

political economy

Rockefeller Plans Controlled Collapse of Eurocurrency Market

June 29 (IPS) — Barring the intervention of the International Caucus of Labor Committees the Rockefeller financier and political interests will collapse, consolidate, and control the \$170 billion Eurodollar market by the middle of July.

About 135 financial institutions out of the almost 1,000 banks that participate in the international dollar market will remain in business. This is the figure cited by the *Frankfurter Allgemeine Zeitung*, the knowledgeable West German banking daily, describing the list of banks which the Arab oil sheikhs consider "worthy" of holding their oil money.

The Arab oil windfall, effectively a 2-3 per cent sales tax on the working class of the U.S., Western Europe, and Japan, will spin off about \$50 billion this year onto the international money markets.

As this column indicated last week, the mass of short-term fluff that now makes up the Eurodollar lending pool will be collapsed into:

- A few remaining "worthy" Eurodollar banks — led by Chase Manhattan, Saudi Arabia's banker, and First National City, Kuwait's banker. These two banks, the second and third largest commercial banks in the world, are the twin pillars of the Rockefeller financial interests.
- The Rockefeller-controlled U.S. money market, as shown by the flight of Swiss banking funds from the Eurodollar market into New York, as reported in this column last week.
- An assortment of "special" arrangements by governments, typified by U.S. Treasury Secretary Simon's sale of \$8-10 billion worth of special Treasury bonds to Saudi Arabia, discreetly leaked to the press last week.

Control over the world's biggest pool of short-term credit is a cornerstone of the Rockefeller plan to encircle the world with a "paper snake": the new "Special Drawing Right" of the International Monetary Fund, a fascist looting instrument modelled on the Mefo-Bills of Hitler's Finance Minister, Hjalmar Schacht.

Without such control, the credit collapse which is threatened by the huge mid-July payments schedule will rip the world's money markets to tatters — endangering both the solvency of the Rockefeller financial interests and their ability to finance slave-labor ventures on a world scale.

But a moratorium on Italy's \$2 million per day external debt payments — to Chase Manhattan and its friends, as well as the Rockefeller-influenced International Monetary Fund — could dynamite the entire game-plan. In the wake of the campaign for a

moratorium on Italy's debt, proposals for a similar move have appeared in India.

June 22 the *Frankfurter Allgemeine Zeitung* [FAZ] warned: "What would happen if a heavily indebted government in Europe, Africa, or South America could not meet its foreign obligations and, for example, refused to pay debt service on its obligations from the Eurodollar market? Every bank active on the London market would know the answer in a few minutes."

"Such a crisis," shudders the FAZ, "could come about tomorrow just as well as the day after tomorrow, or perhaps three months from now."

To forestall a general collapse, the central banks of the United States and West Germany — under the present direction of Rockefeller men Arthur Burns and Karl Klagen — would have to carry out their promise to bail out the stricken banks, pumping billions of new dollars into the international markets.

But a central bank rescue operation in the aftermath of an Italian debt moratorium would encourage impoverished third world nations, who collectively owe almost \$120 billion to the industrial powers, to let the central banks bail out their creditors too.

The result would be a massive new inflationary spiral, dwarfing the post-1970 situation in this country, when the Nixon government turned the money pumps on full after the giant Penn Central railroad went under. A new explosion of Weimar-style inflation would threaten the entire Rockefeller game-plan.

Approvingly, the FAZ quotes Hesselbach, chairman of the board of the Bank fuer Gemeinwirtschaft (BfG), in his dedicatory speech for the BfG's new London branch: "In 100 hours, Euro-business can go perfectly well in transforming money into capital for 99 1/2 hours. But in the last half hour, this process can be disrupted. Therefore, the central banks must stand together in solidarity, and jump in in case of need."

(In case the reader wonders at the banker's use of the word "solidarity," the BfG is owned by the German Trade Union Confederation.)

But the FAZ writes: "Since the decisive central banks gave to understand that if worse comes to worst they will help out, people are breathing easier in London and the continental financial centers. But nervousness is still as great as previously."

Euromarket Squeeze

Following Simon's move last week to suck the Arab billions into the U.S. Treasury through bond sales,

Rockefeller lackey Guido Carli, the governor of the Bank of Italy, has sprinkled holy water over Simon's scheme.

June 26 *New York Times* reported from Milan: "Italy is counting on the United States to help pay her bills to oil-exporting nations. Guido Carli, governor of the Italian central bank, said today.

"Because oil-producing states are investing much of their funds in the United States, American authorities should recycle the dollars back to countries such as Italy that need them to finance their oil payments, Mr. Carli told a monetary seminar here."

As IPS reported, fears of a collapse of the Eurodollar market have led big depositors, including many Swiss banks, to transfer their funds from the Eurodollar market to the U.S. sector's biggest banks. With one exception, the top U.S. banks are controlled by or allied to the Rockefeller interests.

The *Times* added that Carli called on the United States to become "the lender of last resort," or central banker, to the world.

Apart from direct sale of Treasury bonds, Carli's "experts" explained. Arab money has been moving directly into U.S. Treasury bills, the government's three-month paper.

U.S. Treasury control of the world's credit markets, with Rockefeller man Simon presiding, answers a demand from David Rockefeller last February for a "world credit pool" to finance "energy requirements" — Athabasca and Rocky Mountain deathcamps. Rockefeller reiterated this demand three weeks ago at the International Monetary Conference of the American Bankers Association in Williamsburg, Va.

As IPS reported last week, the oil crisis has increased strains on the world's credit markets to the point of breakdown. An additional \$60 billion has been extracted from the world's economies, from the cash flow of companies and from the pockets of consumers. In turn, this mass of funds turns into 24-hour and seven-day deposits on the Eurodollar market. Before the oil crisis, fully half of Eurodollar deposits spun around on less than a 30-day maturity basis.

Eurodollar banks, in turn, were lending money out for a five-to-seven-year period, hoping continually to have enough short-term deposits on hand to cover their obligations.

Since May, however, top banks have begun refusing short-term deposits, while smaller banks have been shunned by the Arabs, the world's chief depositors in the international market.