

Anti-Vatican liberal gnostics launch mobilization to defend IMF

by Mark Burdman

On March 26 of this year, the world celebrated the 20th anniversary of Pope Paul VI's *Populorum Progressio*, which proclaimed that "development is the name for peace," and attacked "unchecked liberalism" for producing "the international imperialism of money." The Vatican Commission *Iustitia et Pax*, which had been founded by Paul VI to implement the concepts of *Populorum Progressio*, on Jan. 27, 1987 issued a document on the international debt crisis, which has catalyzed a new round of assaults on the immoral doctrines of Adam Smith and his British-liberal cohorts. The reassertion of Christian morality has been particularly effective, following as it does the November 1985 shock caused by Joseph Cardinal Ratzinger's powerful attack, during a conference in Rome, on Adam Smith and liberal economics. Especially given the Feb. 20 Brazilian debt moratorium, there has never been such momentum as now toward a new world economic order, nor such an assault on the ideological underpinnings of the International Monetary Fund (IMF).

But Adam Smith is not only turning in his grave. In reaction to the Vatican's and related efforts, the "liberal free trade lobby" in Central Europe has launched a furious counter-mobilization, to close ranks behind the policies of the IMF, and to give a moralistic coating to IMF genocide. The mobilization, being directed by high-level officials of the Protestant (both Lutheran and Calvinist/Reformed) Church and by renegade Catholic elements, has given itself the label, "Eco-Ethics," or "Economy and Ethics." Its central guiding document is Smith's *Theory of the Moral Sentiments*, and it is based, overall, on a revival of the "liberal free trade" doctrines that Smith, as an employee of the British East India Company, used to justify the international trade in opium and other illicit goods. The campaign, using an ages-old magicians' trick, bases itself on the notion of "Aristotelian ethics," which is just a set of formal guidelines to justify robbery, under a pseudo-moralistic cover. It applies to economics the same gnostic irrationalism inherent in the "bio-ethics" and "ethical culture" movements.

The fact that many of the prime movers-and-shakers in this group, are close to the Soviet intelligence services, and

to the "Project Democracy" groups in the United States, only makes their activity more dangerous and destructive.

The choice, by the enemies of the Ratzinger position, of the *Theory of the Moral Sentiments* as their specific policy-warfare document, is no minor or random decision. In numerous writings over the past years, *EIR* founding editor Lyndon LaRouche has pointed to that document as best demonstrating the utter immorality, callousness, and irrationality of the Adam Smith followers worldwide.

A key passage from the *Theory of the Moral Sentiments*, indicates what the world view under attack is all about. Writes Smith:

The administration of the great system of the universe, . . . the care of the universal happiness of all rational and sensible beings, is the business of God and not man. To man is allowed a much humbler department, but one much more suitable to the weakness of his powers, and the narrowness of his comprehension; the care of his own happiness, of that of his family, his friends, his country. . . . But though we are endowed with a very strong desire of these ends, it has been entrusted to the slow and uncertain determinations of our reason to find out the proper means of bringing them about. Nature has directed us to the greater part of these by original and immediate instincts: Hunger, thirst, the passion which unites the two sexes, the love of pleasure, and the dread of pain, prompt us to apply those means for their own sake, and without any consideration of their tendency to those beneficent ends which the great Director of Nature intended to produce by them.

In this passage, Smith denies the ability of man to intervene efficiently, on the basis of rigorous scientific and moral principles, to transform nature. By so doing, in fact, he is denying the very basis of economic science, as well as his own existence, since the only reason there was ever an Adam Smith, or, for that matter, Adam Smith's clones today, is that successive generations of human beings have

caused progress, through willful intervention into "God's domain": scientific, technological, and industrial development. Smith's man is a beast, which, given the behavior and criminality of many of his followers and co-thinkers, should not be taken as an insult to beasts. "Original and immediate instincts" are the predominant factors in the "slow and uncertain determinants of our reason," and these "without any consideration of their tendency to those beneficent ends which the great Director of Nature intended to produce by them."

Smith's doctrine is that of the "Olympians," a rentier-financier oligarchy, whose message to the populations to whom they relate as a parasite does to a host, is: "We will take care of determining policy, while you worry about fulfilling your original and immediate instincts." It is a message of slavery, couched in the "freedom" reserved for bestial instincts, the "freedom" of heteronomy and irrationalism. It is the doctrine of the British East India Company, of Smith's day, and of the International Monetary Fund and the drug mafias, today: "You are free to be enslaved by our freedom to have our Invisible Hand rob you."

Smith, as an economist, was a fraud and incompetent. No economy in the world has ever worked in the way he says, and the American Revolution was fought not, as some believe, to preserve the ideas of Smith, but to destroy them. Those who defend Smith so hysterically, are actually defending a heteronomic concept of "freedom," and object furiously to its replacement by a notion of truth based on natural law, science, and morality, and by an economic policy founded on fostering the development of all citizens of a republic.

