The AFL-CIO leadership rams through George Shultz's program

by Lonnie Wolfe

When the AFL-CIO executive board concluded its mid-winter meeting at Bal Harbour, Florida at the end of February, the real controller of the American labor movement was absent from the last minute glad-handing and picture taking. Secretary of State George Shultz, proclaimed by AFL-CIO President Lane Kirkland "labor's best friend in Washington," had left a day earlier, satisfied that his good friend and fellow Trilateral Commission member, Lane Kirkland, had delivered the backing of the labor leadership for his plans for global austerity and wage gouging.

Labor expert

Over the last several months, Shultz, who increasingly directs the administration's economic policy, has met privately with Kirkland several times to discuss domestic U.S. policy, as well as foreign policy matters. Sources close to both Shultz and the AFL-CIO leadership report that the two plotted to carry out an austerity based economic program behind the backs of the White House and the labor union leadership. Their program is to slash the U.S. defense budget and raise taxes, while creating labor-intensive, low-wage jobs with government funds. It is premised on support for the supranational institutions of austerity, like the International Monetary Fund, and in later phases of the world economic crisis, the expansion of the powers of those institutions over the United States. This approach is sanctioned by Paul Volcker, as well as such figures as White House Chief of Staff James Baker and the Democratic Party chairman, banker Charles Manatt.

Kirkland rammed each key point of the Shultz program through the AFL-CIO executive, the 35-member policy board of the federation, including support for cuts in the defense budget—the first time the AFL-CIO has ever supported cuts. The executive council does not really make policy. It merely nods its collective head as Kirkland and his deputies wave policies in front of their eyes. For gullible labor leaders and union members, they made sure that the resolutions contained the appropriate anti-big business, anti-big bank rhetoric.

Shultz is well prepared for his role as the behind-the-scenes controller of organized labor. He was schooled by brainwasher Kurt Lewin's networks at MIT in manipulating labor and business leaders alike as a labor mediator. In the early 1970s, it was then Secretary of Labor Shultz who sold the labor movement on the wage gouging "Phase I-II" Nixon austerity program. Then as now, wage-gouging against a pliant labor movement was key policy of the Swiss and London bankers who put George Shultz into his current position. The "labor movement," in turn, is well prepared for Shultz's directives, having functioned for years as a de facto arm of the State Department in many respects.

Nineteen eighty-two was the worst year for American labor in nearly 50 years. Wages rose by less than 4 percent, which amounts to a collapse in real wages even when calculated against fraudulently reduced inflation rates. By the AFL-CIO's own admission, there are more than the official 11 plus million unemployed. Yet Kirkland and the council listened to George Shultz preach about the virtues of the "recovery" and demand further sacrifice, while ratifying Shultz's program.

The resolutions

The council's principal actions bear the imprint of Shultz and his labor cronies.

- The council unanimously passed a resolution affirming the AFL-CIO's support for the IMF, stating that the AFL-CIO banks plans to refill the IMF's depleted treasury with U.S. taxpayers' money, provided certain banking reforms are enacted. These reforms, which were proposed by Sens. Bill Bradley (D-N.J.), Williams Proxmire (D-Wis.), and John Heinz (R-Pa.), under the guise of being anti-big bank, would officially turn supervision of lending to the developing sector over to the Federal Reserve. While the council resolution makes a rhetorical attack on the harsh conditionalities imposed by the IMF, the banking reforms they support would further slash credit available to the developing sector.

An economist for the AFL-CIO reported that the labor federation would do nothing to stop Congress from bailing out the IMF, because "George Shultz knows what is best for us here."

- The Council unanimously passed a resolution demanding that the Western heads of state economic summit in Williamsburg, Virginia in May take up proposals to deal with "international monetary chaos." In particular, the AFL-CIO asked for a discussion of a new system of exchange rates.

• The AFO-CIO reiterated its support for a whole series of protectionist measures which could spark a trade war, further crippling the world economy. Here Shultz and the executive council appeared to disagree, with Shultz in his presentation to the labor leaders warning against trade war; but sources confirmed that Shultz wants the AFL-CIO to maintain a bombastic public posture on trade questions, so that he can use the threat of protectionist legislation to gain concessions from American trading partners.

"We really are not that far apart in private," an AFL-CIO spokesman said of Shultz's trade policies. "He is working for us in a different, more quiet way, and we are very useful to him."

