

The Soviet Enigma Mastered Enigmatically

The strategic issues at stake at Bonn, surveyed by the Labor Party's LaRouche

The immediate object of this memorandum is to clarify a crucial aspect of the forthcoming "Bonn Summit" for the U.S. State Department and other relevant governmental agencies and "think tanks." However, it is neither necessary nor desirable that this be advanced as a confidential memorandum. The general public should look over the shoulders of key governmental officials.

The forthcoming "Bonn Summit" may or may not adopt specific resolutions of importance, but the confrontations of conflicting policies within the meeting and its broader context will be far more important than even most governmental officials appear to suspect presently.

At this moment, U.S. and other nations' policies center on a package of policy issues which include the following highlights.

1. *The ill-conceived demand that Japan and the Federal Republic of Germany "reflate."* Despite the efforts of the White House to support London's policy of "bashing the Japanese," this "reflation" policy is doomed to fail. The "Bonn Summit" should bring the "reflation" nonsense to an end, if nothing else.

2. *Policy toward the International Monetary Fund and World Bank.* This is a more complex problem, as I shall outline.

3. *OECD policy toward the developing sector.* Despite shifts away from homogeneously neo-Schachtian "zero-growth" outlooks by the Trilateral Commission, Japanese delegates' walk-out from the recent Trilateral meeting reflects the political as well as economic-financial unsoundness of Trilateral policies.

4. *The implications of the Schmidt-Brezhnev accords of May 1978.*

5. *The London-Kissinger-Brzezinski "China card" lunacy.* The complicating consideration here is that although continental Europe generally regards Kissinger's and Brzezinski's "China card" game as lunatic, key French circles which regard Kissinger and Brzezinski as lunatics on this point have a different approach to China, which ignorant observers might tend to confuse with the London-Kissinger-Brzezinski "China card" game.

For reasons I shall underline in due course here, the whole array of packages depends upon differing perceptions of the character of the Soviet Union for various purposes as adversary and as a prospective economic cooperation partner in Third World development. Therefore, solving the essential features of the Soviet engima is indispensable for formulating a durable policy on any of the issues currently before the nations participating in the "Bonn Summit."

The IMF Issue

Except for wild-eyed Keynesians and their neo-Schachtian siblings, no leading policy makers believe that the International Monetary Fund and World Bank — the relics of the shattered Bretton Woods system — can be continued without plunging the world into a deeper, longer, and more deadly general depression than that of the 1930s. All of us who share that perception know that a

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new international banking system must be established, to replace the IMF and World Bank, somewhat as the United Nations replaced the defunct and useless League of Nations. The political problem which now delays dumping the IMF and World Bank is lack of sufficiently broad agreement on the timing of moves to this purpose.

For example, the government of France knows that the IMF and World Bank must be dumped, but has continued to act to support temporarily continuation of the IMF as an institution — although it is violently opposed to the policies of Witteveen and U.S. Treasury Secretary Blumenthal.

The possibility of compromising, of postponing the liquidation of the IMF and World Bank, is vanishing. If the current IMF, World Bank, and "Brandt Commission" policies are not nullified in short order, the kinds of "fiscal austerity" these agencies are imposing on various nations — with aid of the Basel Bank of International Settlements — means a spiraling collapse of world trade, a collapse of the U.S. dollar, and of the Japanese, West German, and other industrialized nations' economies. Moreover, since the IMF and related proposals, such as those imposed upon Jamaica and demanded of Zaire, wipe out the principle of sovereignty of nations, nations which tolerate present IMF, World Bank, and "Brandt Commission" policies will be regarded as most-hated adversaries by popularly based political forces throughout the developing (and other) nations.

Many of us perceive — and by no means only leaders of the U.S. Labor Party — that continuation of IMF, World Bank, and "Brandt Commission" policies means World War III sooner than most might imagine. Once nations

plunge into certain kinds of processes of confrontation, as was the case in the onset of two preceding world wars of this century, the processes of confrontation determine the course of events beyond the will of nations to alter that course significantly in general shape or tempo.

Consequently, the background issue of the IMF and World Bank policies will be the axis around which confrontations during and around the "Bonn Summit" are essentially determined.

New International Banking

In France, Italy, West Germany, Japan, and other nations there is a growing determination to get the world out of the present depression through *indispensable* dirigist methods and policies of control of the flow of international credit. This centers around creating new international banking markets which sop up idle offshore liquidity as investment funds for financing both long-term, capital-intensive investments and short-term, hard-commodity international trade credit. These funds will be employed to increase East-West trade and for East-West cooperation in massive, accelerating "technology transfer" into the developing nations.

