
Conference Report



The LaRouches' answer to the 'Hooverization' of Reagan

by Vivian Zoakos

Lyndon LaRouche, chairman of the advisory committee of the National Democratic Policy Committee, and Helga Zepp-LaRouche, chairman of the European Labor Party, addressed a seminar cosponsored by the NDPC and *EIR* at Washington, D.C.'s Mayflower Hotel on March 20. The policy analysis they brought to the audience of 150 government representatives, businessmen, and foreign dignitaries, is that Americans must act, as American allies are doing, to prevent Ronald Reagan from becoming the Herbert Hoover of the 1980s, and the U.S. economy from being destroyed.

LaRouche, who with Mrs. Zepp-LaRouche, had just returned from two weeks of meetings with policymakers in Mexico, stressed that the April-May 1981 period is crucial. The April 27 meeting between President Reagan and President López Portillo of Mexico has to result in mutual oil-for-technology commitments. Further, Reagan must accept the "interest-rate disarmament" policy West German Chancellor Helmut Schmidt will discuss with President Reagan in May. "If President Reagan does not make the correct choices of policy . . . there probably will not be a second chance."

The European viewpoint

Helga Zepp-LaRouche, in her presentation, received an acute, concerned response as she detailed the "healthy turmoil" continental Europe is undergoing in response to the U.S. administration's lethal economic policy. The Americans present, mainly officials from the Departments of State, Commerce, and Defense, the Eximbank, and other parts of the executive branch, were on the whole uninformed about the drastic steps continental Europe has put into motion. This, she said, is "Europe's challenge to Volcker."

A European diplomat attending the conference commented afterward that it was refreshing to hear the European viewpoint so openly discussed in Washington; in general, he said, all one gets are expurgated versions of the continent's thinking.

Excerpts from the LaRouches' presentations follow.

The following are excerpts from Helga Zepp-LaRouche's address to the March 20 EIR seminar.

Europe is in a mood comparable to the spirit of 1978, in which the European Monetary System [EMS] was launched and the Schmidt-Brezhnev accords consummated. There is a tradition of ending the neocolonialist, neo-Malthusian philosophy toward the Third World. De Gaulle was fighting passionately for national sovereignty based on international trade and high technology. Third World independence was based on the right to have economic prosperity and economic growth. The Eisenhower Atoms for Peace plan was vital . . . especially with the Rogers plan, but he [Rogers] was forced out of the Nixon administration by people opposed to it.

In the struggle for Third World independence and development in 1974, I suggested critical support for Schmidt, through the Golden Snake and the International Development Bank [proposals for a gold-backed European monetary system and a multibillion-dollar fund for Third World industrialization—ed.]. Over the last five years, Schmidt has worked consistently to bring about the new world economic order. In 1976, at the Colombo [Nonaligned] conference, Fred Wills [former Foreign Minister of Guyana] introduced a debt moratorium from the IMF and World Bank into the U.N.

The next phase Europe confronted was with Carter. Perhaps his one positive role in history is that he forced Europe . . . to formulate an alternative. Détente must be based on the Schmidt-Brezhnev model if it is to work. The State Department has thought about many ways to sabotage the EMS. Congressman Reuss, who pretends to be the friend of West Germany, wrote letters to Carter to bring Europe into line. Between Reuss, Carter, and the State Department, by the fall of 1979, a high interest-rate policy was formulated, mainly as a financial warfare move against Europe. . . .

The original idea of the destabilizations against Europe was to . . . delay Phase Two of the EMS until after the French elections. But now . . . Giscard feels he

will win, plus the fact that Schmidt and Giscard see the quickness of the decay in the U.S., and the . . . destabilization by the Socialist International, and have pushed up the timetable for Phase Two.

There is a faction in Europe around Schmidt, Giscard and France's Gaullists, [Italy's] Andreotti, elements of the Italian Communist Party . . . that is proud of its history and culture and doesn't see any reason for a world depression. Having been involved in two world wars, Europeans understand the connection between world economic breakdown and war. This faction has a common interest with Reagan's constituencies. . . .

