial foundation of industrial strength, personal liberty and self-government — the accumulation of private capital and property.

In the guise of "tax reform," changes have been proposed in such matters as rates of taxation on capital gains which would further remove the investment incentive that provides the billions upon billions of dollars needed every year for industrial development.

Already capital gains taxation rates are at the highest overall levels since the capital gains provisions of the tax laws were enacted in 1921. The American Council on Capital Gains and Estate

Taxation warns that, "To help restore some balance between incentives for saving versus consumption, the capital gains rates should be reduced to the pre-1969 levels."

"Capital gains" is the accountant's way of describing appreciation in the value of property or securities held over a period of time. The increase in value of such investments at the time of sale is called a capital gain. In recent years, inflation — the words of the Council, has made "much of the gain on long-term investments illusory as inflation occurring over the holding period can make it impossible to reinvest the proceeds in current assets of comparable value."

The capital gains tax has become a vicious device to redistribute wealth against basic principles of the American governmental system. It presents the very threat of destruction from within that the founders of the United States feared might someday come.

For, as the resources of private citizens pass into the hands of government, freedom dies.



Settle Down, Republicans!

By James J. Kilpatrick

The House of Representatives is moving inevitably toward the destruction of Richard Nixon, and some of Mr. Nixon's most ardent supporters are moving, in the same tidal wave, toward the destruction of their own best interests.

Forget Mr. Nixon for the moment. What are these convulsions doing to the Republican party? And what lies ahead for conservative causes?

The 1972 election saw 47.2 million votes cast for the Republican Nixon, 29.2 million for the Democrat McGovern. If these 76.4 million voters constitute a reasonable political universe, we can make some rough extrapolations from the popularity polls. These polls show that about 26 or 27 per cent of the people still stand by the President. Conclusion: Some 20 million voters — call them Nixon's Legion — remain bitterly opposed to the President's impeachment and removal from office.

Blood In Eyes

The figures are rough, but they probably are roughly accurate. A legion of 20 million — up voters is a potent political force; and anyone who supposes the President's defenders are not fired up should browse through the mail now flooding Republican offices. The legion sees impeachment as a conspiracy between double-standard Democrats and a double-standard press. These voters have blood in their eyes.

The question arises: How will Nixon's Legion expend its political force? These voters probably have it within their power, if they choose to exercise that power, to make or break a score of Republican or conservative congressmen this fall. By withholding campaign contributions, or by staying home in November, the legion can effectively deny re-election to members of the House who vote in favor of impeachment.

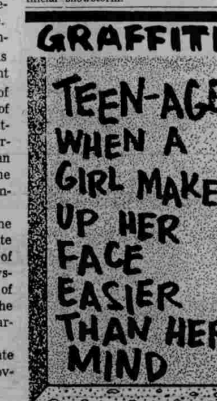
France In Wiretap Purge

By Henry J. Taylor

PARIS — President Valéry Giscard d'Estaing announced on taking office that he would purge France of wiretapping and destroy the accumulated tapes. Behind the scenes, however, it is

Estaing is now purging the highly secret SDECE (Service de Documentation Extérieure et de Contre-Espionage) — for reasons he has privately made clear to President Nixon.

Official "listening in" was a wind that never died in this country; its paper work alone is enough to create an artificial snowstorm.



It would not be an easy road, under the best of circumstances, for Republicans in marginal districts this fall. Rugged, for example, the position of M. Caldwell Butler of Virginia's Sixth District. He is a first-term congressman elected in 1972 by 55 per cent of the vote. Or consider the situation of John M. Ashbrook of Ohio's 17th District. He won his sixth term in 1972 with 57 per cent of the vote. Both men are solid conservatives; both are seeking re-election. The arithmetic tells its own story: If the legion abandons these two excellent congressmen, they could be in serious jeopardy.

Prejudice runs deeper than reason. If it were possible for members of the legion to suspend their pro-Nixon prejudice, and to listen to the cool voice of reason, perhaps they could be persuaded of the political disaster they are courting. They could then vote for a President can do little for Mr. Nixon now; but if this passion is turned in retribution against such men as Butler and Ashbrook, the result could be a liberal landslide.

This is madness. The leaders of organized labor are licking their chops and looking to November. If 50 or 60 seats in the House change hands, passing from moderate-conservative Republicans to moderate-liberal Democrats, we will approach the "vetting-proof" Congress that is the dream of organized labor. The consequences cannot be reckoned in terms of labor legislation alone; the consequences would ripple across the whole surface of congressional power. The legion would lose both the battle and the war. What price sanity?

