

relax restrictions on arms sales to the Chinese regime, by removing China from the National Security Council's "international communist conspiracy" list and placing it on the "friendly developing countries" list.

U.S. arms sales to China are not likely immediately, given the White House's reluctance to involve itself in the "China Card" ploy. But the Chinese are now eligible for sales of "dual-use technologies" such as electronics and other equipment with military applications.

On the arms question, a senior State Department official says, "We are going to China with an open mind on this issue," but most analysts see the arms sale prospect

the "American Card" faction of the Chinese leadership around Vice-Premier Deng Xiaoping. The real subject of Haig's negotiations will be the attempt to re-establish a U.S. axis with Communist China in support of Peking's campaign of destabilization and genocide in southern Asia, including support for returning Pol Pot's murderous Khmer Rouge regime to power in Cambodia. The State Department is pushing support for Pol Pot as a "strategic imperative," one consistent with the Global 2000 world depopulation policy promulgated by the Carter administration and supported by Haig. Following his China visit, Haig will take the Cambodian issue to the ASEAN meeting of Southeast Asian nations in Manila.

Simultaneously, Undersecretary of State James Buckley, another Global 2000 backer, is off to Pakistan for talks on U.S. military assistance to the Chinese-backed dictatorship of General Zia, who supposedly wants arms to resist the Soviets. But while he makes noises about the Soviet threat in Afghanistan, Zia has maintained the bulk of his troops on the border with India, the region's leading proponent of industrial development.

If Ronald Reagan permits Haig to wield the power and influence of the U.S. on behalf of the Socialist International and the lunatic Chinese and Israeli regimes, prospects for pulling the world out of its downward spiral of uncontrolled disintegration will fast evaporate.

As Democratic Party leader Lyndon LaRouche told an audience of 120 representatives of the Reagan administration, the Congress, and diplomats from around the world in Washington June 10, "Since the defeat of French President Giscard, there is a growing danger that there will be World War III within the decade of the 1980s." The only potential force with sufficient power to avert war at present, LaRouche said, is the Reagan administration, and therefore "anyone who is fooling around trying to destabilize the Reagan administration . . . is removing the last possible option for averting World War III." Haig's actions have squarely placed him in that dangerous category.

---

## NDPC Statement

---

# 'No American patriot can tolerate Volcker'

*The following is a policy statement of the National Democratic Policy Committee issued June 8 by NDPC advisory board chairman Lyndon H. LaRouche.*

Fritz Leutwiler, head of the central bank of Switzerland, has put himself at the head of a combination of forces threatening to destroy the U.S. dollar if President Ronald Reagan should interfere with the economy-wrecking policies of Federal Reserve Chairman Paul A. Volcker. Such a declaration by Leutwiler is tantamount to a threatened act of war against the United States, a new "Pearl Harbor." Every American patriot must respond to that threat accordingly.

The United States has the power to crush such insolent enemies. Every American patriot must prepare to rally behind President Reagan if and when the President decides to use the power of the United States to conduct economic warfare in defense of our own nation against both its foreign adversaries and their sympathizers within our shores.

*The United States can crush a large section of its foreign enemies merely by the single action of remonetizing its gold reserves.* These gold reserves should be valued at approximately \$500 an ounce or at current bullion market value, whichever is higher. However, the United States will transfer gold bullion only to nations which accept a gold-reserve agreement based on the same standards.

The United States can override the decision of Paul A. Volcker in the HongShang case [the takeover of the Marine Midland Bank in the U.S. by the Bank of Hongkong and Shanghai—ed.], and demand *full transparency* of Canadian and other British Commonwealth Eurodollar banks doing business with or within the United States.

The United States can provide itself adequate, low-interest credit for capital-improvement loans for industry and agriculture by repealing precedents analogous to the 1876-1879 Specie Resumption Act, and by issuing U.S. gold reserve-secured currency notes as participation in creditworthy loans to industry and agriculture by local private banking institutions.