Although it will destroy civilization, Smith's fanatics today insist on the implementation of his policy approach. The specific critical citations by Joseph Cardinal Ratzinger and by the *Populorum Progressio* of Pope Paul VI, attacking the doctrines of Smith, "drive them up the wall," as we say in American vernacular.

Project Democracy's anti-Vatican Catholics

Although the Adam Smith revival is most intense in EKD [Lutheran] and Reformed Protestant circles, and although one could make the case that the effort involved, is to transform Roman Catholic doctrine into Protestant-liberal doctrine, certain Catholic circles opposed to Pope John Paul II and Joseph Cardinal Ratzinger, are very much in the action. Their field of action has been extended, because of the post-World War II Anglo-American occupying powers' decision to portray Augustinian currents in the German Catholic Church, as pro-Nazi, and to oblige Catholic theologians to incorporate the irrationalist-existentialist ideas of the pro-Nazi Martin Heidegger. The later influence of Jesuit Karl Rahner on post-Adenauer 1960s Germany, reinforced such tendencies among German Catholics.

In these days, we can cite the example of the Dominican

Father Streithofen, based out of the Walberberg Cloister near Bonn, West Germany, the *éminence grise* behind the influential magazine *Neue Ordnung* (*New Order*). In a recent discussion, Streithofen derided the *Justitia et Pax* document as "a little crazy . . . trying to solve economic problems by theory alone"; he, instead, is pushing "Catholic social doctrine from a liberal standpoint," and advocates the "social market economy" doctrines of liberal economists Ludwig Erhard (chancellor of West Germany during the 1960s) and Alfred Müller-Armack.

One of Streithofen's more active co-thinkers in Europe is Wolfgang Schmitz, former Austrian Central Bank head in the 1970s, and now head of the Austrian Society for National Economics. In September 1982, in Rome, at a Dominican-run conference co-sponsored by Streithofen, Schmitz had proclaimed that "IMF conditionalities are the sole basis for a viable and moral world order." During a Feb. 23, 1987 discussion, Schmitz repeated, "There is no substitute for IMF conditionalities. We need them even more, now that Brazil has done what it has done. . . . Conditionalities should be strengthened, although more well-adapted to each country's circumstances." He declared that Cardinal Ratzinger's November 1985 attack on Adam Smith was "a mistake," and added that "Ratzinger is now going through a learning process."

Schmitz cites among his international collaborators in his work on the "ethical problems of a market economy," the American Enterprise Institute group around Michael Novak and William Simon, a group multiply-connected into the "Project Democracy" scandal that is an integral part of the Iran and Contra scandals. Novak spent time during the early 1980s at the German Benedictine abbey of Maria Laach and elsewhere in Germany, to profile various "Catholic-solidarist" ideologues and economists, in preparation for a 1982 book, *The Spirit of Democratic Capitalism*, which has become a manual for the "Eco-Ethics" movement in the United States. The overt arm of "Project Democracy," the National Endowment for Democracy regularly criticizes the lack of a "Protestant ethic" in Ibero-America, stressing that the Catholic Church and the military are the major impediments to democracy in the region.

An *éminence grise* of the Catholic renegade circles represented by Schmitz and Streithofen is Switzerland's Philippe de Weck, who is close ideologically to Dominican Father Utz of Fribourg. De Weck is the inspirer of a curious Brussels-based group called, in French-language acronym, Uniapac, "The International Union of Christian Entrepreneurs." This group, headed by one Josef M. Mertes, is particularly active in Europe and in Ibero-America, with branches in Africa and Asia. In early May 1986, Uniapac will hold a confidential meeting in Belgium, to discuss the *Justitia et Pax* Commission document on debt, at which De Weck will preside, and to which only ministers of governments, central bank presidents, and high-level economic policymakers, will

be invited. The mentality prevailing in such circles, was exemplified by Feb. 28 private comments by De Weck on Brazil, when he warned that "Brazil and South America will be cut off from all trade with the West," if trends represented by Brazil's Feb. 20 moratorium were to continue.

De Weck is also the "convenor," or president, of a Task Force on Economics and Ethics, working out of the Institute of Social Ethics of the Swiss Churches' Confederation in Bonn. That group was formed ca. 1975-76, and includes Church officials and such Swiss financial influentials as Nestlé's managing-director Maucher, Crédit Suisse bank chairman Gut, and Ciba-Geigy directors von Planta and Bodmer. The chief theorist in this group, is Dr. Arthur Rich, of the Zurich Institute for Social Ethics. Since the late 1950s, Rich has written a number of books on the relationship between Christianity and economic and industrial policy. His 1973 study, *Mitbestimmung (Co-Determination)*, reportedly had a large impact on German trade unions and industrialists, in moving toward the corporatist-modeled 1970s co-determination policies developed in the Federal Republic. The Berne group is one of the co-sponsors of a May 20-21, 1987 meeting in Lausanne, Switzerland, of economists, theologians, and others, to discuss the implications of the U.S. Catholic Bishops' *Pastoral Letter on the Economy*.

