

# Depression politics: an Age of Instability

by Nancy Spannaus

Few would disagree with the *Executive Intelligence Review's* assessment that the determining development of 1982 was the fullblown emergence of the second great depression of the 20th century. Taken worldwide, the economic decline is already worse than that of the 1930s; and alignments are shifting radically between and within nations, in a manner best characterized as a scramble for survival.

Unlike the 1930s, the world economy is not going through a downturn from which the human race can expect to recover after a lapse of 10 to 20 years. As our founder, Lyndon LaRouche, elaborated at the beginning of 1982 and again at a conference in the end of October, the question posed by this depression is the survival of human civilization itself. Horrors like those of Nazi Germany are *already being carried out* by agents of the oligarchy and its international financial institutions on a far broader scale than Hitler's throughout the nations below the Tropic of Cancer. The world as a whole is on the verge of a phase-change, into a situation analogous to that of the depopulation and holocaust of 14th-century Europe. It is the accumulated achievement of nearly 500 years of scientific endeavor which is currently on the verge of being lost.

Among the pillars of 20th-century politics that has nearly been destroyed in this upheaval is the global role of the United States. Washington, D.C. has been manipulated, stupid, and wrong many times in the aftermath of World War II, but by and large it maintained its weight and potential as a superpower. It was bad enough that the United States was dismantling its own economy by tolerating the policies of Paul Volcker; in April of 1982 the tragedy went further. When the Reagan administration abandoned Latin America and supported Britain in 1982's Malvinas war, it declared itself worthless as an ally, much less a powerful ally. The result was to destabilize all governments friendly to the United States, and to turn over whole areas of the world, most immediately the Middle East and Asia, to the Soviet and/or British sphere of influence.

Given the commitment of the British and the Soviet Union—especially under the latter's new KGB-dominated government—to the destruction of industrial capitalism, this development will accelerate the genocidal destruction carried out



Philip Ulanovsky/NSIPS

*U.S. unemployment reaching 1930s levels: yet the world needs everything Americans could produce, to end enforced backwardness.*

by the depression collapse.

Only the emergence of an alliance of nation-states committed to an emergency program for ending the world depression could conceivably reverse this process, including the devolution of the United States. Many governments who are now faced with national suicide if they accept the prescriptions of the international financial institutions for dealing with the deepening depression, are looking for such a program. The LaRouche plan for a new monetary system—available in the governmental sphere since 1975—has moved to the center of the international agenda as the alternative to the austerity programs of the traditional and now woefully discredited economic experts.

Most striking is the record of the LaRouche-Riemann economic model, which in contrast to every other competitor has accurately projected the effects of the usurious policies of Federal Reserve chairman Paul Volcker since the autumn of 1979. The December 1981 projections of a 7 percent decline in manufacturing and other real productive activity in the United States over the year was dramatically vindicated when the official figures were released in July; we reprint in this issue's economics review the graph of comparison we issued then. Although the Reagan administration has remained locked in its forced embrace with Volcker, the international ripples of our econometric studies soon brought an increasing number of governments to LaRouche's door.

The increase in LaRouche's economic policy influence has been seen most dramatically in Ibero-America, the section of the world Britain had openly dubbed her colonial preserve during the Malvinas crisis. The momentum toward a debt

cartel that would demand a monetary reorganization based on low-interest credit for massive technology transfer to the developing sector, slowed dangerously after Mexican President José López Portillo's economic defense measures on Sept. 1. It is not yet dead: the simple fact that the over \$300 billion in Ibero-American debt cannot be paid—even were police states installed throughout the continent—has kept the LaRouche "debt bomb" proposals and the financial reorganization plans outlined in the July document "Operation Juárez" on the table.

In the same way, the decline in U.S. strategic power that Henry Kissinger, the *New York Times*, and Alexander Haig have foisted onto the Reagan administration has begun to have a boomerang effect in terms of increased LaRouche influence. Once again it was 1975 when LaRouche first pointed out that the Soviet Union was developing particle-beam weapons that could destroy incoming ICBMs in flight, and, once placed in space stations, could render the U.S. strategic arsenal useless. In February 1982, LaRouche presented Washington, D.C. with a full-blown proposal on how U.S. crash development of an energy-beam defense could eliminate the threat posed by Soviet scientific superiority, and simultaneously serve as a "science driver" to reverse the rapid rate of world economic decline. In late October we saw the first signs that the Reagan administration, at the behest of leading nuclear physicist Edward Teller, was considering such a proposal. Interest has not been restricted to Washington; successful meetings, attended by many generals, among others, have now been held in Rome, Bonn, Paris, and Madrid, as well as in over 50 cities in the United States.