These three measures of mobilization of the combined (but sleeping) economic and monetary power of the United States would be sufficient weapons for crushing all enemies of the United States such as Fritz Leutwiler. The following measures are at the disposal of the combined forces of the President and the Congress:

- The United States can deliver a crushing blow to enemies led by Fritz Leutwiler by the single action of *remonetizing U.S. gold bullion reserves*. First, these reserves should be valued at approximately \$500 an ounce or current bullion market value, whichever is higher. Second, gold-reserve transactions will be honored only with the central banks of nations which have effectively agreed to such terms of a gold-reserve arrangement.

- The Congress and the President can implement *emergency legislation*—in a single day, if the will and patriotism are there—which affirms the Congress's power over its legislative creation, the Federal Reserve System. The fact that a consortium of officials representing central banks has joined with Fritz Leutwiler in threatening an act of war against the United States is in itself sufficient premise for emergency legislation taken in the same spirit and with the same energy as an act of war.

- The Congress and the President can create massive volumes of *noninflationary, low-interest credit* for industry, construction, transportation, and agriculture by issuance of U.S. gold reserve-backed currency notes, *circulated only* as participation in goods production-oriented capital-improvement loans through private banks.

Under these and related provisions, the United States must and can nullify the unconstitutional decision made on the initiative of Paul A. Volcker in connection with the takeover of the Marine Midland Bank by the HongShang Bank. The Federal Reserve System exceeded its powers, violating the Constitution, by arrogating to itself Congress's authority and responsibilities for banking, money, and credit in this and related matters.

No foreign financial institution can be permitted to conduct banking operations inside the United States, directly or by subterfuges, unless it a) provides full transparency concerning the methods by which it generates lendable credits from debits equivalent to cash; and b) regulates its quality of lendable credits in a manner comparable to standards for banks within the U.S.

Every patriot, either individually or through relevant patriotic constituency organizations, should immediately inform the President and the Congress of his or her commitment to rally behind the federal government in full and energetic support of such measures of national defense against the avowed foreign adversaries of the United States.

Let us awaken the sleeping economic and monetary potentials of the United States, and let us teach these insolent forces associated with Fritz Leutwiler a lesson never to be forgotten over the century ahead.

---

## Democratic Party

---

# Denver DNC meeting foreshadows conflicts

by Anita Gallagher

Seven months after the presidential vote, the Democratic Party is still far from resurrection, judging by the Democratic National Committee meeting I attended in Denver, Colorado on June 3-5. One indication of the problem is the circumstances surrounding DNC Chairman Charles Manatt's comment there that the meeting was held in Denver to "underscore our commitment to Western issues and to Western Democrats." The Democrats have lost every presidential election in the West since at least 1964; and the liberals who dominate the party—like Sen. Gary Hart of Colorado—have essentially ignored the vital issues that face Westerners, such as water policy, land use, and agricultural parity.

Chairman Manatt nevertheless proceeded to attack Reagan's interior secretary, James G. Watt, a Westerner, as "a man who wants to re-energize strip mining and speed up leasing on federal lands."

### Punting on policy

Overall, the meeting was characterized by a lack of substantive policy discussion. The full DNC meeting itself lasted only three hours, with the main agenda being the size of the midterm convention and a Washington State credentials fight. Only lip service was paid to the task of reabsorbing the development-oriented constituencies—labor, farmers, small business—that have given the party its traditional strength.

Although the DNC meeting passed a resolution condemning the AWACS sale to Saudi Arabia, State Chairs Association chairman Marge Thurman of Georgia indicated that in future, foreign-policy questions might be turned over to the "strategy council" Manatt said he is forming around House Speaker Tip O'Neill on Capitol Hill. A "policy council" has traditionally been unpopular among strong congressional leaderships when their party does not control the presidency. But because of the policy vacuum, the need for official spokesmen has become acute, some think.

At two points, domestic policy was raised. Delaware State Chairman Henry Topel announced the formation of a Business and Professional Caucus, reminding the meeting that "83 percent of the jobs in the U.S. are