EIR conference bursts intelligence myths

by Donald Baier

A two-day conference in Washington, D.C. Feb. 17-18 sponsored by the *Executive Intelligence Review,* laid waste to some of the most cherished myths of the U.S. capital's official circles. Titled "Strategic Perspectives for 1982," and featuring presentations by *EIR* founder and contributing editor Lyndon H. LaRouche, Jr., the conference began by thoroughly discrediting the view frequently articulated by Zbigniew Brzezinski and reiterated by Secretary of State Alexander Haig: "We're dealing with an historic erosion of the Marxist-Leninist empire established by the Soviet Union."

Not only is the Soviet Union not falling apart, said LaRouche and his associates, but the Warsaw Pact nations are for better situated militarily and economically than the United States to respond to a spring-summer period of crisis that promises to be the most dangerous in the 20th century.

Fusion Energy Foundation Research Director Uwe Parpart and *EIR* Soviet Affairs Editor Rachel Douglas provided detailed documentary proof that the U.S.S.R. is outproducing the United States in such essential categories of a modern industrial economy as steel and machine tools, and widening a nearly 2 to 1 advantage in educating scientists and engineers. Moreover, developments in Poland had forced the Russian leadership toward correcting its past errors in economic management of the Liberman "decentralization" variety.

Illustrating with maps and charts the scope of the Soviet Union's ambitious Siberian development program and the six natural-gas pipelines which will supply new energy to the entire European continent, Rachel Douglas reported that Soviet President Leonid Brezhnev had already ordered the military-scientific sector of the Soviet economy, the grouping most committed to Siberian-style injections of high technology and massive infrastructural development, to take greater responsibility for improving the Soviet economy.

Parpart also revealed that the decline in Soviet productivity during the past five years, which Washington analysts are gloating over, has been due first of all to a sharp increase in Soviet military spending, to the level of approximately $95 billion, or 50 percent higher than present U.S. Defense Intelligence Agency estimates. Otherwise, said Parpart, the decline in Soviet economic performance is mainly due to the effect of worldwide depression, and secondarily to wholly correctable management failure. Those who see the Soviet people as unwilling to make the sacrifices associated with the pressures of an arms race and susceptible to being "spent into submission" by the United States have, he said, forgotten the World War II lessons of Leningrad where half the population died but resistance was unbroken.

Deliberately provoked strategic crises

In his keynote address Feb. 17 LaRouche warned that beginning in April or May, the United States will experience a series of deliberately provoked and overlapping crises in various trouble spots, including China and Southeast Asia; the Indian subcontinent; Central America; Greece, Turkey, and the Eastern Mediterranean; Albania, Yugoslavia, and the Balkans; and Iran. All of these have the potential to develop rapidly into flashpoints of confrontation with the Soviet Union, he said, and the cumulative repercussions of any two or

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three will be likely, if not cooled out, to pose a more serious threat to the existence of human life on the planet than the famous Cuban Missile Crisis of 1962.

The chief problem, said LaRouche, is not the objective danger of any particular situation, but the obsessive delusions of U.S. policymakers. As an example, he cited a current proposal to create a U.S.-led China-Japan-Korea-Southeast Asia "Co-Prosperity Sphere," based on the extraction of offshore China oil reserves, at the same time that mainland China is undergoing a classic oligarchical, dynastic collapse.

Another such foolish project, was the general destabilization of the East bloc. This has now backfired, said LaRouche, to the point where some of the leading think tanks earlier forecasting a precipate "crumbling from within" of the Soviet bloc are now assigning it at least 10 to 15 years of stability, while the United States is headed for collapse. The danger is that a paranoid "Fortress America" and "Fortress Russia" may stumble into a strategic miscalculation producing general war.

Neither Reagan nor 'Team B' policies workable

Present U.S. policy tracks for dealing with this crisis situation will guarantee a total strategic humiliation for the United States, Parpart, his associate Dr. Steven Bardwell of FEF, and *EIR* Economics Editor David Goldman demonstrated the next day. With the aid of the LaRouche-Riemann computer model, the only econometric method to correctly forecast the past two years' collapse under Volcker, they showed that the present Reagan administration budget will neither slow the collapse nor provide the nation with an adequate defense capability. The so-called Team B or Fortress America alternative, a doubling of the U.S. military budget for an augmented conventional forces buildup and a more-of-the-same strategic weapons accumulation, would, they proved, produce a temporary spurt in the economy, then send it plunging back into negative growth rates within 18 months.

The U.S. economy is too far gone to absorb a "guns, not butter" buildup, they concluded: only hundreds of billions of dollars' investment in high-technology fields like plasma physics and industrial infrastructure like nuclear energy plants and the NAWAPA water development project to divert water from Alaska to the U.S. Southwest can produce the sharp increases in the productivity of American industry and agriculture needed to support a serious military effort. Bardwell demonstrated that there was nearly a one-to-one correlation between such infrastructural investment and increases in economic productivity during past periods, a dramatic refutation of the usual vague mumbo jumbo attributing magic powers to "capital investment."

Concluding the conference, on the afternoon of Feb. 18, LaRouche warned that the present policy of Federal Reserve Chairman Paul Volcker "will take the United States past a point of no return. . . . If the financial blowout that the Federal Reserve has lined up for the April-May period takes place, the depression may not be reversible. Remember that in the 1930s, business loans went for 2 percent—but the banks couldn't find anyone left to lend to. In particular, LaRouche added, the farm sector—which will have lost 1 million farms under Volcker during the past three years—is in grave danger. "The idea of a food embargo is ridiculous," he said "We are closer to embargoing our own groceries."

Far from regulating the money supply, LaRouche explained, the Volcker policy has turned the United States over to the so-called Eurodollar market, based in London, Switzerland, Singapore, the Cayman Islands, and the Netherlands Antilles. He said, "The United States is not owned by its own citizens, but has become a gigantic tax farm."

The present problem, he said, is that a check written against a bank in the Cayman Islands—with no reserves to back it up—is honored in the U.S. banking system as if it were comparable to an obligation of an American bank fully backed by the required reserves imposed by bank regulation.

The only solution, LaRouche concluded, is a combination of a gold-reserve monetary system, and regulated banking. He attacked the proposals circulating before the President's Gold Commission as "a farce," based on the failed British gold-exchange system, which depends on gold "cover" for currency circulation. What is required, LaRouche said, is simply a gold price of $500 an ounce, approximately the parity price for producing new gold supplies, and the settlement of current balances between industrial nations in gold. With banking regulation to keep unbacked Eurodollars out of the U.S. economy, this measure would wipe out the greatest part of U.S. inflation.

Then, said LaRouche, by making gold-backed Treasury credits available at preferential low interest rates of no more than 4 percent for participation in private bank lending solely for hard-commodity goods production and infrastructural development, the U.S. economy could be shifted away from its present 2 to 1 ratio of overhead to real production to the reverse ratio enjoyed at the end of World War II.

During the two-day conference LaRouche and his associates were heard by representatives from more than 40 of the world's governments, but only a handful of officials from the U.S. State and Defense Departments were permitted to attend. The rest, according to those who regretfully informed conference organizers of their inability to attend, were ordered to cancel their reservations by their superiors.