

National News

LaRouche: 'Reagan is the only hope'

EIR founder and Democratic Party leader Lyndon H. LaRouche, Jr., speaking to 120 people from Capitol Hill, the executive branch, industry, and 23 embassies, painted a stark picture of the realities confronting national governments. Especially since the defeat of France's Giscard, he said, there is a growing danger in both the East and West that World War III will occur in the 1980s.

The Mitterrand government has introduced new global instabilities. The U.S. Federal Reserve's and Bank for International Settlements' policies are undermining government structures. We are heading for a depression worse than the 1930s; the Volcker policy has already contracted the goods-producing sector by 20 percent in 1980, and promises to contract it by another 25 percent in 1981.

The rest of the OECD nations, except Japan, will be unable to resist the effects of a collapse of the U.S. economy, LaRouche added. The LDCs could not withstand it. We face a potential explosion not seen since the Hapsburg collapse in 1653; we would see a chain reaction of genocide.

How would a depression occur, LaRouche asked. Given the fact that there is only \$700 billion in goods-producing capacity in the country, as against \$3 to \$5 trillion demanded in rent and so forth, are we producing enough wealth to pay the rent? The answer is no.

Reagan knows that Volcker has to go, LaRouche said. Therefore, why doesn't he get rid of Volcker? Because there are institutions opposing Volcker's ouster. Neither the Soviets nor the U.S. is planning for World War III; it is an illusion to imagine that nations are acting rationally. Governments and people behave on the basis of the impetus of institutions. We must take the shaping of the world out of the hands of the people that stand behind Swiss Central Bank chief Fritz Leutwiler and Volcker. There

is only one force in the world that can do that, LaRouche asserted: the Reagan administration. "Anyone who is fooling around trying to destabilize the Reagan administration—like the Institute for Policy Studies and William Safire—is removing the last possible option for averting World War III."

Haig prefers Venezuela over Mexico as U.S. ally

The Venezuelan press is sourly commenting that the Reagan-López Portillo summit has "confirmed" that the U.S. President sees López Portillo as his "principal interlocutor in Latin America." Wrote *El Nacional*, by the time the North-South summit in Cancún, Mexico takes place, they will have met three times. Venezuelan President Herrera Campins's refusal to set a date for his scheduled trip to the U.S. suggests that he may be miffed at the new closeness between Reagan and López Portillo.

However, in a "confidential" letter to Venezuelan Interior Minister Montes de Oca, whose contents were leaked in the Caracas press, Haig emphasized the "full coincidence" of U.S. and Venezuelan views on Central America and the Caribbean, including their agreement to increase aid to the Salvadoran junta should that be required. After citing support for the Seaga government in Jamaica as a means of stemming communism in the region, Haig noted that Venezuela and the U.S. also agree on the possibility for a political, civilian solution to Guatemala's crisis. The secretary of state's comments suggest that Guatemala is the next country targeted to blow up.

Bank loan policy: battle the unions

Members of the New York Clearinghouse Association are pressing their corporate debtors to tear up their union

contracts, according to a spokesman for Chase Manhattan Bank. When a company asks for a credit line, he reported, the bank now examines the company's relationship to its unions, especially the Teamsters and building trades.

"We tell them that if they want money from us, they must demand real concessions from their unions," said a source in Chase's transportation loan division, citing union contracts as "adverse profitability factors." "Give-backs, wage cuts, major work rule changes. Open up the contracts. We tell them the first place they would look to pay the interest rates is these fat union contracts.

"They need cash to stay afloat, especially the midsize people," he commented. "They have built up cushy relationships with the unions, with high payout, high benefit contracts. This is what the union/industry relationship was based on. We're saying bust it up. It was no good for the economy. It hurt productivity." The Teamsters and the Laborers unions "are too powerful. We have an opportunity to cut them down to size."

Though many companies are reluctant to battle their unions, as the economy gets worse and rates continue high, he said, they will have little choice about reopening contracts. Other banks including Morgan Guaranty and Bankers Trust have the same policy.

Witch-hunt mounts against labor

Entire union leaderships are being hauled before the courts on bogus charges backed up only by the stable of convicted criminals in the employ of the Federal Witness Protection Program.

On June 4 the Justice Department's Federal Strike Force in Miami indicted 16 people. Among them were the international president and other top officials of the Laborers union.