The President's new strategy in the House is being based on this assessment. The fallback plan is to try to keep the margin of impeachment in the House as low as possible in order to lessen its impact on the hard-core group of senators that the President is counting on to support him in the coming Senate showdown.

Disaster Threat

A two-third vote for impeachment in the House (only a majority is necessary) would be considered disastrous by the President and his aides since that large a margin would definitely have an impact on the small number of Democrats that the President believes will support him in the Senate.

The President, for example, is convinced that Sen. Harry Byrd Jr., the

over, the FBI alleged a connection between Colonel Fournier and not the Mafia, but the Union Corse, the biggest organized crime group in France — older and more dangerous than the Mafia. The Union Corse is the brotherhood of Corsicans, the expanded descendants of the Brothers of Ajaccio (Corsica's capital) the sons of the vendetta. Never having migrated to America or elsewhere like the Mafia, they have avoided the publicity. But they run Marseilles and most of the south of France and spread their tentacles far north and into Paris.

Colonel Fournier was an ardent Gaullist. So were the ranking officials in the French Ministry of Interior. And twice the followers of General de Gaulle have allied themselves with the Union Corse and rewarded it.

The Union Corse helped De Gaulle's landing in southern France and helped him again against Algerian settlers and the revolting French army officers, which made it possible for De Gaulle to leave the wilderness and return to power.

Some Union Corse strong-arm members later joined the Gaullist-dominated SDECE. The group created complex and sometimes embarrassing situations even for President Pompidou as a Gaullist.

Our FBI further alleged a connection between Colonel Fournier, the SDECE, the Interior Ministry hierarchy — up and a Gaullist member of Parliament, Edouard Charrel, the political boss of Lyon, France's second largest city.

Deputy Charrel was involved in what the French call "l'affaire de Lyon." In it three influential French politicians and 17 others were arrested as a result of a brothel scandal, bribe-taking, the suspicion of murder and suspected heavy involvement in the international dope traffic.

This ghastly traffic deeply impairs U.S. — France relations: D'Eaisting in purging the SDECE, has told President Nixon that he will correct this impairment.

Rome: A Period Of Crisis

By Ralph de Toledano

ROME — The cabdriver taking us to the Beirut airport pointed to a sumptuous building. "That's the poor people's embassy," he said deadpan, then laughed at our bewilderment.

The Kuwaiti Embassy, he explained. His irony reflected a prevalent bitterness in Lebanon toward the Arab states which are threatening the country's prosperity. Elsewhere, from the can-Arab brotherhood preached by the little kings of olden has somehow failed to flow over the Lebanese border.

The recent announcement by Prime Minister Takiyeddin Sohi that the Arab states would come to Lebanon's defense against Israeli retaliation for Palestinian terrorist raids was viewed with more than a little cynicism by individuals in and out of the Lebanese government. The kidnapping of Michel Abu Jandou, the Lebanese newsmen, has indicated to them that Israel is not the only threat to the country's security, and a group of Lebanese deputies is calling for an end to the "many crimes committed on Lebanese territory, especially in the heart of the capital" — a thrust at the Palestinian paramilitary forces.

Mixed Reaction

This demonstration in Beirut that things are sometimes not exactly as they seem has been matched in a small way here. Secretary of State Henry Kissinger's visit to Rome and his promises to President Ronald Reagan and Foreign Minister Aldo Moro that the United States will come to Italy's economic aid should the country "find itself in difficulty" have evoked some ambivalent reactions.

With inflation running at 20 per cent annually, Italy is going through its worst crisis since the end of World War II. To some officials his assurances have a hollow ring and overtones of pie-in-the-sky.

Kissinger's visit was obviously wel-

comed by the Italian government whose economic troubles can be compounded at any time by a political crisis. And there may be more than minor significance to the slogan drafted on Roman walls by the government's right-wing opposition: "Kissinger avanguardista dei comunisti" (Kissinger advance guard of the communists). The Italian right, which ranges from Christian Democratic conservatives to the Movimento Sociale Italiano (MSI), represents a substantial portion of the electorate and is highly dubious of Nixonian détente with the Soviet Union. That the President and his secretary of state made it a point, prior to the Moscow summit, to reaffirm NATO ties has not altogether mollified these right-wing forces.

Italy, like the rest of the world, has been badly hit by the unresolvable economic crisis. Inflation, which in geometric progression has exacerbated the general inflation. Like the rest of the world, too, Italians ponder the fearful possibility that they have not yet seen the end of the oil-price spiral — a terrifying prospect given the present economic situation.