Were I President of the United States, there would be no difficulty in accomplishing that. First, I would act to aid our Western European continental allies and Japan in pooling excess dollar liquidity for Third World development projects, including vetoing all support for the IMF, World Bank, and allied institutions and policies. The result of this action would be a growth in industrial employment and exports within the USA. This recovery from the internal depression in the U.S., although modest at first, would enable the President of the United States to mobilize a juggernaut of industry, labor, farmers, and others for expanding the roles of the Export-Import Bank and other institutions of credit in funding further expansion of U.S. high-technology exports.

The most difficult aspect of a successful policy, for which an executive of my knowledge and executive qualities is required, is a series of "slick actions" to simultaneously halt inflation and bring down basic interest rates on long-term credit for industrial, agricultural, and infrastructural improvements. We cannot stop inflation and the present unemployment spiral unless we begin to push interest rates back toward the 1-2 percent prime interest rate level. This requires a nest of coordinated, well-timed actions by the government and the private commercial and savings banks, in cooperation with our allies.

As I have indicated before, this action would have the following objectives and effects. The commercial and savings banks must be enabled to convert their nonperforming and marginal holdings in real estate and in debts of developing nations into high-grade, low-interest, long-term holdings discountable either with the Federal Reserve System or suitable federal agencies. A similar action is required for troubled cities like New York City, which would be successful on condition that such cities were rebuilt through directed expansion of their industrial and related tax bases, and related measures.

People who are inadequately informed or who do not

think clearly would inform you that this measure is unfeasible. What such persons either do not know or overlook is that the present engine of inflation is rising interest rates. Interest rates, rising in response to inflationary risk, push inflation to higher levels, requiring higher interest rates to compensate for risk, pushing interest rates higher, and so forth. The process is more elaborate, but we have described the ultimate connection fairly. This occurs chiefly because of the combined inflationary effects of high borrowing costs as such, and because of the gutting of industry and agriculture by borrowing costs beyond those productive facilities' ability to borrow at current profit margins.

No citizen who is informed of the fact that the current high interest rates of his savings are lower than the rate of inflationary shrinking of the value of his savings would object to a basic savings income in the order of 2 to 3 percent, if he understood that that meant a net growth in the purchasing power of the savings, whereas high interest rates mean that there must be a net shrinkage of the purchasing power of combined savings plus interest earnings. Admittedly, those who are able to save are better off than those without the means to do so, but this is comparable to the advantage of a man who rides a turtle to overtake a rabbit, over the man who simply stands still.

What will convince the general electorate of the soundness of this policy is the news that the ABC Whatsit and XYZ Widget manufacturing firms in the locality in which he or she lives have just hired back laid-off employees on the basis of a five- or ten-year export project, and that more are to be hired within the next several months. Reproduce that sort of good news from New England to Texas to Los Angeles to Seattle and throughout the Midwest, from Buffalo and Pittsburgh to "Quad Cities" and "Twin Cities," and the electorate will quickly rally to a White House policy of the sort I indicate as strongly as they rallied to FDR during the 1930s.

There is nothing unworkable in the approach, but it requires knowledgeable and consistent national leadership to get through to the result required.

There are other problems, with which I know how to deal quite nicely, but what I have indicated here and in earlier published locations indicates the basic features of the point. I know how to dry out high-interest, speculative markets, how to provide all sane men and women adequate incentives to run their savings eagerly into safe, low-interest investments, and how to make "hard" forms of equity capital the most attractive investment of all.

This is precisely what leading forces in Japan wish to accomplish on a national and international scale. This is also what the shrewdest leading forces in continental Europe wish to accomplish.

When U.S. leading bankers, industrialists, trade union leaders, and farmers complain to me and my associates that the White House is apparently incapable of understanding and acting upon such needed measures, I insist that they exaggerate the difficulty involved. If President Carter will not make an immediate, general correction in both his domestic and foreign policy postures to the needed effect, he is susceptible of being encouraged to make some steps in that direction in both sides of the

problem. We must, at worst, adopt an approach which selects first steps whose early benefits will enlarge a constituency for such policies, making broader shifts possible.

In particular, it is urgent that the USA support Schmidt, Fukuda, and others at Bonn to the purpose of enabling those among our allies committed to economic development alternatives to the IMF to get the process needed into motion. The effects of increased U.S. high-technology exports for the U.S. internal economy's trends will expand the domestic constituency for further steps in the same direction.

