

above shows how the growth rate dropped in all sectors except services. Most significant is the decline in the construction industry, traditionally one of the largest employers and value producers in Venezuela.

Foreign debt has almost doubled in the year and a half since Herrera took office. Short-term debt has increased from \$4.5 billion in March 1979 when Herrera was inaugurated to \$8 billion as of June 1980.

The increase in borrowing is not expected to slow, since the government needs to finance a large 1981 budget. In order to underwrite wasteful programs such as the Orinoco heavy oil project, the treasury has planned a 1981 budget of \$22 billion; though roughly double the 1979 budget, this does not include funding for government industrial programs, such as those handled by the Investment Fund (FIV).

In order to disguise the size of the budget, the government resorted to drafting an official budget of \$16.5 billion, consigning the remaining \$5.5 billion to be appropriated through "special laws." This tactic has backfired, however, as the opposition party, Acción Democrática, has publicly attacked the coverup and the underlying policy behind the budget as a whole.

After an examination of the programs and policies implemented in Venezuela since Herrera came in, one conclusion recurs: the only thing anyone in Venezuela has to do with these policies is to implement them. The policies themselves have been designed and elaborated by a nexus of foreign governments and organizations including the Israeli government, the Club of Rome, Milton Friedman's Mont Pelerin Society, and the Rand Corporation.

### Israeli input

*Business Venezuela* magazine reports that the Sixth Plan is based in its entirety on a 1,000-page study titled "A Profile of Industrial Policy, 1980-85," which was researched by former Israeli Planning Minister Meier Merhav and a team of Israeli experts. Another link between Venezuela and Israeli policy-makers is a Venezuelan company called Orinoquía. Two months ago, this company set up an official treaty between Israel and Venezuela, covering such areas of collaboration as agriculture, industry, and education.

The fact of the matter is that the policies of the Herrera administration had been decided on before he was sworn in as president. One month before his inauguration, 100 "illustrious thinkers" traveled to Venezuela to participate in a conference that elaborated the economic policies Herrera later implemented. Reported by the press as major speakers were Aurelio Peccei, president of the Club of Rome; Charles Wolfe, director of the Rand Corporation; and Yehezkel Dror of the Hebrew University of Israel.



## German FDP wants to end 'gigantomania'

by Rainer Apel

West German Foreign Minister Hans-Dietrich Genscher, the chairman of the Free Democratic Party, has pledged to lead his party in the fight against the materialistic "gigantomania" of economic development. Speaking at the national convention of the FDP in Munich Dec. 5-6, Genscher declared that the emptiness of the federal coffers will help to effect "fundamental changes in basic values among the population" in the direction of "warmth and solidarity."

"Simpler and smaller—that means more comprehensible and more humane," Genscher said. "The movement for a natural environment is unstoppable; as most people feel and many know, the destruction of the natural environment is a crime against the future."

Genscher's endorsement of the back-to-nature ideology of the movement which in the United States calls itself the "Aquarian Conspiracy" is a first for the foreign minister. Genscher otherwise puts himself forward as the Bonn government's foremost "Atlanticist," the statesman who knows how to "get tough" with the Russians.

The Munich convention marked the consolidation of the FDP as an "Aquarian" party—a process which has been under way for over a decade. The party voted up a resolution calling for repeal of the federal constitution's strictures against homosexuality and incest, a demand

*Above: Hans-Dietrich Genscher (r) with Chancellor Schmidt.*

hitherto supported only by West Germany's youth "counterculture." The FDP is now the West German party most "purely" committed to "Thatcherite" free-market economics and austerity, environmentalism, and the liberalization of laws against narcotics and terrorism.

Although it is the "junior partner" in the ruling coalition with Chancellor Schmidt's Social Democratic Party, the FDP possesses leverage and influence far beyond its small size. The party normally garners between 5 and 10 percent of the national vote; in October's elections to the federal parliament, the Bundestag, it received an unexpectedly high 10.6 percent.

