

POLITICAL ECONOMY

Wide Impact for LaRouche Plan

by Dave Goldman

NEW YORK, April 25 (IPS) — Despite brazen sabotage by the U.S. State Department and a blackout in the Western press, U.S. Labor Party Presidential candidate Lyndon LaRouche's proposal for a new, production-based world monetary system reverberated this week through key political and industrial circles internationally, and through the advanced sector working class.

LaRouche made his proposal for the creation of an International Development Bank to replace the bankrupt dollar-based international monetary system and its present institutions at a press conference attended by 20 reporters for the international media in Bonn, West Germany, on Thursday.

Early indications show that the International Development Bank plan (see page 11) had become a leading agenda item for French and West German industrialists in advance of the Bonn announcement through the wide circulation of preview copies of the LaRouche plan. In addition, several Third World governments are understood to be highly sympathetic to the International Development Bank concept, an alternative to the Rockefeller-World Bank plan to repay the underdeveloped sector's \$140 billion debt with approximately 1 billion human lives by 1980.

Stateside, New York bankers contacted by IPS complained that the Bonn press conference, which proposed that European nations freeze their dollar debts while the United States begins an orderly process of debt moratoria, had become an "unsettling factor on the markets." According to Manufacturers Hanover Trust, "Reports from Europe about dissolving the International Monetary Fund," one of the planks of the International Development Bank plan, motivated European dumping of dollars on the international currency markets last week.

Press Arm-Twisting

In response to the public announcement of the LaRouche plan, IPS has learned, the United States embassy in Bonn initiated a slander campaign against LaRouche and the U.S. Labor Party in an unsuccessful effort to muzzle public discussion of the program. One Bonn-based reporter for a leading international daily claimed, "LaRouche isn't chairman of the U.S. Labor Party — only of the National Caucus of Labor Committees. That they told me at the American Embassy!" This reporter apologized after hearing the facts, however, and the press conference drew representatives from Reuters, the New York Times, CBS, United Press International, Agence-France Presse, Corriere della Sera, and other leading international media.

Officials at the State Department and United States Information Agency Western Europe desks denied knowledge of the anti-Labor Party campaign in Bonn, claiming that no instructions went through their channels to West Germany on this subject. Asked whether such covert-operations orders might have passed instead through CIA channels, USIA West Germany desk chief Irving Sobolsky stated, "I have never heard of the U.S. government harassing journalists or anyone else abroad!" Sobolsky further claimed that this was a "credible" statement.

Despite overwhelming evidence to the contrary, officials of the U.S. Embassy in Bonn denied knowledge of their arm-twisting campaign.

Nonetheless, an IPS survey indicates, the State Department's attempts to suppress discussion of the LaRouche proposals have backfired among political and business leaders on both sides of the Atlantic — who are extremely interested to learn what it is that prompted the hysterics at Foggy Bottom.

Similar methods were in evidence among the international press corps, not one of whose dispatches from Bonn has yet

appeared in print. Reporters from the French national news agency, Agence-France Press, admitted they had suppressed reports of the Bonn press conference in order to hinder the circulation of the LaRouche plan among members of the French Communist Party!

European Response

In discussions with IPS, however, a high official of the French employers' association, the CNPF, expressed sympathy with the International Development Bank, and damning criticism of the NATO-linked government of Valerie Giscard

d'Estaing. The official, international policy specialist Mancini, said, "From the standpoint of the proposal, things are changing, I agree. Unfortunately, the policies of the European governments are not making things any easier."

Adding their weight to the that of the West German industrialist faction heavily based on East-West trade, the French industrialists' association is aware that the immediate consequence of continued support for the dollar-based monetary system is the razing of European industry. March trade figures issued this week by the U.S. Department of Commerce pressed the urgency of the International Development Bank plan home to these circles. During the first quarter of 1975, U.S. imports declined by 10 per cent in real terms, or an annual rate of 40 per cent, corresponding to the rate of collapse of U.S. industrial production.

Although two-fifths of the shrinkage in U.S. imports reflected a drop in oil shipments due to the recession, the remainder represents an across-the-board cut in the trade of European and Japanese manufacturers and raw material exporters of the underdeveloped sector.

Not too paradoxically, the announcement of this disastrous decline in international trade momentarily stopped the fall of the dollar on international money

markets. After the figures came out on Friday morning, European and Arab sellers of the U.S. currency withdrew from the market, since U.S. exports had not collapsed as quickly as imports — indicating that the collapse would hit Europe and Japan even harder.

Like a fungus, the dollar owes its usefulness as a looting instrument entirely to the process of economic decay. At each stage of collapse since November, the dollar has been "stabilized" at progressively lower levels through the destruction of industrial capacity. In both Britain and Italy (see article this issue), the value of these countries' combined \$18 billion external debt is underwritten through a collapse of industrial production. Money that might have been spent for "wasteful" imports, such as food and industrial raw materials, can be freed for debt service.

Even rational financier layers are aghast at the inevitable result of the Rockefeller looting policy, the utter collapse of international monetary relations which candidate LaRouche warned of in Bonn. Several leading Swiss financial institutions are now engaged in discussions with

representatives of the International Caucus of Labor Committees' headquarters in West Germany, and are evaluating the International Development Bank plan.

Nonetheless, certain key financial layers in Europe are still on the fence, primarily the West German big commercial banks. Spokesmen for these institutions are privately known to be in an hysterical state over the LaRouche press conference in Bonn; for the moment, they are balancing demands from their branch networks abroad and industrial contacts for further information on the International Development Bank, and a political fear of making the final break with Rockefeller.

Working-Class Program

But the decision on these matters is already slipping out of the grasp of the traditional masters of world finance, as workers throughout the advanced sector take responsibility for rebuilding the international monetary system to satisfy the demands of production. American workers, already engaged in heated discussion about the International Development bank, are demanding to

know, "What has the French Communist Party done on this so far?"

In organizing throughout the U.S. sector, the IDB plan has cut through populist "Stop the Depression" rhetoric and fascist "full employment" proposals of swine like Hubert Humphrey. At a candidates' night in San Francisco, the U.S. Labor Party mayoral candidate clarified his opponent's "full employment" alternative to the International Development Bank by pointing out how Jews were fully employed in Nazi Germany. Hysterical, the opponent candidate had to be led away by his staff. In Seattle and Baltimore, USLP organizers held heated discussions with workers on whether the Labor Party had the muscle to create the International Development Bank.

But David Rockefeller and his friends at the International Monetary Fund will be aghast at one of the support telegrams received by New York City firefighters' president Vizzini. While the capitalists rely on the police as the final means of debt collection, the president of the Chicago Patrolmen's Benevolent Association has endorsed both municipal debt moratoria and the International Development Bank.