

# EIR **Special Report**

## 1985: the year of the oligarchy's endgame

by Criton Zoakos

Some of the most critical strategic/political developments of the year which just expired were shaped largely by the ideas, programs, and principles associated with this publication and its founder, Lyndon H. LaRouche, Jr. These were mostly associated with the encouraging advances the Reagan administration made toward the implementation of its Strategic Defense Initiative, "Star Wars" so-called by its opponents, which has now become, even before its technological realization, the single greatest factor shaping world affairs since the development of the first nuclear weapon.

If one were to examine the contents of a speech on the subject given by Defense Secretary Caspar Weinberger to Washington's Overseas Press Club on Dec. 19, 1984, and compare these to the substance of the proposals put forward by Lyndon LaRouche over two and a half years earlier at an April 1982 seminar in Washington, D.C., the impact of this magazine's ideas upon world affairs would be easy to recognize.

On the negative side of the year's ledger, however, other momentous developments occurred, not merely contrary to what we have counseled, but also under the direct supervision of powerful men of affairs who have chosen for quite some time now to designate themselves personal enemies of this rather unique publication, its ideas and programs and, most especially, its founder. To the extent that we have spoken out on behalf of the true—as opposed to the perceived—interests of Western, Judeo-Christian culture and civilization, and on behalf of the true interests of the American republic, to that extent we have acted as the conscience of this culture and of this republic. Also, we have acted to the same extent as the conscience of those haughty, power-drunken personages who have arrogated to themselves the stewardship of this civilization and its leading republic.

This has thrown these gentlemen into a fit of murderous rage of no mean scope and scale—against this publication, its editorial and cultural policies, its political proposals, but, most immediately, against its founder and leading contributor. The rage is not caused merely by the fact that we displayed the insolence of causing damage to their policies with our persistent exposés and criticisms. The rage is



NSIPS/Stuart Lewis

*The aging oligarchs of the Anglo-American Eastern Establishment announce their intention to overthrow the results of the U.S. election, in a Nov. 26 press conference of the Aspen Institute in New York City. Their particular target is the Strategic Defense Initiative; their greatest venom is saved for Lyndon H. LaRouche, the intellectual author of that policy. From left: Elliot Richardson, Michael Sharp, Cyrus Vance, John J. McCloy, Robert S. McNamara.*

caused by our having been able to instill in the minds of our oligarchical opponents the idea that they in fact may be wrong in the grand enterprise they are currently pursuing, the so-called New Yalta Deal, and, in being wrong, they may be vulnerable, and, in being vulnerable, they may suffer defeat. Our having existed and acted in the way we did in 1984 has made our adversaries imagine themselves as potential losers. This disconcerting thought is the cause of their fits of rage against us.

Let us take stock of what their side accomplished in the year just past and what they are heading for in 1985; and also what our side, the side of republicanism, did and must now do in the immediate future.

### **Economics and national defense**

An essential feature of the oligarchical "New Yalta Deal" is to "decouple" Western Europe from the United States, not only militarily but also economically. Europe's economic decoupling, as envisaged by the Bank for International Settlements in Basel, the International Monetary Fund (IMF) in Washington, and the European Commission in Brussels, involves plans for close economic cooperation with the resurgent Imperial Russia as well as the eventual creation of a new world monetary and credit system in which the dollar will play a role not greater than, say, the Japanese yen played during the 1960s. Incredible? Not if one understands that an arrangement like this could only follow a dramatic collapse of the domestic American productive economy—and if one understands how close this country is to that point.

During 1984, the U.S. economy registered the highest

trade deficit in its history, approximately \$120 billion; also during 1984, the American banking system continued for the second year in a row being a *net borrower* in the world capital markets. In 1983, for the first time since the Civil War, we had become net borrowers to the tune of over \$10 billion; in 1984, the trend continued with an estimated \$100 billion. Also in 1984, our federal government became one of the world's worst-indebted governments—to the point where its creditors began to publicly challenge its sovereignty. The debt service our federal government is expected to pay out to its "creditors' committee" during 1985 is estimated at over \$165 billion—almost the size of the projected federal deficit. According to testimony of Federal Reserve chairman Paul Volcker to the congressional Joint Economic Committee on Feb. 8, 1984, our Treasury's deficit is being financed by "substantial foreign capital inflows." In August, the U.S. Treasury asked Congress to approve new regulations for the sale of U.S. government bonds to anonymous foreigners by means of so-called bearer bonds.

