

selves through national plans of "import substitution." The report then cites with horror the "inefficiencies" of India under Nehru (when India became a world industrial power)!

Rather than go this "inefficient" route, the report continues, the middle-tier underdeveloped countries should launch short-term export drives centered around low-skill, low-technology, low-capital manufacturing sectors

to be successful, free trade and the removal of the non-tariff barriers to trade must be supported by the underdeveloped sector, lest the advanced sector impose barriers against the Third World's selective export drive.

What the Bank proposes for the underdeveloped sector is thus an enforced colonial backwardness on the Singapore model in which selected manufacturing sectors in "free trade zones" become the surrogate for actual industrialization and merely supplement a traditional policy of keeping the aggregate underdeveloped sector as a primary commodity producer.

The effects of such a policy on the advanced sector would be equally invidious. A flood of Third World, cheap-labor-produced textiles, clothing, and shoes would be (indeed, already is) used as a battering ram against the advanced sector labor force (and consumer manufacturers). Precisely such a translation of World Bank "Third World" policy to the advanced sector is already slated for the United Kingdom (see Britain). It is also the thrust of a campaign for Bronx (New York) Borough President now being waged by State Senator Joseph Galiber, a protégé of Lazard Freres' Felix Rohatyn. Galiber advocates the establishment of a Hong Kong-modeled international free-trade zone in the Hunts Point section of the Bronx.

The payoff is not far to seek. The Macy's and Bloomingdale's of the advanced sector seek to purchase the child- and sweat-labor-produced consumer goods—whether of the "Third World" or "Third World" enclaves set up in the U.S.—at a fraction of the cost at which the goods are then sold to the consumer. The retail chains pocket the difference while their cash flow and accounts-receivables conceal receipts of illegal traffic in drugs. Bloomingdale's has conducted public relations campaigns on behalf of Israel, whose intelligence services are heavily involved in the illegal narcotics trade, and has offered the People's Republic of China, the world's leading opium exporter, a major purchase order for PRC-produced consumer goods.

rejection of the MTN pact and the related perspectives of the World

would be doing almost everyone a big favor.

—Richard Schulman

Fed investigates Midwest Air charter

The Federal Reserve Board has decided to "review" its contract with Midwest Air Charter in the wake of U.S. Labor Party charges that the Ohio-based air cargo firm is handling illegal narcotics shipments. Midwest Air since 1973 has held a contract for nationwide transport of the Federal Reserve System's "time-sensitive" financial statements, principally checks. Midwest Air's other major customer is the Airborne Freight Corp. of Seattle, a company which is closely linked to reputed Detroit organized crime kingpin Max Fisher. USLP officials charge that, according to Ohio business sources, Midwest is carrying illegal drug shipments for Airborne on the same flights servicing the Federal Reserve. Midwest is notorious for its frequent failures to transport Fed checks on time, a fact which, USLP representatives say, could point to a conspiracy to manipulate the "float" in the national money supply for speculative or other purposes. In early August, USLP chairman Lyndon LaRouche called for the reopening of Congressional hearings on the Miller and Volcker appointments based on this corruption of Federal Reserve officials by the international drug trade."

James Kudlinski, Director of the Fed Board's Operations Division, notified the USLP of its review of Midwest Air in a letter dated August 22. The text of Mr. Kudlinski's letter was made available to *EIR* and is reproduced below:

"This is to acknowledge receipt of your letter of August 10 concerning Midwest Air Charter.

"Our contract with Midwest recently has been under review due to scheduling problems. We will keep your letter in mind as this review process continues."
