

'Why is the U.S. afraid of inflation?'

West German Finance Minister Hans Matthöfer's extended stay in the U.S. this week marks the beginning of a European diplomatic effort to break the U.S. press blackout around the European Monetary System. In a lecture before the Council on Foreign Relations Jan. 30, moreover, Matthöfer put the CFR — the central bastion of the postwar "special Anglo-American alliance" — on notice that the nations that founded the EMS intend to establish inroads for influencing the misguided Carter Administration to support the very policies the CFR was founded to prevent.

These policies, also the policies behind the EMS, are to use economic development, especially throughout the Third World, to prevent the eruption of East-West conflict and thermonuclear war. Matthöfer's blunt criticisms of U.S. economic policy during his CFR address indicate that West Germany and France have escalated their diplomatic interventions into the U.S. political crisis because of the simmering Middle East conflict and crisis in Iran, a development which in the estimation of European circles has brought the world closer to thermonuclear extinction than the Cuban Missile Crisis of 1962.

EMS to support dollar

In front of the CFR, and in interviews with major financial journalists, Matthöfer made clear that the EMS has been designed to strengthen the U.S. dollar. However, that task cannot be assured, he explained, unless the U.S. adopts appropriate domestic economic policies.

Matthöfer outlined what these policies must be. U.S. officials, he stated, are overly preoccupied with the problem of inflation. The debate about inflation has obscured what the chief problem actually is, namely the collapse of industrial investment, particularly in new technologies. Openly sweeping aside the mountains of antigrowth, environmentalist propaganda which hits the U.S. business community every day, he emphasized that the chief resource at the nation's disposal is its scientific and

technological development, thus far, which must now be pushed further.

"Why are you Americans so afraid of inflation?" the New York Times reported Matthöfer querying the CFR. The West German Finance Minister then suggested that this fear is hampering American industrial investment, and government decisiveness on economic policy. "You have such a big country, such great resources, and you are so outstanding in science and technology. Why don't you produce more effectively?" he asked.

Pointing to high West German productivity as the secret of the 4 percent real growth rate and 3.5 percent inflation expected for 1979 in the BRD (2.5 and 7-8 percent for the U.S.), Matthöfer stressed the benefits of a labor-industry-government alliance and labor's just de-

mands for socially productive benefits. The core message of this "uncharacteristic finance minister," as the Times called him (he is a former metalworkers union leader) was that economics is subject to the will of men and governments — the principle of dirigism.

Complete panic and rage must have swept through the CFR auditorium when Matthöfer defined Europe's preferred policy objectives for the U.S. The CFR's inner elite could have been no more pleased about the finance minister's intimations that West German officials are now outlining a program for a complete reorganization of the Eurodollar market to make the privately held funds there a subjugated part of the EMS. (See our ECONOMICS report for details.)

Pope brings Latin Church behind development policy

On Jan. 28, the third Latin American Episcopal Conference (CELAM) was convened in Puebla, Mexico, by Pope John Paul II. The pope's motivation for personally attending the conference — one of the most important in shaping Vatican Third World policy — was unequivocally revealed by the speech he delivered on the day of the CELAM's opening session. The pope condemned in the strongest terms the so-called theology of liberation doctrine which had emerged from the last CELAM meeting in Medellin, Colombia 10 years earlier.

The theology of liberation was the name given at the earlier conference by a group of Latin American bishops linked to the schismatic movement of Archbishop Lefebvre. The aim of this grouping, whose most vociferous spokesman is Mexican Archbishop Mendez Arceo, was to oppose the industrialization of Latin America through the promotion of "revolutionary" violence and outright terrorism. Not accidentally, the dissidents' political con-

nections are to the fascist oligarchical families of Latin America and Western Europe. Mendez Arceo, for example, was originally a member of the notorious "cristero" fascist movement in Mexico that opposed the Mexican Revolution, and got his political start in the fascist National Action Party, with which he maintains close ties to this day.

Vatican policy for the Third World

It was this grouping which opposed the policy laid out by Pope Paul VI at the 1968 CELAM conference in Medellin. Paul VI's encyclical *Populorum Progressio*, written for the Medellin meeting, proposed a policy of rapid technological development for the developing sector. This was to be mediated by the creation of an international "world fund" to provide liquidity for high-technology projects, and would thus ally the Church squarely with the most progressive of Latin America's political leaders. A dissident movement at Medellin prevented the full adoption of