

Theory of the European Monetary System

What Europe needs to secure world peace and development

In the early hours of 1979, a U.S. naval task force, led by the aircraft carrier *Constellation*, was ordered halted in mid-deployment out of Subic Bay in the Philippines from which it was moving toward the Persian Gulf. Until it was halted, the convoy was under orders to do everything necessary to "protect U.S. interests" in Iran, including aiding in evacuating American citizens from that crisis-torn country.

As the Soviet press has made clear in stern commentary, a U.S. military intervention into Iran could have been this nation's most serious foreign policy mistake since the Cuban Missile Crisis. Unquestionably, the unauthorized intrusion of U.S. troops into Iran last week would have led directly to a showdown with the Soviet Union, with the threat of thermonuclear exchange and World War III looming in the background.

For America's European and Third World allies, who have lived through the Cold War with the recurring threat of superpower confrontation, the first week of the new year must have been frightening indeed. But with the successful moves by France's Giscard to cool Iran with firm support for the new government headed by Prime Minister-designate Baktiar, Europe breathed a sigh of relief and proceeded with the scheduled Jan. 2 implementation of the new European Monetary System.

The fund's leadership has designed this facility as a replacement for the world's decrepit monetary system, which continues to block not only the development of the Third World, but economic recovery in the advanced sector. The plan is modeled, in all its essential features, on the 1975 International Development Bank proposal

of U.S. Labor Party Chairman Lyndon H. LaRouche.

Yet while incorporating the practical features of the LaRouche plan into their program for rescuing the globe from the deprivations of the International Monetary Fund, Europe's leaders have largely ignored the theory behind the International Development Bank. This conceptual apparatus, LaRouche has stressed repeatedly in recent policy documents, is also the theory behind

the new European Monetary System. It is the theory that leading European and Third World architects of the new world economic order must understand and impose upon the most advanced layers in the Soviet Union and the United States, in open collaboration with LaRouche. Only this combination and outlook can ensure that the next world hot spot crisis does not lead to thermonuclear war and the extinction of all efforts for human advancement.

The U.S. is lured back into the Indochina quagmire

The disco dancing by senior Chinese officials at Leonard Woodcock's Peking residence on New Year's Day was the least of the hustles China pulled on the U.S. last week. Peking accomplished what even the fiercest U.S. hawks from the Vietnam period haven't dared to dream of: they lured the U.S. back into the Indochina quagmire.

State Department spokesman Hodding Carter III announced on Jan. 3 that the U.S. was responding to a cry for help from Cambodia's genocidal Pol Pot regime, and taking the Indochina situation into the United Nations' Security Council. "The U.S. takes great exception to the human rights record of Cambodia," Carter intoned, but Vietnam is guilty of "armed intervention into the internal affairs of a sovereign nation." Carter held Vietnam responsible for the military successes of the Kampuchean National United Front for National Salvation

(KNUFNS), saying he was "uncertain as to the extent of participation by the liberation front."

China: paper tiger?

High-ranking Defense Department officials let the cat out of the bag, telling the *New York Times* that a military humiliation of the Peking-backed Phnom Penh clique would demonstrate to Asia that China was a "paper tiger." On the battlefield of Cambodia rests the entire prestige of Brzezinski's "China card" option, the policy of allowing Chinese political hegemony in Asia in order to counter the USSR. With the destruction of China's only client regime, no other nation in the region would kowtow to the dictates of Peking. In addition, the internal prestige of the Teng Hsiao Ping-Hua Kuo-Feng regime would greatly suffer at a point when it can least afford to.

An aide to Assistant Secretary of State Richard Holbrooke has ad-