Berne-Zurich's Dr. Rich is also the chief theorist for a high-level "Working Group" that has been set up in the past three to four years, in Bonn, West Germany, on "Economics and Ethics." The Bonn "Working Group" is headquartered out of the office of the secretary of state of the ministry of economics, Otto Schlecht, and is co-directed by Schlecht and the EKD Prelate for Bonn, Bishop Binder. This April, the Bonn group is scheduled to release a report on developing-sector debt, by Working Group economist Dr. Klaus LeFringhausen. In preparation for this study, LeFringhausen reports, there were approximately 300 "dialogue meetings," involving church officials, economists, trade unions, farm associations, businessmen's groups, financiers, etc. In parallel, he reports, there were preparatory meetings between Protestant and Catholic representatives, working out of the Development-Political Committee of the Protestant and Catholic Churches, in Hanover.

Protestant-Catholic contacts are also ongoing, under the auspices of Messrs. Spangenberg and Fels, of the Church and Economy Working Group of the Institute for German Economy and German Association for Industry, both in Cologne. Fels is identified by various Eco-Ethics insiders, as the man responsible for overseeing the "learning process" that Joseph Cardinal Ratzinger is supposedly being put through, to make him recant for his shocking attack on Adam Smith.

Fels formerly was associated with the Institute for the World Economy in Kiel, which plays a key policy-supportive role for the Adam Smith/"Eco-Ethics" crowd. Today, a chief figure at the Kiel Institute is Professor Jürgen Dongas. On Feb. 25-27, in Washington, D.C., at the World Bank-IMF

headquarters in Washington, D.C., Dongas attended a conference on "Gross-Oriented Adjustment Programs," which studied what one Kiel source called "old wine in new bottles," i.e., how to package IMF programs under a new cover. On March 6-8, Dongas went on to a conference in Montreux, Switzerland, which dealt with the questions of debt, ethics, etc. Co-sponsors included the University of Geneva's International Institute for Higher Studies' Center for Applied Negotiations, of the Nestlé's-linked Freymond (father Jacques and son Jean) family, and the Carnegie Council of New York's Center for Ethics and International Affairs.

The Soviet connection

To back up such statements, there is a furious pace of pseudo-intellectual work being done, with particular intensity in EKD and Reformed-Calvinist circles, to "make the liberal ethical and economics theories of Adam Smith alive in a German-language context," in the words of one EKD-liberal insider. Since these Adam Smith advocates stress that Smith's thought came into Germany, via Church of Scotland (Presbyterian, or Scottish Calvinist) channels into German Protestant circles, some insiders in the Federal Republic believe that the strategic aim of the Adam Smith liberals toward Catholicism, is to transform Catholicism into a branch of Calvinism!

One key group in the Adam Smith revival is the "Economics and Ethics Task Force" of the German Economists' Association (called Deutsche Verein für Sozialpolitik in German), headed by University of Göttingen Professor Helmut Hesse. In September-October 1987, this Task Force will prepare a book on Economics and Ethics, and then hopes to establish Chairs of Economics and Ethics at various German universities. Much of what Hesse's unit is doing, is modeled on the work of an Institute of Economics and Ethics at the University of St. Gallen, Switzerland, and since 1982-83, the Hesse group and St. Gallen group have collaborated intimately. The other model for what Hesse wants to do, oddly enough, is a Chair of Economics and Ethics which currently exists at the University of Witten-Härdecke in the Ruhr. This university happens to be, formally, an *Anthroposoph* university. The anthroposophs are a pro-Russian cult, based on an offshoot of the Russian-originated theosophical movement.

This is not the only overlap between EKD-liberal policy circles involved in collaboration with the Russians, and in reviving Adam Smith "free trade." Hesse is an active member of the Club of Rome, the arch-neo-Malthusian group involved in East-West discussions on population control, deindustrialization, etc. Also, according to Hesse himself, the individual who actually launched the "Eco-Ethics" movement in German academia is Emeritus Professor Wilhelm Krelle of Bonn University, described as "an active member of the EKD." In the 1970s, Krelle was the sole economist brought into a group of EKD Church theologians and influentials, established in the 1970s, to discuss "ethics, morals,

and moral incentives." Out of these discussions, and Krelle's later approach to Hesse, the "Eco-Ethics" movement was launched in earnest. The same Krelle, has been, in recent years, the head of a Special Project on "Economic Structural Change," sponsored by the International Institute for Applied Systems Analysis (IIASA), in Laxenburg, Austria, a known Soviet intelligence front. In June 1986, Krelle coordinated a seminar of this Special Project, on the subject of "World Development Modeling," which took place in Sofia, Bulgaria!

