

The dollar and the Presidency

Carter's endorsement of the U.S. Federal Reserve Chairman's destructive credit crunch in his Oct. 9 press conference amounted to the signing of his own political death warrant—and the President admitted he was taking the maximum political risk.

The question now is, whether the administration can be forced to take formal dollar support and antideflationary measures if sufficient popular support emerges for another candidate with a solution. This is a question being assiduously studied abroad as well as in the United States, and especially in continental Western Europe.

About ten Republican has-beens are vying for that party's nomination, and in the Democratic party both Kennedy and Brown are challenging Carter. But only three kinds of solutions are being proposed: that of Ted Kennedy, Democratic frontrunner of the New York Council on Foreign Relations; that of John Connally, Republican frontrunner of the New York Council on Foreign Relations; and that of Lyndon LaRouche, who has entered the race for the Democratic Party nomination in 1980 and who is feared and detested by the Council on Foreign Relations.

Connally is notorious in Western Europe for the step he took in 1971, as Nixon's Treasury Secretary, to uncouple the U.S. dollar from gold. Today, according to Connally's controller Rita Hauser, Connally would go much further than Federal Reserve chairman Volcker in ensuring the economy gets the depression it needs.

As for the Ayatollah Kennedy, according to a recent article in West Germany's *Der Spiegel*, he is regarded as a "worse disaster even than Carter."

Kennedy has kept up a steady stream of hot air against the oil com-

panies in the Congressional record, while at the same time collaborating with the Carter administration's Energy Department in providing subsidies to multinational speculators. The infamous \$5 a barrel subsidy to the Rotterdam spot market, that drew the ire of the French government, was Kennedy's initiative.

On the other side, Kennedy has tried to refurbish a "free enterprise" libertarian-conservative image in speeches before such business and Eastern Establishment bodies as the Investment Association of New York. But the bottom line on Kennedy policy is that he is committed to a zero-growth regimen either by "community participation" (his health plan) or by free-for-all among business and workers for the shrinking pie.

LaRouche's entry into the Democratic contest is thus being very carefully evaluated in U.S. and international policymaking circles. LaRouche proposes that the U.S. remonetize gold in consultation with France and West Germany, thus eliminating the credit controls of the IMF and World Bank. Then, ample

credit has to be guaranteed by the government for high-technology investments and exports, especially in the nuclear field, and the dollar must be strengthened by punitively high credit terms for speculation. Third, the U.S. government must distance itself from the IMF and begin negotiations to enter the European Monetary System as the basis for a new world economic order.

At Carter's Oct. 9 press conference, a reporter asked whether the President was going to consider joining Europe's gold-based monetary system efforts as advocated by Democratic candidate LaRouche. Carter ruled that option out. The next day the *New York Times*, which has perhaps even more enemies abroad than in America, printed an editorial calling for a witchhunt against LaRouche with the proviso that the "investigation" not be occupied in any way with LaRouche's policies. As one New York financial insider noted, "I wonder if this has anything to do with question 8 in Carter's press conference?"

—Nora Hamerman

The Week in Brief

South Africa may militarily intervene in Zimbabwe-Rhodesia if the Patriotic Front liberation organizations fail to accept the "take it or leave it" constitutional proposals of Lord Carrington, the British Foreign Secretary, according to a UPI wire that quotes a Johannesburg newspaper. South African Foreign Minister Roelof Botha gave credibility to the report by responding that South Africa is greatly concerned over the latest developments at the London conference on

Rhodesia, where Carrington's proposals for a constitutional transition to majority-rule were firmly rejected by the Patriotic Front. Shortly before the threat of South African invasion appeared in print, Carrington announced he would give the liberation organizations "48 hours" to accept his proposals.

South African officials also have given strong indications they will reject a concessionary proposal by Angola to create a "demilitarized zone"

in Namibia (Southwest Africa). The zone would prevent SWAPO guerrillas from using Angola to enter Namibia, which has been illegally occupied by South Africa.

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Vietnam was justified in invading Cambodia in order to overthrow a Pol Pot regime that was worse than Hitler, stated Ganesh Shukla, founding editor of the Indian newsweekly, New Wave, at a specially convened press conference at the United Nations Oct. 9. The Indian journalist condemned the genocide and destruction wrought in Kampuchea by Pol Pot, and stated that the Chinese regime was directly involved in the butchery.

"I can say without hesitation that the worst crimes of genocide in this century—worse than those of Adolf Hitler—were committed in Kampuchea during the years from April 1975 until January of this year," stated Mr. Shukla, who recently returned from a trip to Kampuchea.

To British and Canadian reporters who asked if he opposed the "principle of non-intervention, the nonuse of force" against Vietnam, he said that while there is "no justification for mindless invasions" of one country by another, "Vietnam had every justification to invade Kampuchea," to prevent Pol Pot's extinction of the entire Khmer race. "I think they should have gone into Kampuchea at least one year earlier. Much of the butchery would have been avoided."

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"We are very close to a 'Black Friday,'" Lyndon LaRouche told a group of 40 bankers and executives in

Manchester, New Hampshire, Oct. 9. LaRouche, an independent candidate seeking the Democratic nomination, continued: "Two things happened this past weekend. First, the New York Times slandered me and my associates in the U.S. Labor Party, and secondly, the U.S. financial markets collapsed."

"The two developments are absolutely related," he explained to a luncheon of Manchester's Exchange Club. "I am recognized as the international author of the European Monetary System, the program Europe has put forward to stabilize the International monetary markets and reverse the collapse.... The Europeans intend to put together a new fund, the European Monetary Fund" to finance high-technology development.... "But Carter has been following the blueprint of the Council on Foreign Relations for controlled disintegration of the U.S. economy." He said that the Federal Reserve chairman Paul Volcker's actions are "designed to kill the U.S. auto industry and kill consumer credit."

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Three presidential candidates in the past week did abrupt about-faces on policy-issues, effectively bringing their campaigns into closer, apparent agreement with candidate Lyndon LaRouche. California Governor Jerry Brown, running in the New Hampshire Democratic primary where LaRouche is the current front-runner, partially reversed himself on the nuclear issue in a speech at Northwestern University in Illinois, calling for both "a new commitment to NASA to increase our technology

capability," and a commitment to "build new nuclear plants, while we phase out the old ones."

In a related shift, Republican hopeful George Bush appeared on "Face the Nation" Oct. 7 to present a tax-cut plan he said was designed to favor "capital formation." Previously, only LaRouche had linked tax policy and productive investment.

Finally, LaRouche lost the distinction of being the only candidate to advocate an "American System" coalition for industrial development when former California governor Ronald Reagan told a Virginia audience Oct. 8 that the "American System" must be reestablished on the basis of a coalition of "labor, minorities, and industry."

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U.S. military forces should be strengthened to European force-levels in Asia, in order to support China against the Soviet Union, said U.S. Ambassador to Japan, Mike Mansfield in a Tokyo press briefing Oct. 10. Mansfield said that the "Asia-Pacific theatre could become more important" than Western Europe in American defense posture, and that U.S. air and naval forces should be "beefed up and given parity, at least, with those in the Atlantic and Western Europe." Mansfield justified his proposal by citing Soviet troop strength on the Sino-Soviet border.

Some reporters appeared shocked when the former Senator declared that South Korea should be outside the U.S. defense perimeter—the Dean Acheson formula that served as a "green light" to China and is largely credited with precipitating the Korean War.