Wistful Life

Yet Italians go about their business among the beautiful and ubiquitous ruins of past civilizations which surround them. And the atmosphere remains the same. In the evening, the sidewalk cafes along the Via Veneto are full, and the lights on the Piazza di Spagna and the Via Nazionale give the impression of perpetual prosperity. Rome seems little changed, at least superficially, from what it was the late sixties, and new apartment houses continue to rise in the Trastevere.

This complacency, of course, would not be true in the industrial north where inflation has struck heavily at Italy's foreign trade. But Rome being Rome, and tourism remaining high, the impact of economic crisis is not visible. The Romans, in any case, can be thankful of one effect of inflation. It has driven the hippies away in large numbers. Where once the Spanish Steps, which look down one of the Eternal City's plush shopping streets, were almost literally covered with these dubious products of latter-day American culture, only a scattering remains. The blessing is small, but one still to be reckoned.

Headcount In The Senate

By Paul Scott

Faced with impeachment by the House before the end of the month, President Nixon is now counting on 36 members of the Senate to keep him in office. The survival strategy of the President is being based on a tally of 100 confidential White House

survey listing the President's hard-core strength in the Senate. So far, he has 28 Republicans, seven southern Democrats, and one Independent.

Significantly, 34 of the 100 senators on the pro-White House list are two more than the 32 that the President needs to win in a Senate trial should the impeachment battle go that far and the President not resign.

Although private conceding that there is no chance to stop impeachment by the House, the President's close advisers still believe the President has a better than 30-30 chance of winning in the state where a two-thirds vote is needed for conviction.

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second Independent to be elected to the Senate, will stick with him as long as the vote for impeachment in the House doesn't go over the two-thirds margin. Because of the expected closeness of any vote in the Senate, the position of Senator Byrd is considered crucial for the President.

In addition to Byrd, the President is counting on the following senators to support him in any impeachment trial in the Senate:

Republicans (28): Ted Stevens (Alaska); Paul J. Fannin (Arizona); Barry Goldwater (Arizona); Peter H. Dominick (Colorado); William V. Roth Jr. (Delaware); Edward J. Gurney (Florida); Hiram L. Fong (Hawaii); James A. McClure (Idaho); Bob Dole (Kansas); Maurice W. Cook (Kentucky); J. Glenn Beall Jr. (Maryland); Robert P. Griffin (Michigan); Carl Curtis (Nebraska); Roman L. Hruska (Nebraska); Norris Cotton (New Hampshire); Peter Domenici (New Mexico); Jesse A. Helms (North Carolina); Frank R. Lautenberg (New Jersey); Bellmon (Oklahoma); Dewey F. Bartlett (Oklahoma); Hugh Scott (Pennsylvania); Strom Thurmond (South Carolina); Howard H. Baker (Tennessee); William E. Brock, 3d (Tennessee); John G. Tower (Texas); Wallace F. Bennett (Utah); William Lloyd Scott (Virginia); Clifford P. Hansen (Wyoming).

Democrats (7): James D. Allen (Alabama); John J. McClellan (Arkansas); Sam Nunn (Georgia); Herman E. Talmadge (Georgia); J. Bennett Johnston Jr. (Louisiana); James Eastland (Mississippi); and John Stennis (Mississippi).

Several of the President's aides believe he still has a chance of winning over one or two other Senators, including Vermont's Sen. George D. Aiken, the dean of the Republicans who is retiring this year.

Considered as one of the fairest members of the Senate, Aiken has indicated to friends that he would only vote to convict the President if he believed the evidence of wrong-doing is overwhelming and he believes that such drastic action is in the national interest.

Should the President face two or three defections from his hard-core ranks, the need to win over Aiken to the President's side could become vital to the President's survival.

In recent days as the House Judiciary Committee debated and voted impeachment, the President's strategy has been to portray himself above the battle, concerned instead with affairs of state. In order to hold his anti-impeachment lines in the Senate, the President is reported ready to enter the battle directly.

Note: Senate congressional leaders are now giving President Nixon 30 days to prepare his defense in the Senate if and when the House votes impeachment. The President is expected to seek 60 days.

Monroe Morning World

(Founded October 26, 1970)

John D. Ewing, Jr. President 1970-1973
Robert E. Ewing, Jr. Vice President 1970-1973
Shelton Ewing, Jr. Treasurer 1970-1973
Robert E. Ewing, Jr. Secretary 1970-1973

Published weekly except the last day of the year. The Monroe Morning World is a non-profit corporation, not for the profit of any individual. It is owned and operated by the Ewing family.

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