

# The policy of 'controlled disintegration'

by Richard Freeman

In October 1979, Federal Reserve Board Chairman Paul Volcker, acting on behalf of the London and Wall Street financier oligarchy, instituted a policy of "controlled disintegration," which profoundly shifted the physical economy of the world economy, levelling it, with particularly destructive effects, in the United States. Volcker's policy was a cornerstone of a policy shift, whose implementation the British had started in the late 1960s, and accelerated during the 1970s and 1980s, to put into place the paradigm of a post-industrial society. This closed down the productive side of the economy, fostered speculation, and threatened the very existence of the modern nation-state.

Volcker's activities were guided by the "controlled disintegration" policy of one of the oligarchy's central institutions in the United States, the New York Council on Foreign Relations (CFR). Starting in 1973, the CFR had begun what it called "Project 1980s," which had the policy of "controlled disintegration" at its heart.

The top personnel of Project 1980s became the top leadership of, and ran the government of, the Trilateral Commission-installed Jimmy Carter, beginning in 1977.

President Jimmy Carter appointed Paul Volcker Federal Reserve Board chairman in August 1978. On Nov. 9, 1978, Volcker delivered the Fred Hirsch Memorial Lecture at Warwick University in England. Volcker cited Hirsch and affirmed the policy: "A controlled disintegration in the world economy is a legitimate object for the 1980s." Starting the week of Oct. 6-12, 1979, Volcker began raising interest rates, through raising the federal funds rate and increasing certain categories of reserve requirements for commercial banks. He kept pushing rates upward, until, by December 1980, the prime lending rate of U.S. commercial banks reached 21.5%.

The effects of this policy were swift and devastating, especially because the oligarchy had used two oil hoaxes during the 1970s, to send oil prices shooting upward. In the United States, industrial and agricultural production collapsed by huge amounts. Between 1979 and 1982, the production of the following critical U.S. manufacturing industries fell by the following amounts on a per-capita basis: metal-cutting machine tools, down 45.5%; bulldozers, down 53.2%; automobiles, down 44.3%; and steel, down 49.4%.

In some cases, such as the machine-tool industry, parts

of machine-tool capacity and of a skilled workforce were permanently lost. A similar pattern, on a greater or lesser scale, emerged in other industrial nations.

Volcker's measures also exacerbated the Third World debt crisis, and pushed it to the critical point. Third world nations had to finance their debt at an interest rate level of above 20%, which compounded the debt. Between 1979 and 1983, Third World debt levels, depending on the country, shot up by 40 to 70%.

## Blueprint for Extinction

Project 1980s had ten working groups, which worked during the 1970s, eventually producing 33 books. The CFR's blueprint for economics was outlined in the book, *Alternatives to Monetary Disorder*, one of whose authors was Fred Hirsch. Hirsch was the former editor of the London *Economist* magazine, and it is he whom Volcker quoted in his infamous 1978 lecture announcing his policy.

What did Hirsch mean in his book by "controlled disintegration"? That the world economy would be pushed into disintegration—but not in an uncontrollable fashion. Rather, the oligarchy hoped it could control the process. It would be necessary for outside forces to deliver shocks to carry out this disintegration of the world economy: oil shocks, credit cut-offs, interest rate shocks, etc., forcing the world economy to go to zero, and eventually negative growth.

The CFR's Project 1980s covered a wide range of subjects, including plans for erecting a Bertrand Russell-H.G. Wells form of world government, through the mechanism of "stopping weapons of mass destruction," and for radical population reduction. The CFR called the overall project the largest undertaking in its history.

It was no idle exercise in futurology. Their 33 volumes constituted blueprints, which the oligarchy used its power to institute during the second half of the 1970s and the 1980s. They imposed one of the most profound shifts in economic and nation-state policy during the 20th century.

Once the Trilateral Commission's Jimmy Carter was installed as President, the British American Commonwealth's (BAC) oligarchical faction transferred the CFR's Project 1980s into his administration. Two of the Project's nine directors were W. Michael Blumenthal and Zbigniew Brzezinski; they were appointed Treasury Secretary and National Security Adviser, respectively. Cyrus Vance, who headed a Project 1980s working group, was appointed Secretary of State. And Paul Volcker, spokesman for Project 1980s' "controlled disintegration," became Federal Reserve Board chairman.

Volcker's actions were followed up by the 1981 Kemp-Roth Tax Act, which opened up real estate and stock market speculation, ruined U.S. fiscal policy; and by the 1982 Garn-St Germain Act, which deregulated the U.S. banking system, shifting it decisively away from financing physical production and into pure speculation.