Beginning in April 1984, Henry Kissinger's business associates and partners began beating the drums for a European financial decoupling. Lord Carrington, now secretary general of NATO, and Fritz Leutwiler, then-president of the Bank for International Settlements both publicly proposed that the European Currency Unit (ECU) begin replacing the dollar in international payments; leading West German bankers, with the tacit encouragement of U.S. Ambassador Arthur Burns, called in April for the establishment of parity between the ECU and a Russian "transferable ruble." At the end of that month, a conference of West German and Russian bank-

ers in Tashkent, U.S.S.R., issued a call for "an acceleration of the commercialization and acceptability of the ECU in order to find an international currency to replace the dollar." Then in November, Russian, French, Austrian, Swiss, and German economic officials, bankers, and others presented a more detailed plan for a massive expansion of the ECU and its use for the financial separation of Europe from the United States. One of these leading actors was French Finance Minister Pierre Bregovois; another was the former French economics minister, Jacques Delors, chairman of the European Commission; British Foreign Secretary Geoffrey Howe is also a leading proponent of the idea, as is former West German Chancellor Helmut Schmidt.

The same players who are orchestrating this financial decoupling succeeded, during the September annual meeting of the IMF, in passing a decision—which the Reagan administration accepted—that during the April 1985 Interim Committee Meeting of the IMF, proposals will be entertained on how best the United States should accept and implement "IMF austerity conditionalities" similar to those that the IMF has imposed upon Latin American, African, and Asian governments, with well-known catastrophic results. We have provided detailed information about the fact that the families and interests who control our \$1.8 trillion debt are the same that control the policies of the IMF, the Bank for International Settlements, and the World Bank, as well as the leading private financial institutions in this game.

These same personalities and institutions are also the most outspoken leaders demanding the drastic reduction of our defense budget and especially the scrapping of the President's Strategic Defense Initiative (SDI). Banded together as a "creditors' committee" against the nation, these persons can be found in the roster of the Bipartisan Budget Appeal. Among them are: McGeorge Bundy, Robert McNamara, Cyrus Vance, Armand Hammer, William Colby, George Ball, Lloyd Cutler, William Fulbright, John J. McCloy, Joseph Slater, and Orville Freeman. These same budget cutters, notably Bundy and McNamara, are the leading proponents of a campaign to stop the Strategic Defense Initiative, the so-called Committee to Save the ABM Treaty. To make a long story short: The "creditors' committee" of our bankrupt and crisis-ridden economy and of our over-indebted government is 1) demanding the unilateral disarmament of the United States; 2) organizing the economic and military "decoupling" of Europe from the United States; 3) organizing the attachment of the productive West European economy to Russia; and 4) attempting to put the United States under "Third World-style" austerity conditionalities.

Matters are expected to come to a head sometime before April of 1985.

### **Thatcher and Gorbachov**

Despite the unmitigated disasters in economic and financial policies, the United States made significant strides toward the eventual development of strategic anti-missile de-

fenses based on the physics of high-energy, long-distance laser and particle beams. The principal progress was not only in proving the efficacy of the required technologies, but also in understanding and explaining to the world the underlying soundness of the strategic and doctrinal principles which inform the Strategic Defense Initiative. These principles were first presented to the public in a document published by *EIR* on April 17, titled "The LaRouche Doctrine: Draft Memorandum of Agreement between the United States of America and the U.S.S.R."

Since the LaRouche Doctrine was published, the Russian government has obsessively devoted its best efforts to hysterically attacking "Star Wars." Much of the 1984 presidential election was fought around the "Star Wars" issue. President Reagan received his overwhelming electoral mandate primarily because over 75% of the voting population of the country enthusiastically supports his Strategic Defense Initiative. The entire Russian government, and its leading military and civilian spokesmen, have repeated again and again that they will go all the way to general thermonuclear war before they allow the United States to develop such defensive systems. Meanwhile, they continue to be ahead of the United States in their version of "Star Wars," and dramatically increased their lead in strategic offensive nuclear weapons during 1984.

This was the setting in which British Prime Minister Margaret Thatcher and Russian Politburo member Mikhail Gorbachov—the advertised "successor" to Chernenko—met in London on Dec. 17 to strike the most remarkable political friendship of the decade, one which places its stamp on last year's political character. Thatcher's government enthusiastically announced to the world that "we are pleased to see that the Soviet government is as anxious to prohibit militarization of outer space as we are." Thatcher herself stated: "I like Mr Gorbachov. . . . We can do business together. We have two great interests in common: that we should do everything we can to see war never starts again, so we will go into the disarmament talks determined to make them succeed."

After this, Gorbachov issued an unveiled ultimatum to the United States, to the effect that the Reagan administration has only "until April" to abandon its Strategic Defense Initiative. April, of course, is the time period slated by the IMF's Interim Committee and the U.S.A.'s "creditors' committee" to try and impose "austerity conditionalities" upon the American economy, the overall federal budget, and especially the defense budget. The predominantly corrupt, hapless Congress has already drawn its battle lines against the defense effort required to counter the ominous Russian deployment of the Ogarkov Plan (see page 16). The year 1985 from its opening days will see the "endgame" phase of the world conflict over the SDI. If its opponents win, humanity is imperiled; if the Reagan administration puts into effect the economic policy component of the "LaRouche Doctrine," the oligarchical "creditors' committee" will suffer its greatest loss since the Congress of Vienna.