

'Why is the U.S. afraid of inflation?'

West German Finance Minister Hans Matthöfer's extended stay in the U.S. this week marks the beginning of a European diplomatic effort to break the U.S. press blackout around the European Monetary System. In a lecture before the Council on Foreign Relations Jan. 30, moreover, Matthöfer put the CFR — the central bastion of the postwar "special Anglo-American alliance" — on notice that the nations that founded the EMS intend to establish inroads for influencing the misguided Carter Administration to support the very policies the CFR was founded to prevent.

These policies, also the policies behind the EMS, are to use economic development, especially throughout the Third World, to prevent the eruption of East-West conflict and thermonuclear war. Matthöfer's blunt criticisms of U.S. economic policy during his CFR address indicate that West Germany and France have escalated their diplomatic interventions into the U.S. political crisis because of the simmering Middle East conflict and crisis in Iran, a development which in the estimation of European circles has brought the world closer to thermonuclear extinction than the Cuban Missile Crisis of 1962.

EMS to support dollar

In front of the CFR, and in interviews with major financial journalists, Matthöfer made clear that the EMS has been designed to strengthen the U.S. dollar. However, that task cannot be assured, he explained, unless the U.S. adopts appropriate domestic economic policies.

Matthöfer outlined what these policies must be. U.S. officials, he stated, are overly preoccupied with the problem of inflation. The debate about inflation has obscured what the chief problem actually is, namely the collapse of industrial investment, particularly in new technologies. Openly sweeping aside the mountains of antigrowth, environmentalist propaganda which hits the U.S. business community every day, he emphasized that the chief resource at the nation's disposal is its scientific and

technological development, thus far, which must now be pushed further.

"Why are you Americans so afraid of inflation?" the New York Times reported Matthöfer querying the CFR. The West German Finance Minister then suggested that this fear is hampering American industrial investment, and government decisiveness on economic policy. "You have such a big country, such great resources, and you are so outstanding in science and technology. Why don't you produce more effectively?" he asked.

Pointing to high West German productivity as the secret of the 4 percent real growth rate and 3.5 percent inflation expected for 1979 in the BRD (2.5 and 7-8 percent for the U.S.), Matthöfer stressed the benefits of a labor-industry-government alliance and labor's just de-

mands for socially productive benefits. The core message of this "uncharacteristic finance minister," as the Times called him (he is a former metalworkers union leader) was that economics is subject to the will of men and governments — the principle of dirigism.

Complete panic and rage must have swept through the CFR auditorium when Matthöfer defined Europe's preferred policy objectives for the U.S. The CFR's inner elite could have been no more pleased about the finance minister's intimations that West German officials are now outlining a program for a complete reorganization of the Eurodollar market to make the privately held funds there a subjugated part of the EMS. (See our ECONOMICS report for details.)

Pope brings Latin Church behind development policy

On Jan. 28, the third Latin American Episcopal Conference (CELAM) was convened in Puebla, Mexico, by Pope John Paul II. The pope's motivation for personally attending the conference — one of the most important in shaping Vatican Third World policy — was unequivocally revealed by the speech he delivered on the day of the CELAM's opening session. The pope condemned in the strongest terms the so-called theology of liberation doctrine which had emerged from the last CELAM meeting in Medellin, Colombia 10 years earlier.

The theology of liberation was the name given at the earlier conference by a group of Latin American bishops linked to the schismatic movement of Archbishop Lefebvre. The aim of this grouping, whose most vociferous spokesman is Mexican Archbishop Mendez Arceo, was to oppose the industrialization of Latin America through the promotion of "revolutionary" violence and outright terrorism. Not accidentally, the dissidents' political con-

nections are to the fascist oligarchical families of Latin America and Western Europe. Mendez Arceo, for example, was originally a member of the notorious "cristero" fascist movement in Mexico that opposed the Mexican Revolution, and got his political start in the fascist National Action Party, with which he maintains close ties to this day.

Vatican policy for the Third World

It was this grouping which opposed the policy laid out by Pope Paul VI at the 1968 CELAM conference in Medellin. Paul VI's encyclical *Populorum Progressio*, written for the Medellin meeting, proposed a policy of rapid technological development for the developing sector. This was to be mediated by the creation of an international "world fund" to provide liquidity for high-technology projects, and would thus ally the Church squarely with the most progressive of Latin America's political leaders. A dissident movement at Medellin prevented the full adoption of

Populorum Progressio at that time, and has since attempted to legitimize its political destabilizations of the continent through the Arian, liberation theology thesis which portrays Christ as a radical revolutionary rather than the son of God.