Of one thing there can be no doubt: world politics in the next few months will be determined by the LaRouche factor, and on the outcome rests the fate not only of today's world, but generations to come.

### **Permanent instability?**

Except for the case of Mexico, where succession is mandated to occur every six years, the abundance of government changes this year can be ascribed to the destabilizing effects of the depression.

Most crucial were the cases of Helmut Schmidt of West Germany, Zenko Suzuki of Japan, and Giovanni Spadolini of Italy. All three were victims of their own pro-American policies in a period where America was standing behind the genocidal austerity of the International Monetary Fund. Schmidt, whose strength was found in his commitment to economic growth and East-West cooperation as a means of stopping otherwise inevitable conflicts leading toward world war, acerbically criticized the Volcker policy—but was too cowardly to mobilize his trade-union base and the rest of the Federal Republic behind a real economic-recovery program. Suzuki, after having made overtures to Latin America during the Cancún summit, was torn by indecision when confronted by the need to introduce a policy independent of the United States. Spadolini, however, made a lasting contribution by moving with the Vatican on the drug and terror network that represents one of the international oligarchy's greatest assets in destroying nation-states' ability to resist austerity.

It is impossible to predict the actions of the successors of these three important governments. The rate of economic collapse will either force their early replacement, or precipitate a rapid shift toward recognizing economic realities and acting upon them. Such has been the case, for example, with the Mitterrand government of France, which has been forced to look toward the developing sector for economic ties to salvage its foreign trade. Such could also be the case for the new Socialist government in Spain.

Governmental changes in South America are considered in many quarters as significant as musical chairs. But the central role that Ibero-America has to play in determining the outcome of the world debt crisis, a role that emerged under the stress of British imperialist assault, has somewhat changed that situation. A national spirit has swept Ibero-America. The most welcome change occurred in Colombia, until July one of the gendarmes for IMF policies on the continent. The new President, Belisario Betancur, elected in regularly scheduled elections, has radically shifted politics by taking the leading role in calling for joint debt renegotiation by all of Ibero-America with the United States. Betancur's longstanding collaboration with the Vatican faction responsible for the development policies of Pope Paul VI presages an increasing role for the Church in Ibero-America, consonant with the development policy elaborated by LaRouche.

The implications of the change of leadership in the Soviet Union may seem to be isolated from the "Western" economic

crisis, but not even knowledgeable Soviet spokesmen believe that. The Soviet consensus has already accepted the premise that the Western powers are reverting to depression and fascism, and since a period before Brezhnev's death seemed to have resolved not to act to stop it. Are they willing to accept the inevitability of nuclear war, then, rather than aid in the fight to save the Western economies? That is the fight that will increasingly emerge around Moscow.

It was during an *EIR* seminar in Bonn in May that LaRouche called upon the United States to adopt the economic policy measures, based on great industrial projects, that would return it to its role as superpower. Only a "deal" between the two superpowers can guarantee world peace, he insisted. The British, and their agents such as Henry Kissinger and Averell Harriman, have to be told that they are irrelevant, that their ideas of a multipolar world are ridiculous, and that the United States and U.S.S.R. are going to make treaties on the development of beam weapons that will lay the basis for a real economic program for peace.

The immediate consequences of American failure to take up this policy lie in Asia and the Middle East. Israel, through British agent and mafia boss Ariel Sharon, moved into Lebanon in June, and has been hooting with impunity at the United States ever since, with the result of hideous bloodshed in Lebanon, the West Bank, and the Persian Gulf. The summer also saw China begin to move away from Washington toward a *modus vivendi* with the remaining superpower, Moscow. All of Asia is showing signs of this realignment.

### **The battle over LaRouche**

The growth of LaRouche's influence, in ideas internationally and mass organization in the United States, is among the most dramatic developments in 1982. The 20 to 40 percent vote that LaRouche Democrats got in the primaries created a shock wave internationally despite the near-universal blackout of the fact in the United States, and the international press.

But the potential for LaRouche's ideas can only be understood by putting this domestic base against the international recognition of the economist's input into government policies.