• For the first time in recent memory, the AFL-CIO executive council adopted a proposal calling for a cutback in proposed defense spending, slashing the administration's proposed increases from by some 3 to 5 percent. While not specifying where such cuts should come from, the interim report from the defense policy committee attacked continued increased U.S. spending on strategic weapons and on maintaining larger U.S. forces in Europe. Instead, the interim report echoed recent statements by such figures as former Secretary of Defense Robert McNamara and Cyrus Vance, initiator of the murderous *Global 2000 Report,* that the United States should spend more on conventional forces.

Kirkland succeeded in keeping any discussion of beam weapons development out of the report, making only a vague reference to previous AFL-CIO support for developing a policy of mutually assured survival.

The AFL-CIO masked all this in anti-Soviet rhetoric, as usual. It is clear that the Kirkland leadership is set to follow the lead of Shultz and other backers of the Global 2000 policy of eliminating billions of people—to scuttle U.S. defenses in favor of preparations to fight colonial-style conventional "meatgrinder" wars in the developing sector. In recent policy statements, George Shultz has warned that overpopulation in the developing sector is the most serious threat to U.S. national security.

• The AFL-CIO executive called for the Federal Reserve to further lower interest rates and for Congress to extend the Credit Control Act, which expired in 1980. However, the AFL-CIO demands for no specific action against the Federal Reserve and privately Kirkland's spokesmen say that Paul Volcker is now doing a "good job." The AFL-CIO leadership is thus reinforcing Shultz's "economic recovery" propaganda.

• As noted above, Kirkland and the AFL-CIO adopted a plan for spending some $70 billion in a program of labor-intensive makework jobs modeled on the Nazi programs of the 1930s. The AFL-CIO leadership admits that they have little chance of getting such a program through Congress. Spokesmen say that they will pass a small portion of that low-wage program because George Shultz has promised Lane Kirkland that he would get it through. It was Shultz who played a key role, along with White House chief of staff James Baker, in securing White House support for the $4.8 billion "jobs package" approved by the House.

• The AFL-CIO reiterated its support for racialist immigration legislation which would effectively close the U.S. border with Mexico and establish a system of worker identification cards reminiscent of the Nazi work-card system.

Lane Kirkland has consummated the labor federation's role as an outpost of the State Department, instead of a legitimate representative of unionists' stake in securing low-interest credit to regain prosperity and technological advances. The Shultz-Kirkland goal is defense cuts, tax hikes, and federally funded make-work jobs.

Who works for Shultz

Kirkland funneled Shultz's policies through the Bal Harbour meeting with the help of the following individuals:

• Henry Schecter, the man who heads the AFL-CIO Department of Economic and Monetary Affairs. Schecter's people wrote all key economic policy statements, including the statement supporting the IMF. Schecter has met personally several times with representatives of the Anglo-Swiss banking crowd and with Federal Reserve chairman Paul Volcker. It was Schecter who worked with Volcker and Kirkland to block any local union resistence to the Fed's economy wrecking policies.

• Howard Samuel, the head of the Industrial Union Department and a member of the anti-technology, Malthusian Club of Rome. Samuel, a member of a Wall Street investment banking family and a trained banker, is reported to be among the most rabid supporters of population control policy in the AFL-CIO leadership, second only to the racist Lane Kirkland.

- Thomas Kahn, the effeminate chief aide to Kirkland and an official of the League for Industrial Democracy network of "State Department Social Democrats" routinely deployed for dirty tricks operations. Kahn is the executive director of the AFL-CIO's defense policy task force. His specific mission was to sell defense cutbacks to AFL-CIO union leaders and to block support within the federation for the proposals of Democratic Party figure Lyndon H. LaRouche, Jr. and scientist Dr. Edward Teller for a competent defense policy based on the development of beam weapon anti-ballistic missile systems.
- Irving Brown, AFL-CIO International Affairs Director and coordinator of the federation's international operations. Brown has spent much of the last several months protecting terrorist networks inside the labor movement and deploying against international trade union support for a new world economic order that could end the current depression. His years in support for various mafia-linked Socialist International operations is well known.

It was this network which barred *EIR* founder Lyndon LaRouche from addressing the executive council as a potential Democratic Party presidential nominee. The Council heard instead from two candidates who would make the late AFL-CIO president, George Meany, turn over in his grave.

Early in their week-long Florida session, they were addressed by Sen. Alan Cranston, a leader of congressional supporters for the Global 2000 program and a leading advocate of the environmentalist laws that have shut down industrial jobs. The California Democrat is also a floor leader of the nuclear freeze movement and a member of the Draper Fund, which sponsors plans for sweeping global population reduction. Lane Kirkland termed him a "serious contender" and a "good friend" of labor.