Pope Wojtyla at Puebla accomplished the dual task of condemning the theology of liberation as an intolerable deviation from Catholic doctrine, while simultaneously reasserting Populorum Progressio unequivocally as the basis of Vatican policy for the developing sector. Without mentioning the European Monetary System West German Chancellor Schmidt and French President Giscard d'Estaing designed to link advanced sector economic recovery to the development needs of the Third World, the Pope rightly noted that at the present time it is even more urgent than during the 1968 Medellin conference that the policies laid out in his predecessor's encyclical become the doctrine for the entire Latin American Church.

The Pope's forthright statements predictably led to the convening of a "dissidents conference" by Mendez Arceo and the other terrorist infiltrators of the Latin American hierarchy. With doctrinal legitimacy now withdrawn from this grouping through the Pope's actions, informed speculation is that it may regroup with the overtly right-wing fascist movement in Latin America under cover of "helping the poor against the capitalists," possibly exploiting the massive "cristero" mania stirred up in Mexico during the Pope's visit. A movement led by the national Mexican church against the republican Mexican revolution, the cristeros were the creation of the Mexican black oligarchy with the backing of European black noble families. The fascist National Action Party which spawned Archbishop Mendez Arceo, for example, to this day plays the official host to the Italian ex-Premier Amintore Fanfani in his frequent trips to Mexico in behalf of the Pallavicini family which set into motion and currently operates the international networks of the schismatic archbishop Lefebvre, an avowed monarchist and antirepublican "Catholic" dissident.

— Vivian Zoakos

Hapsburg candidacy vetoed by German CDU

Otto von Hapsburg, the son of the last Austrian Emperor and one of the most prominent monarchists in Europe, saw his hopes of running in the June 10 European Parliamentary elections dashed on Jan. 30 when the General Secretary of the West German Christian Democratic Union party (CDU), the party Hapsburg hoped to represent in the elections, told a press conference that there "was not even the slightest chance" of Hapsburg running on the CDU slate.

The CDU official, Herr Geissler, surprised journalists by stating that "Hapsburg's outlook on the federal constitution and on law would forbid" his running as a CDU-backed candidate. Hapsburg's comment calling for a one-man dictatorship in times of national emergency, and his call for a court with the power to enforce the death penalty, which have been widely circulated in West Germany, are both considered to be unconstitutional because West German laws forbid the death penalty and any form of dictatorship.

The journalists received a further surprise when Geissler told them that he is even supported by the Bavarian branch of the CDU, the Christian Social Union party. Although Hapsburg, who is an advisor to the CSU's Hanns Seidel Foundation, had expected to get his strongest support in Bavaria, Geissler stated that CSU General Secretary Steiber opposes Hapsburg's candidacy because "his constitutional outlook can be best described as being an overall restorationist" — i.e., of the Hapsburg monarchy.

This sudden reversal in Hapsburg's chances for campaigning for the Euro-

pean Parliament — on a zero-growth, anti-industrial "Europe of the regions" platform, in opposition to the "Europe of the Fatherlands" platform favored by leaders of most major European political parties — came only two days after the European Labor Party held an extraordinary conference in Bonn to select its candidates for the European Parliament slates. It also followed an attack on Hapsburg by Chancellor Helmut Schmidt, who criticized Hapsburg's "political orientation" and declared that his "sense of politics is a poor calling card for Germany."

At the ELP conference, a white paper was presented on Otto von Hapsburg's outspoken plan to use the European parliament as the starting point for developing a political movement that might eventually allow him to reclaim his father's throne as Emperor, or at least become a dictator of West Germany.

ELP Vice Chairman Uwe Friesecke summarized the white paper's analysis of Hapsburg's economic program as consisting of "a rural economy, a peasant agricultural system which would have to be the center of the economy. Hapsburg wants 50 percent of the population working on 'their own soil.' He wants to break up the major cities and replace the migration to the cities with a migration back to the land. And for Hapsburg, democracy is not permissible at all as an appropriate form for the constitution, for he wants us to have an inherited monarchy." Thirty copies of the white paper were mailed to CDU federal parliamentarians in Bonn just one week before Geissler ruled Hapsburg out as a CDU candidate.