were the Japanese and the Italians, the two countries that had shown dangerous signs of breaking away from the dollar at the Rambouillet summit, and the Soviet Union.

Japanese Prime Minister Takeo Miki had taken the most forthright position at Rambouillet in favor of the creation of an International Development Bank-type credit issuing institution and the development of fusion power. Rockefeller therefore attempted to show Miki the error of his ways.

According to banking sources in New York, all trade credits to Japan have been shut off for two weeks. With no refinancing available, the mass of $30 billion in dollar-denominated loans being repaid by Japan to its creditors has put the yen under considerable pressure. Over this period the Bank of Japan has been forced to spend upwards of $70 million per day of its currency reserves to support the sagging yen. To prevent a wholesale collapse of its currency, the Bank of Japan is being forced to deplete its dollar currency at the phenomenal annual rate of $19 billion.

Meanwhile, the EEC imposed severe austerity conditions on a loan to Italy aimed at preventing that country's economic collapse. Italian Premier Moro had made moves at Rambouillet to support the Miki position.

In addition, World Bank statistics reveal that while the Soviet Union had received $500 million in Eurodollar credits during the second quarter of 1975, they received zero credits during the third quarter.

This credit strangulation poses an immediate direct threat to the East-West and three-way trade deals on which the Japanese and Western European economies are so dependent.

The move may have already forced the Soviets to cutback in their grain purchases from the U.S. - a move which would force cutbacks in food consumption by the Soviet people and the unnecessary slaughter of Soviet livestock.

## EURO-MARKET ON VERGE OF COMPLETE COLLAPSE

Rockefeller is now facing imminent breakdown of the entire Euro-dollar market, the pillar of his financial empire.

Over the past two quarters the New York banks have attempted to prop the market up via a massive refinancing of the unpayable Third World debt, at the expense of credits to U.S., European, and Japanese industrial production. During the third quarter of 1975, $3.4 billion went out to seven or eight major Third World debtors - a 40 per cent jump over 1974. Advanced sector borrowers received only $1.3 billion, East bloc borrowings dropped by 2/3 and the Soviets received nothing.

Not a penny of these Third World credits will go to production, only to refinance old debt, and each loan is tied to mandatory import controls, currency devaluations, first lien on export revenues, and brutal austerity.

On the other hand, the credit strangulation of the advanced sector has already precipitated a second collapse of world production and trade beginning this October. To cite a few representative Japanese figures: Japan's export orders fell 85 per cent in October from the previous month, its plant exports fell 94 per cent, while domestic orders for industrial machinery were down 64.3 per cent.

Under such conditions, Rockefeller's refinancing gimmicks are predestined to fail. The idling of the advanced sector's industrial capacity only undermines the ability of the entire world economy to pay its debt. This truth was brought home with a vengeance on Friday when the Federal Reserve and Swiss banks were forced to intervene massively to prevent a collapse of the dollar, despite the heavy seasonal demand for dollars to repay debts and the aforementioned credit cut-off to the advanced sector. Foreign exchange traders reported on Friday that the confidence in the Euro-dollar market has been irrevocably shaken and investors are rushing into Swiss francs instead. Although the New York banks and their London subsidiaries have attempted to rig the foreign exchange markets by simply refusing to carry out "speculative" transactions -- effectively curbing currency trading -- a dollar collapse is now on.

To fill out this picture, Loeb Rhoades analysts have issued a study on the exposure of New York banks in the Euro-dollar market. They conclude: "We view the prrchase of shares of these large (new York) banks as an ACT OF FAITH." The analysts estimate that th five largest N.Y. banks have an average 52 billion in foreign l s outstanding, and will be unable to survive the inevitable debt de faults and moratoria resulting from the collapse of world trade.

Other sources estimate that Chase Manhattan, Marine Midland, Bankers Trust, and Chemical have bad loans ranging from 50 to 70 per cent of their outstanding assets.

Federal Reserve Chairman Arthur F. Burns has notified the e New York banks that they cannot survive beyond January 1976 via Fed Funds alone, and hence would have to raise equity capital early next year. Bankers Trust and Chemical Bank, both of New Yo k, tried it earlier this year under much better circumstances, nd were totally unsuccessful.

As one top New York bank analysts put it: "Can you imagine Marine Midland being able to sell equity?" adding, "It's a terrifying prospect!"

IDB MUST BE IMPLEMENTED NOW: LAROUCHE

Speaking at a press conference in Bonn, West Germany this week, U.S. Labor Party Presidential candidate Lyndon H. LaRouche, Jr., warned that " if nothing is done to implement the Internation Development Bank, the center piece of a new world economic order, then a third world war and nuclear annihilation of the human rac is likely in a matter of weeks."

Mr. LaRouche indicated that the IDB is "precisely the mechan ism necessary to provide orderly bankruptcy proceedings... The c n no longer be any question of the bankruptcy of the capitlaist sys tem, the question is what form will it take."

"Should the upcoming North-South talks not produce the requi explicit discussion of debt moratoria and the IDB," Mr. LaR uc stated, "then I advise the Soviets to go ahead and push (a pro for) a transfer ruble. The risk involved (to the Soviets) w minor compared to the imminent danger of a third world war.'

Mr. LaRouche has been in Europe since last week for me t on the IDB with socialist leaders and representatives of Th d World governments.