Schmidt-Brezhnev Accords

Potentially, the May 1978 accords adopted by Chancellor Helmut Schmidt and President Leonid Brezhnev are the most important diplomatic triumph of the 20th century.

Since the work of Gottfried Leibniz and Benjamin Franklin, the basic policy of the forces behind the American Revolution and the adoption of our constitutional republic has been a "Grand Design" for cooperation among the USA, France, Germany, and Russia in a world-hegemonic humanist order, dedicated to scientific and technological progress, dedicated to the improvements in the condition of man which can be accomplished only in a climate of commitment to scientific and techno-

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logical progress. From the Abraham Lincoln Administration, our nation's alliance with Czar Alexander II and the forces behind the Meiji Revolution in Japan, Japan has been an extension of that long-term Grand Design perspective, despite those conflicts between Japan and the U.S. which British influences developed beginning with the Russo-Japanese War.

The establishment of an entente based on the principles of the Grand Design does not immediately change the world such that all the conditions we might properly desire are immediately brought into being. Rather, the establishment of such an entente gives the dominant forces of the world a concerted commitment to bring the world order desired by our nation's founders into being. *Apart from the immediate benefits all participating nations would secure from such cooperation, the deeper and more important object is to secure the future for our posterity.*

The crucial feature of the Schmidt-Brezhnev accords is not increased economic cooperation between West Germany and the Soviet Union, or any comparable details. The details of the accords are good things, but not astonishingly important by themselves. The crucial feature is the firm commitment of President Leonid Brezhnev to the policy of the Grand Design as a new

basis for comprehensive agreements with the United States and its allies.

Sometimes the Schmidt-Brezhnev accords are compared with the "Rapallo" agreement. This comparison is natural — especially in Europe — and is useful within limits. The unfortunate feature of such comparisons is a prevailing ignorance of V.I. Lenin's role in the "Rapallo" agreements, and the sabotage of Lenin's efforts on the Soviet side by forces associated with Bukharin and Trotsky. Among even leading circles in the U.S. (as among leading strata in Western Europe), the longstanding myth of a fundamental conflict between a homogeneous capitalist and a homogeneous socialist order obscures the crucial differentiations within both the capitalist and communist states. There is no duplicity in Leonid Brezhnev's perception of "peaceful coexistence" through "Rapallo"-like agreements between capitalist and socialist states. However, just as Bukharin and Trotsky (among others) opposed Lenin's policies during the early 1920s, so there are powerful factional forces within the Warsaw Pact and Peking which hatefully oppose "peaceful coexistence" of such types today.

Although President Brezhnev did replicate Lenin's Rapallo policy in adopting the Schmidt-Brezhnev accords, through the crucial role of Chancellor Schmidt and his collaborators, the Schmidt-Brezhnev accords include key formulations which are more advanced than anything ever adopted earlier in relations between capitalist and socialist states. Brezhnev has confirmed this by repeated public statements and by deeds of the Soviet state in offers to the United States since early May 1978. This outlook is not only currently supported by Cuba's President Fidel Castro in practice, but governs the public offer made recently by Carlos Rodriguez in his interview with ABC-TV's Barbara Walters, and Fidel Castro's compassionate public handling of President Jimmy Carter's role in the Africa issue.

There has been a qualitative shift of improvement in Soviet policy, a shift made possible largely by the work of Chancellor Schmidt and his combined formal and informal collaborators in this effort.

That accomplishment is Chancellor Schmidt's "big ace" in the "Bonn Summit" and related negotiations at this juncture. This point is understood with increasing efficiency by leading circles in France, is understood by Italy's Andreotti, by the Vatican, and by Japan.

The keystone of world political processes today is that the Soviet leadership grouped around President Leonid Brezhnev is prepared to enter immediately into a comprehensive Grand Design agreement with the United States and its allies, covering economic and political matters not only along East-West lines, but also North-South lines. Although the Soviets will not presently "link" already institutionalized channels of military negotiations to economic and political discussions, the recent Soviet MBFR offer of "rough parity" agreements illustrates that military agreements will tend to converge upon successful economic and political agreements.

What stands in the way of such agreements now is the policies of the IMF and World Bank. If the IMF "fiscal austerity" policies and their attendant subversions of

sovereignty of states are the policy of the U.S. government, there is no possible basis for peaceful relationships *between the Third World* and the United States, and this inevitably bloody conflict between the U.S. and Third World populations generally means that the USA is on the track toward early general thermonuclear war with the Soviet Union. Even apart from that, unlike Peking's current rulers, the Soviet leadership can not tolerate, politically or morally, neo-Schachtian forms of economic genocide against populations of the developing sector, and must be sympathetic to the appeals of Third World populations to be rescued from such economic genocidal policies.