On May 30, the U.S. attorney's office in Tucson, Arizona indicted four labor leaders: an international vice-president of the Laborers, two of the state's leading

Laborers officials, and the state head of the AFL-CIO. On May 26, the Houston U. S. attorney's office handed down four more indictments in its Brilab probe, naming three of the city's trade union officials and a Houston port commissioner. And, on May 22, the eve of the Teamsters national convention, the Chicago Strike Force indicted Roy Williams, the newly elected president of the IBT, and several Teamster advisers and pension fund trustees.

In the case of the indictments handed down to leading officials of the Laborers union in Miami and Tucson, the star government witness is Joe Hauser.

Hauser has swindled several unions, including the Laborers, out of millions of dollars through phony health and welfare insurance schemes.

Hauser was released from jail earlier this month and is now scheduled to appear in an ongoing New Orleans Brilab trial in the next two weeks.

Disarmament networks predict nuclear terrorism

The Center for Defense Information (CDI), a key coordinating point in the international disarmament movement, said June 10 that they fully expect pre-emptive hits on nuclear facilities by neighboring states. The projected targets include Pakistan, Saudi Arabia, Libya, Egypt, Brazil and South Africa. CDI head Adm. Eugene LaRocque, who works with Socialist International figures like Willy Brandt and Olof Palme, told a reporter: "I am sure that there are going to be more pre-emptive strikes . . . the world accepts this kind of action . . . other nations of the world will take actions against neighbors who develop a power plant to give them the capability to develop nuclear weapons." Other spokesmen for the CDI, which recently prepared a target list of U.S. nuclear facilities in Germany for the violence-prone West German disarmament movement, said that "nuclear terrorism" in Europe and the United States, is now

"very likely, since once you attack a nuclear plant, the genie is out of the bottle for everything."

Irving Kristol upholds postindustrial policy

Irving Kristol, senior fellow of the American Enterprise Institute and mentor of OMB director Stockman, commented in a recent interview made available to *EIR* that "Reagan doesn't have any choice; they're going to have tight money for the foreseeable future. Alan Greenspan is the key person the President is listening to, and he's from Wall Street; they're all from Wall Street, they're all tight-money men. There's nothing the political people like Meese can do. If Reagan tries to make the Fed print money, Wall Street will take one look at the next rising money-supply figures, and inflationary expectations will increase—and interest rates will rise anyway.

"Who says the economy can't grow with high interest rates? Plenty of credit is available for qualified industries. There's a big difference between interest rates and the state of the economy," said Kristol.

Asked if this meant that the Fed is helping shift the United States into a postindustrial society, he commented, "We're already in the postindustrial society. The shift has already happened. Those industries that are profitable in this environment can get plenty of credit." Microchips, real estate, and services "are what's profitable. These companies can borrow at 23 percent and make 25 percent on it. They don't mind, and the rest of the companies don't need money."

On the possibility of preferential credit for older industries, Kristol said that the Council of Economic Advisers and the Treasury "will fight this tooth and nail." The S&Ls, he added, "got a small amount. The basic policy is to let them operate without any reserves. They're all technically bankrupt and the regulators are just going to ignore them."

Briefly

● **ALPHONSE D'AMATO**, the New York Senator, gleefully said of Israel's attack on Iraq's nuclear research center, "We might even term this a rather effective method of antinuclear proliferation." He proposed a U.S.-Israeli guarantee for Saudi Arabia "providing cover for their oilfields, provided it's under our control."

● **JERRY WARBURG**, Sen. Alan Cranston's aide, this week seconded Israel's claim that technically they don't have an atom bomb. "They keep it in halves and could put the two halves together in a matter of hours," he explained solemnly. "If I were the Saudis I'd feel damned insecure." Warburg is a member of the investment banking family.

● **LONE STAR** cement company reports a tremendous increase in orders from customers who are enthusiastic about its full-page advertisements in newspapers around the country blasting Paul Volcker's high interest rates.

● **DOUG FRASER**, president of the United Autoworkers, announced June 9, on the occasion of his union's reaffiliation with the AFL-CIO, that the Teamsters union should remain excluded from the federation "because of its bad reputation, which I think is deserved in many places." He added with remarkable logic, "Just look at the number of indictments" against Teamster officials.

● **PER CAPITA** consumption of beef in 1978 was 120.1 pounds per year, when retail prices for beef averaged \$1.82. In 1980, when beef prices averaged \$2.38, per capita consumption fell to 105.6 pounds. The higher prices of beef, which moderated somewhat in 1980, do not represent extra income for cattlemen whose income this year through March is down more than 10 percent.