Two trips by Mr. and Mrs. LaRouche in spring 1982 underline the degree to which the developing nations are looking to LaRouche. Their India trip in April featured a 45-minute talk with Premier Indira Gandhi, soon to be head of the Non-Aligned movement, which is meeting in March. A visit to Mexico in May included not only a talk with President José López Portillo, but also a short press conference for LaRouche from the presidential palace.

At the same time LaRouche representatives have found an open door, and often an open press, in Argentina (in the summer), Venezuela, Spain, France, and Egypt. Contrary to what Henry Kissinger says, LaRouche is becoming a household word in Ibero-America.

The negative attention to LaRouche also testifies to the recognition that LaRouche's program represents the only

# Financial collapse exposes depth of trade shrinkage

by Renée Sigerson

The debt crisis which erupted during 1982 forms part of a historic turning-point in world economic development. A third of all nations—nearly all of Latin America, most of Africa, and all of the secondary powers of the Soviet bloc—failed within the span of a few short months to meet payments on obligations to the international banking system. This has occurred along with the onset of a fundamental breakdown crisis in the Western world's largest economy, the United States, and a severe worsening of economic conditions in West Germany and, only to a lesser extent, Japan.

A series of emergency financial measures has been activated by governments and international agencies, such as the International Monetary Fund, to keep financial relations "intact" until early January. These measures do not even begin to address the fact that, to describe the state of the world economy most plainly, a large proportion of the world is bankrupt.

Since August, more than \$20 billion in emergency "bridging" funds has been made available to debtor countries by the U.S. Treasury, the Bank for International Settlements, the IMF and private commercial banks to stopgap otherwise guaranteed defaults. In addition, an equal amount of debt has been "restructured" for payments five years down the line, and another \$10 to \$15 billion has been "frozen" pending restructuring agreements during 1983.

### Emergency measures: a farce

These emergency measures fall incontestably short of a solution to the debt overhang. During 1983, it is expected that several European countries, including France, Italy, Sweden, Ireland, Belgium, and Denmark, will require emergency financing from special international agencies such as

alternative to the discredited bunkum of the IMF, Bank for International Settlements, Club of Rome, Wharton School, and other feudalists, misnamed economists. Death threats became particularly intense in August—following the issuance of what was then a private document called "Operation Juárez," but in the midst of the rapidly expanding economic nationalist ferment throughout Latin America. Kissinger Associates, an operations grouping headed by one of LaRouche's chief enemies, was formed then. And evidence began to mount that Kissinger-associated thugs were deployed to Europe in an effort to kidnap, or murder, Helga Zepp-LaRouche. In September two attempts at vehicular homicide against Mrs. LaRouche occurred, one of them one year to the day following a 1981 attempt that left Mrs. LaRouche with longlasting back and neck problems. As if to produce the pedigree for the attacks, the London *Observer*—typically British intelligence journalistic operation with ties to the royal household—in October slandered the LaRouches.

London had other reasons to be upset, of course, and they showed it in the lead to the *Observer* article. LaRouche's associates had succeeded in pointing Italian authorities in the direction of British Freemasonic circles in their search for the directors of the drug traffic and terrorism, and the investigations were becoming a bit too hot for London to handle. Equally upsetting was the fact that the Italian courts heard public testimony implicating Henry Kissinger in the Red Brigades assassination of Christian Democratic statesman Aldo Moro.

The surfacing of Dr. Teller's campaign for beam weapons—a program clearly mirroring LaRouche's—smoked out a slightly different but related set of enemies: the *New York Times* and the Soviet KGB secret service. The attack on LaRouche is not simply a vendetta, of course. It represents the commitment of the oligarchy, in league with the desperate Soviets, to move fullsteam ahead with their population wars, resource seizures, and total economic depression. Nowhere is this shown more clearly than in the attack on the founding and functioning of the Club of Life, an international association initiated by Mrs. LaRouche and committed to putting into effect a new world economic order based on spreading the fruits of human reason, through technology transfer and scientific education, into the developing sector, thus simultaneously reviving cultural optimism in the previously industrialized North. A barrage of assassination threats, and lack of security protection, prevented the LaRouches from attending the Rome conference of the Club of Life; press blackouts have since been the rule.

The Club of Life, representing leaders from four continents, was successfully founded because enough individuals realized that reality dictated they fight for an economic reorganization like that outlined by LaRouche, or face the end of civilization. The reality of the depression began to hit in 1982; the LaRouche method—the method of Leonardo da Vinci, Gottfried Wilhelm Leibniz and the American system—is the only one that points to survival.