Although Kissinger, Brzezinski, Schlesinger, and Turner are the visible symbols of general thermonuclear war, it is Treasury Secretary Blumenthal, Federal Reserve Chairman G. William Miller, and Senator Ted Kennedy who represent the economic and monetary policies which commit the U.S. to a thermonuclear confrontation and general war.

Before turning to the Soviet enigma itself, let us summarize the "China card" issue.

The Shadow of China over Bonn

Apart from known quantities such as Bavaria's Franz-Josef Strauss and Otto von Hapsburg, the only significant forces which are ostensibly sympathetic to China on the continent of Europe are certain elements of the governmental majority in France. There is some ignorant effort to view the French and Kissinger-Brzezinski policies as

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convergent. The French are not so stupid. Leading French circles have contempt for Kissinger, Brzezinski, et al. as fools who do not understand China or Peking's present leadership. They know that China could not fight a war with the Soviet Union for a long time to come — perhaps never. They know that the Peking leaders know this, and are lying about China's strategic outlook solely for the purpose of luring Washington into an Atlantic-centered thermonuclear war of mutual destruction with the Soviet Union — which has been China's policy since the Korean War.

French circles whose policies are ignorantly mistaken for Mrs. Margaret Thatcher and Henry Kissinger's define their proposed relations with Peking on knowledge of the way in which Peking is currently duping London, Kissinger, Brzezinski, et al. I estimate current such French policies to be flawed, but without the sheer stupidity and lunacy of Kissinger's or Brzezinski's delusions.

Since the building of the "Great Wall" and the great book-burning more than two centuries ago, China has been ruled by the most degrading large-scale culture in human history down almost to present day. This hideous

Chinese traditional culture is embedded within the leadership of the Communist Party of China, as expressed luridly by the obscenities of the "Great Cultural

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Revolution." As I have indicated in previously published locations, there is also a positive, protechnology current in China, a current which reflects the combined influence of European and Japanese culture, a current once typified by Sun Yat-sen. All sane policy toward China focuses upon nurturing the industrially centered urban culture of China, as the long-haul perspective for transforming the character of China's leadership and culture. Hence, the only sane policy is a firm but loving containment of China centered around a commitment to aid China's peaceful progress in urban-centered scientific and technological progress. Certain circles in France have one approach to that problem; my associates and I have another.

Otherwise, leading circles in continental Europe and Japan view London, Kissinger, and Brzezinski's "China card" policy as genocidal lunacy, as ensuring the destruction of industrialized civilization to the purpose of serving Peking's Great Han drive for world supremacy. Japan does not embrace the notion of a Peking-guided destabilization in Korea or a Peking-guided fresh bloodbath in the Indochina region. Continental Europe does not relish "Manchurian candidates" such as the Tory witch Mrs. Thatcher or Kissinger, Brzezinski, Schlesinger, Rostow, Senator Jackson, Senator Kennedy, et al. arranging an Atlantic-centered thermonuclear war in service of Peking's Great Han racialist ambitions.

Apart from persons such as Mr. Callaghan, and the late British Foreign Secretary Mr. Crosland, the Tory-led oligarchist forces of the United Kingdom and the "Manchurian candidates" of the United States are committed to the "China option" and to current IMF, World Bank, and "Brandt Commission" policies. These policies are all of one piece, and many European leaders and others have an increasingly accurate and pained perception that this is the case.

If President Jimmy Carter wishes to be credible with key world leaders, he would be well advised to leave Brzezinski and Blumenthal behind when he travels to Bonn.

The Soviet Enigma

Skokie, Illinois was recently projected to be the battlefield for a bloody triggering of nationwide terrorism in the United States, through the prearranged street theater, a murderous confrontation between American Nazis and assailants led by the Jewish Defense League (JDL). The dirty irony of the showdown is that the American Nazi Party was created and long sustained by

British intelligence networks operating under the cover of the "Zionist Lobby." George Lincoln Rockwell accepted a Zionist circles' proposal that they would fund him generously on condition that he adopt the swastika as his emblem and circulate swastika-labeled, anti-Jewish propaganda in heavily Jewish communities, such as those in Florida. Maoists and other elements deploying themselves for various bloody street theater in the vicinity of Chicago are all funded in part through elements associated with the "Zionist Lobby."

This being the case, what is the fight about? This being the case, and elements of British intelligence otherwise controlling both the anti-Eisenhower John Birch Society and the "radical" networks of the Institute for Policy Studies, who is Jack Anderson, really, and what means the supposed division between "right" and "left" in politics?