Without the FDP, Schmidt does not have a majority in the Bundestag, and the FDP's newly increased number of parliamentary seats has given it virtual veto power over any move the Chancellor may wish to make. Discontents in Schmidt's own Social Democratic Party are complaining that Schmidt is now effectively an "FDP chancellor." The FDP has played an important role in preventing Schmidt from pushing forward a domestic program for nuclear energy development, and FDP ministers have opposed the implementation of the second phase of the European Monetary System as a springboard for global industrial expansion. The creation of a gold-backed monetary system to foster world trade does not suit the FDP's "free-market" economics.

During the two months since the federal elections, speculation has been rife that the FDP might break with Schmidt altogether, pulling down his government and forming a coalition with the opposition Christian Democratic Union-Christian Social Union bloc. Although Genscher disclaimed any intention of doing this in his Munich speech, he refused to rule out the possibility of a "grand coalition"—a government of all major parties.

The FDP's hammerlock on the Schmidt government owes much to Interior Minister Gerhard Baum, the up-and-coming leader of the party's left wing who has been mooted as a possible successor to Genscher as both foreign minister and FDP chairman. Baum was the first West German politician to publicly endorse the legalization of methadone "therapy," following meetings with U.S. Attorney General Benjamin Civiletti earlier this year.

Baum submitted to the party convention an "Ecological Action Program" demanding a "sweeping" policy of environmentalist reforms. His ministry is the primary source of environmentalist regulations which have stalled the construction of nuclear power stations and other development projects. Two weeks ago, Baum announced new regulations for German industries of an even more far-reaching character. They will curb the chemical and construction industries, and the use of antibiotics in German agricultural production.

Baum is known for his support of liberalized laws

against terrorism, and has recently moved to take over control of West Germany's intelligence services from alleged "authoritarian" antiterror fighters. Horst Herold, the head of the federal anticrime department, the *Bundeskriminalamt* (BKA), resigned recently under pressure from Baum and FDP'ers in the press. *Der Spiegel* magazine in particular had been waging a campaign against Herold. The magazine's publisher, Rudolf Augstein, a member of the FDP since 1956, was arrested last year in Italy for possession of marijuana.

Baum is arranging to have Heinrich Boge, a police chief from Hannover with no special competence in the fight against terrorism, named the new head of the BKA. He is also seeking to have his man Franz Kroppenstedt named the new head of the federal office for domestic security.

### **Schacht, Scheel and the rejection of science**

The FDP's current role as a battering ram against West Germany's economic development is a lawful outcome of the party's pedigree. Its prewar predecessor was the German Democratic Party (DDP), the conveyor belt for the political ambitions of Hjalmar Schacht, the czar of German deindustrialization policies during the period following the Versailles Treaty who subsequently became Adolf Hitler's finance minister.

Following World War II, the party was reconstructed under the auspices of the British occupation administration. This was its "conservative" period, when, under the leadership of Eric Mende, it opposed Chancellor Konrad Adenauer's plans for the industrial recovery of Germany and the foundation of a united Europe through alliance with France. Mende was an executive member of the anti-industrial profeudalist Pan-European Union, now headed by Otto von Hapsburg, a close associate of Franz-Josef Strauss, Chancellor Schmidt's CDU opponent in the 1980 elections.

This "conservative era" ended with the accession of Walter Scheel to the chairmanship of the FDP beginning in 1966. Scheel became foreign minister under Willy Brandt in 1969. He began to push the "Aquarian" ideology directly, as indicated by the following statement made before the West German Federation of Chambers of Commerce in February 1978:

"Our view that the scientific-technological civilization is superior to any other or, worse, that we are culturally superior to others because we are more advanced in science, is based, I think, on a fundamental misperception."

Scheel's rejection of scientific progress as the motor behind human development ushered in the whole gamut of "leftist" programs like environmentalism, tolerance for drug usage, prostitution, and terrorism which are the hallmark of the Free Democratic Party today.