The developments of the last 10 days have thrown Europe into a healthy turmoil that touches the most fundamental policy issues, to try to influence the Reagan administration before he discredits himself the way the Carter administration did. . . . The EMS should move into its second phase. The EMF was originally supposed to be the cornerstone of a new gold-based monetary system. After a delay of two years . . . the courage that was lacking has developed, like a horror at what is happening.

When Reagan was elected, Europe hoped there would be a drastic change, as he was elected with the promise of economic recovery. Europe expected predictability rather than the zigzag of Carter and Brzezinski. Now people see Volcker's high-interest policy, which is strangling the European economies, continuing. Schmidt and Giscard have decided to take on the fight against the high-interest policies—otherwise, their economies and industries will go under. . . .

Europe has determined to take on the fight on three issues: 1) high interest rates, by proposing an international interest-rate disarmament conference, and jointly lowered interest rates. 2) Third World development. The State Department has adopted the Global 2000 policy, which pushes genocide like Nazi Germany. [French Foreign Minister] François-Poncet in Venezuela said that Third World development is key for the 1980s, such as the French five-year development plan for Africa. . . . 3) the issue of East West relations.

There is now a violent clash between continental Europe and Great Britain. . . . If the EC summit takes place, there will be a confrontation, and Schmidt has issued Thatcher an ultimatum to either behave herself or get out.

Giscard and Schmidt saw how industry in Britain has collapsed. . . . Giscard and Schmidt realize that there are not many more chances to turn this around

Excerpts from Lyndon LaRouche's keynote address.

The U.S. and most of the world is now sliding into a depression worse than that of the 1930s. The U.S. real-estate valuation is currently \$3 trillion, and our income is

paying debt service on ground rent. If we do what it seems Mrs. Thatcher has induced Reagan to do, at least temporarily, we will have the U.S. economy collapse 20 percent in 1980. . . . If we continue to follow Volcker's policy, this nation will go into a depression and push the world into a recession.

In the midst of this, the Socialist International and Fabian Society in the U.S. have a strange military policy. While we are going to Europe for increased military funding, we and Thatcher are collapsing our economies. It is impossible for the U.S. to adhere to Stockman's policies and compete with the Soviet Union in military technology. . . . We are headed toward thermonuclear war or a situation where the Soviet Union essentially rules the world in the 1980s. . . .

The Volcker measures will increase national unemployment by several percentiles and add \$50 billion in punitive charges to the federal debt. What we have to do, and what our continental allies wish us to be is a technologically progressing power again. It is a very nice myth that the federal debt and government spending cause inflation, but that is not true. . . .

There was one period in postwar U.S. history where the U.S. experienced an increase in production and a high degree of investment in capital formation: 1960-67. There were two thrusts to it. NASA, first of all, and during the same period a tax credit incentive, stimulating production of approximately 7 percent a year for industry and 3 percent for labor force as a whole, and significant net capital formation. . . .

We already have a system which is dirigist. . . . What Milton Friedman objects to is *reversing* the system, to increase investment tax credits, amortization rates, accelerated depreciation, true replacement costs. The federal government should . . . stimulate advanced technology in military and other fields. . . .

Elliot Roosevelt, President Roosevelt's son, has written a book on the World War II period, called *As I Saw It*. It describes two meetings . . . with Churchill. At Casablanca, Roosevelt took out a map of the Sahel and told Churchill how the U.S. would turn the Sahel into the breadbasket of Africa with American methods. We didn't do that. We had the Marshall Plan; it helped the British. Europe rebuilt itself with its own sweat.

There is a basic principle that every intelligent businessman believes in; he wants prosperous customers. He doesn't want to keep them in poverty. He therefore wants to enter into a prosperous division of labor. Germany today has 40 percent of its industrial output going for exports. We have had no export orientation since the postwar period. . . .

Our policy has to be to build up our economic strength and build up allies and create friends—create what John Quincy Adams described as a community of principle among nations allied and friendly to us.