In large part, as with the case of the Nazis and the JDL, the "extreme" versions of "left" and "right" — in both the capitalist and socialist nations — have a common mother in the fecund circles of now-deceased Queen Victoria, and ought not to be regarded as an honest element of the political process. Nonetheless, credulous persons aplenty confuse honest conservatives with the "extreme right" and regard trade unionism as converging upon the "extreme left."

The same sanitizing reflections must be applied to understanding the Soviet Union.

All modern politics among industrialized and various other nations today is essentially divided not between "right" and "left," but between the humanist followers of Gottfried Wilhelm Leibniz and the oligarchical factions which follow David Hume, Adam Smith, Jeremy Bentham and Jean-Jacques Rousseau. It is the same within the Soviet Union.

Despite the Trotskyist myth which places Trotsky close to Lenin politically, Trotsky was awed and influenced by Lenin beginning 1917, but his career originated in a British intelligence-influenced faction centered in such locations as Odessa, which produced Alexander Helphand Parvus, Trotsky's one-time patron.

Abstracting from the specific individuals to look directly at the currents which the individuals imperfectly reflected, the early Soviet republic was dominated by three currents within the Communist Party leadership. One was the alternately outright proanarchist British network agents such as Bukharin; a second was the anarchosyndicalist-tainted circles of Trotsky, the "orthodox Marxist-Leninist intellectuals; and the third was the precariously situated key current associated with Lenin.

Bukharin, despite his color of forced adaptation to industrialization at the turn of the 1930s, was the anti-industrialist, almost zero-growth current, historically a product of Viennese Anglo-Dutch intelligence networks (Royal Dutch Shell) intersecting Parvus' operations. Trotsky was the exponent of "permanent revolution," a doctrine he developed under the guidance of his one-time patron, Parvus. Lenin represented "Two Tactics," the outgrowth of Leibniz' influence within Russian politics.

Lenin's policy was that the scientific and technological progress of society must be secured through policies of

urban-centered development by whatever means were suited to that objective. His role was to develop the political labor movement as a force to ensure the success of that effort under either of the two kinds of alternatives in sight. Either the political labor movement must act to ensure a capitalist fostering of scientific and technological progress, or the labor movement must act to secure the same objectives by socialist means.

Lenin applied that policy to both Russian domestic circumstances and also to Soviet foreign policy. Hence, Lenin was in that degree the author of the "Rapallo" doctrine, which he correctly perceived to be in the vital interests of European industrial-capitalism, and which German and other industrialist capitalists recognized correctly as the only solution to the hideous heritage of the Versailles world depression.

The current typified by Lenin does not aim at world socialist revolution in the way in which Trotskyists view this. Lenin himself was committed to the view that the alienation intrinsic to capitalist forms of private ownership of the principal means of production and distribution must be superseded. However, what was primary for him for practice was his "Two Tactics" policy, that scientific and technological progress must be secured for all nations by whichever course available in practice best served that objective.

Soviet scientific and technological progress has massively strengthened the social-political basis for Lenin's foreign policy outlook within the Soviet Union. This is expressed at this time by the policies President Brezhnev adopted in the Schmidt-Brezhnev accords. However, "Bukharinist" and "Trotskyist" elements do persist in the Soviet Communist Party. If we accept the basis for comprehensive Grand Design negotiations offered by Brezhnev and Havana, the United States finally secures the peace from World War II and avoids World War III. If we reject Brezhnev's proposals, we bring into power in the USSR a different layer, a layer which will be committed in effect to winning a general thermonuclear war.

The Soviet leadership has a reciprocal sort of problem. If Brezhnev, Kirilenko, et al. fail to find sufficient negotiating partners for Grand Design agreements in the United States — if the "Manchurian candidates" such as Kissinger, Brzezinski, Turner, Shanghai's Blumenthal, Schlesinger, and Senator Ted Kennedy prevail in the United States, then the posture of the USA will tend to become irreversibly committed to war.

We must now act to weaken the power and influence of the heirs of Jeremy Bentham and Adam Smith on both sides of the East-West alignments — at all costs. If we lack the resolution to rid ourselves of such forces in our own government, if we foolishly compromise with such forces, and if we do not act quickly enough to institutionalize Grand Design commitments in Soviet policy, then we are all going to die not too far from now, and will soon enter into an essentially irreversible track in which the progress of general developments runs out of the control of leading forces on either side.

—Lyndon H. LaRouche, Jr.

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