Later in the week, the Council heard from another Democrat, Sen. Ernest Hollings of South Carolina, an outspoken proponent of anti-union "right to work" legislation. Hollings also supports of Global 2000 and belongs to the Draper fund.

From the executive council statement on defense cuts

The text of the defense resolution from the Bal Harbour conference:

The executive council received the interim report of its defense committee and adopted the only three specific recommendations of the committee. These are:

Taking into account the security, economic and budgetary realities, the committee believes, based on the many presentations we heard, that increases in defense spending in the coming years can and should be held within the range of 5 percent to 7 percent a year in real terms, without being detrimental to national security. A number of members of the executive council have expressed the strong opinion that the increase should be held to the lower end of this range or below.

This budget (the President's) includes reductions of $11 billion in budget authority and $8 billion in outlays from the Administration's earlier projections. These reductions would be achieved through freezes on military pay and cost-of-living adjustments, as well as DOD civilian pay. In the opinion of the committee, pay freezes, whether military or civilian, are not the way to achieve defense savings. They can adversely affect morale, as well as the recruitment, readiness and retention of military personnel.

The committee proposes that, starting in July 1984, a special surtax to cover the real increases in defense spending should be levied on the corporate and individual income tax plus the income of the wealthy currently sheltered from taxation. Such a surtax should amount to approximately 3 percent in its first year and raise approximately $11 billion to $15 billion.

From the executive council statement on the IMF

The text of the statement by the AFL-CIO executive council on the International Monetary Fund:

The current international debt crisis requires far-reaching and comprehensive arrangements based on close cooperation of all the countries concerned. Piecemeal measures which aim primarily at alleviating the current crisis will not prevent further proliferation of potential defaults.

Congress has been asked to approve United States participation in a 40 to 50 percent expansion of the International Monetary Fund, of which the U.S. share would be about $8 billion. This would be in addition to an expansion of the General Agreements to Borrow (GAB) special IMF fund, which requires about a $2 billion U.S. participation.

Such an expansion of IMF lending authority is being proposed to help greatly indebted nations, such as Mexico, Brazil, and Argentina, with further credit extension so that they do not have to default on large outstanding debts.

The creditors are not just sovereign countries, but also, to a very large extent, private, U.S. and foreign banks. Although the banks and the IMF might, in the immediate future, have to extend more credit to the debtor countries, they would in the long run avoid losses of large sums of money presently owned to them.

The Federal Reserve Board and the central banks of other countries have largely surrendered to the commercial banks the responsibility for oversight and control of international lending.

When the IMF extends credit to hard-pressed debtor nations, it usually requires that certain conditions be met by the assisted country, cutbacks in social programs, tight monetary policies and the adoption of policies to increase exports and decrease imports, so that foreign exchange gains can be made to help repay debts. In the process, trade and employment are injured in the United States as well as in all free world nations.

The AFL-CIO recognizes the serious consequences of potential large debtor nation defaults to the world economy and the need for IMF action to help debtor nations out of their precarious positions. It also recognizes, however, the cost in dollars to the U.S. taxpayers and in jobs to U.S. workers.

The AFL-CIO supports U.S. participation in an expansion of IMF capital funds, provided that legislation is enacted to accomplish the following:

- The IMF should require private banks that have extended loans to foreign borrowers to share in the costs and burdens of any "rescue" efforts.
- IMF resources should not be used to reschedule and recycle the debts of totalitarian regimes and those that abuse human rights.
- The Federal Reserve Board should be required to increase reporting and surveillance of U.S. bank foreign lending and to restrict such lending, with due consideration of the impact of credit availability and cost to the U.S. economy, as well as the capability for repayment.
- The Federal Reserve Board should be directed to require special U.S. bank reserves against foreign lending, and such reserves should be available to provide a part of future U.S. contributions to IMF fund expansion.
- The Federal Reserve Board should be required to report regularly to the Congress on the volume and terms of foreign credit extension by U.S. banks, on the quality of such credit, and on the effects of such credit extension upon the U.S. economy with respect to international trade positions and the availability and cost of credit in the United States.
- The Secretary of the Treasury should be directed to seek change in IMF policies to reduce emphasis upon the development of excesses of exports over imports and to place more emphasis upon balanced economic growth through development of broader domestic markets and improved income distribution.