The story doesn't end there. A key component of the "Eco-Ethics" movement is a theologians-economists dialogue group, set up by the EKD's Theological Academy in Loccum, West Germany, which had its first meeting from Jan. 30 to Feb. 1, 1986, and then a second meeting, over the same days, one year later. Both of these meetings should be seen in the context of counterattacks on Ratzinger's November 1985 speech.

The head of this dialogue group is Mainz University EKD Professor of Systematic Theology Eilert Herms. In private discussions, Herms solemnly contends that Adam Smith is the best exemplar of a new ideology combining "peace, social consensus, and economic cooperation," which developed in Europe in the era following the bloody 1618-48 Thirty Years' War. In effect, Herms is putting forward the Adam Smith belief-structure and philosophical system, as a model for East-West economic cooperation today, which might not entirely surprise those who recall Karl Marx's own paeans to "free trade." Not surprisingly, there is a totalitarian streak in the deliberations of the EKD theologians-economists' dialogues, since they openly discuss the importance of "neocorporatism," and its relevance to the current economic-policy environment.

Here again, Soviet intelligence connections enter in. Herms, operating on a parallel track to Hesse-Krelle, reports that the "Eco-Ethics" push grew out of a late 1960s-early 1970s attack, in West Germany, on the Chancellor Adenauer-era "German Economic Miracle." This attack was launched mutually by the late 1960s "student movement," and by the so-called "Frankfurt School," a group of left-radical "New Age" ideologues. Then, says Herms, the EKD began a series of dialogues with Frankfurt School thinkers, reflected in articles in numerous publications throughout the 1968-80 period.

Unpublished studies by *EIR* researchers have documented that the Frankfurt School, from the moment of its inception in the 1920s, was purely and simply a Soviet military-intelligence front. Internal documents of Frankfurt School theoreticians from the 1920s quote them referring to their work as the "Dostoevsky Project." The theory put forward by such Frankfurt School initiators as Hungary's Georg Lukacs, was that only the theories of Dostoevsky would provide an efficient conceptual framework for undermining Western Judeo-Christian values, and forwarding long-term Soviet aims.

The theory of the immoral sentiments

One key individual involved in that effort was Professor Schärf, chief editor of the Stuttgart-based publication *Radius*, one of the journals which published the EKD-Frankfurt School "dialogues" on the "Economic Miracle" and "ethics." Today head of the Hamburg University Institute for Statistics and Econometrics, Schärf is drafting a paper for the Hesse "Eco-Ethics" Task Force, praising the ideas of Adam Smith. This is designed, albeit in a Protestant intellectual context, as a refutation of Cardinal Ratzinger's November 1985 speech.

According to Schärf, the document of Smith's being put forward to exemplify the thinking of himself and his group, as the theoretical foundation for the "Eco-Ethics" movement, is the cited *Theory of the Moral Sentiments*.

At the same time, an entire historiography is being built up around the historical influence of Adam Smith, elements of Scottish Rite Freemasonry, and the Calvinist-Reformed Church, on German economic thinking. From a composite picture compiled by *EIR* from individuals involved in such historiographical work, the thesis is:

In the second quarter of the 18th century, there was the so-called "Scottish Enlightenment," out of which emerged the writings of John Locke, David Hume, and Adam Smith. Through the mediation of both elements of the Freemasonry, and of links of the Calvinist-Reformed Church of Scotland to continental Protestantism, these ideas spread in Germany. This was particularly through the influence of the writings of Immanuel Kant and Friedrich Schleiermacher, both important enemies of Friedrich Schiller, and both important in launching the German romanticist movement. Those who put forward this historical analysis claim that the single important source and inspiration of all modern Western institutions is Calvinism, and its offshoots from Switzerland into Scotland (Presbyterianism), the Netherlands, and North America; they cite gnostic sociologist Max Weber, who wrote at the turn of this century on the relations of Protestantism to the rise of capitalism, as one of the modern German-language conduits for this view of history.

One other figure cited by the Hesse-Schärf group, is 19th-century German-economist Ludwig Brentano. Brentano was linked to the irrationalist-romanticist German and Swiss circles associated with the von Savigny family and with Ludwig Bachofen. While all the details of this cannot be presented in this location, suffice it to say that the von Savigny-Bachofen tradition, was instrumental in creating the irrationalist anti-Christian Friedrich Nietzsche, who was, in turn, an important influence on the formation of the Nazi ideology and belief-structure.

In other words, the "Adam Smith Lobby," is putting forward a complex of ideas strictly opposed to those that created the American Revolution and the German Classical Renaissance of the late 18th-early 19th century, and which were causal in the creation of Nazism—and all in the name of "liberal free trade"!