The Financial Background To Hilex 75

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The National Caucus of Labor Committees financial intelligence staff has determined that since the May 1975 NATO Shapex manuevers, the entire network of banking, credit, monetary and trade institutions associated with the Rockefeller family's financial interests has pursued policies leading directly into the now operational NATO Hilex-75 nuclear confrontation gameplan.

As was expected by the leading members of this financial faction, an approximately $40 billion in short - term international trading credits to Third World countries — owed principally to the leading Rockefeller banks and their overseas branches — went illiquid as of the June 30, 1975 debt rollover deadline. Since the deadline, large portions of this mass of debt have been refinanced in the Eurodollar market with 24-hour to seven - day funds. This refinancing burden, on top of $30 - $40 billion in illiquid medium - term bank credits of Third World countries, now threatens to detonate the entire international banking system.

As international trade and industrial production are gutted in the service of this growing cancerous debt, it was clear, even to the Rockefellers, that under present conditions the Dollar Empire would not last beyond early 1976. Hence, the design of Hilex-75: manuevers aimed at sabotaging international motion toward debt moratoria and the establishment of an International Development Bank institution, while preparing to open the East bloc to Rockefeller's looting operations through a thermonuclear showdown by early 1976.

The U.S. Federal Reserve System has been the linchpin in the Hilex scenario financial deployments. This week, the head of contingency planning at the Federal Reserve System in Washington D. C. confirmed that the nations's central bank is part of the "live" NATO excercise. According to him, the Federal Preparedness Agency (FPA) fully coordinates the Fed's participation in Hilex.

The Sabotage Operation

Rockefeller-dictated U.S. and Western European credit and monetary policies, and the manipulation of the foreign exchange rates and the money markets have caused a massive accumulation of funds in the banking system in the periods approaching the June 30 and September 30 rollover crisis. A similar pile up of liquidity in New York banks is going on the present period approaching the December 15 debt rollover deadline. This availability of funds to meet demands for the selective refinancing of Third World and advanced sector debt has been assured only by the accelerating collapse of advanced sector industry and international trade.

Both U.S. and European monetary policies and interest rate strategies have been geared toward the manipulation of both money market and foreign currency exchange rates with the express purpose of providing this optional liquidity for the dollar sector. The timing of the sale of the Treasury's short-term paper has meshed almost exactly with the banking system's need for income-producing assets. The dollar has been purposely weakened at crucial points, generally three to four weeks prior to a major rollover deadline — thus allowing European central banks to purchase massive amounts of dollars which over the immediate short term flow nowhere else but into the coffers of the Eurodollar banks at subsidized rates. Subsequent to rollover deadlines, as the dollar appreciated, the European central banks have sold millions to prop up their own currencies and relieve dollar - sector banks from incurring carrying charges.

In the case of Great Britain, where the Bank of England did not have the available reserves to engage in such transactions, the pressure on the pound has come invariably one month or so prior to a rollover deadline, fueled by media rumors of immediate sterling collapse. Interestingly however, the pound has generally stabilized within a week after the rollover deadline passed. This operations has provided liquidity to the dollar sector as OPEC and Commonwealth depositors in the sterling zone have temporarily transferred their funds out of sterling and into dollars.

Domestic Japanese and European pump-priming and interest-cutting has caused an other crucial drain of liquidity into the near bankrupt and higher interest-rate-yielding dollar sector.

In the U.S., Federal Reserve Chairman Authur Burns has been passing bank—balance sheet window dressing to the four leading New York City banks, which, although they show a 50-70 per cent margin of bad assets on their books, have not been required by the Fed to write off any of these assets. Burns' early Christmas present to these Rockefeller owned enterprises — packaged in his promises that he will "not allow the banking system to collapse," — is the only reason why banks stocks have not yet gone through the floor. Taking Burns' goodwill message on faith, investors have continued to buy IOUs (certificates of deposits) from leading New York banks in limited amounts. Similar assurances by Burns that the U.S. Federal Reserve is ready to meet all domestic contigencies have also allowed the New York banks to bail out the Eurodollar market on the eve of recent rollover crises with huge infusions of funds to Europe.

The Operatives

In league with the Federal Reserve System and the leading New York bankers, the following governments and agencies have conspired to prop-up the Dollar Empire even if it means the nuclear incineration of most of the world's population by January 1976:

* **U.S. Treasury —** The primary role of this agency has been the sabotage of Soviet, related French Gaullist, and pro-development West German industrialists' efforts to establish a gold-backed European currency bloc as a stepping stone for international acceptance of the Soviet gold-backed transfer ruble as the international reserve currency. Additionally, the Treasury has publicly followed a policy of busting OPEC — the oil cartel that both Iraq and Algeria have used as the launching pad for their demands for a "new world economic order." The Treasury has timed the flotation of its debt issues in accordance with needs of the banking system. Finally, the Treasury has deliberately sabotaged inter-bloc trade and development deals, best exemplified by the recent busting up of EEC-Arab League negotiations in Abu Dhabi by Treasury Assistant Secretary Gerald Parsky.

***International Monetary Fund, and the World Bank —** The IMF has consistently pushed SDRs, Oil Facilities, Third Windows, etc. as substitute debt refinancing schemes to stop the international motion towards debt moratoria. It has supported commodity stockpiling schemes for Third World raw material producers which correspond directly with the trade embargo scheme in the HILEX script.

The IMF has alloted an SDR $3 billion fund to finance commodity stockpiling on a selective, country - by country basis, to secure fingertip control of world raw material flows for the Rockefeller financial interests. Furthermore, it has imposed Auschwitz - type austerity on these recipients that have received funds from it for debt refinancing purposes. The World Bank, IMF's sister agency, has been at the forefront of pushing labor-intensive policies on whole sections of the developing world.

* **OECD** — This agency, NATO's economic policy counterpart, has been particularly active in supporting energy consumption cutbacks and alternative energy sources development. Further, the agency has intervened directly to nullify East-West trade contracts via NATO's import-export control agency, COCOM, and has thereby denied to the East bloc access to Western technology it needs to improve the standard of living of its workers.

* **The Giscard d'Estaing Government of France** — On Rockefeller orders French President Giscard has played a key role in diffusing the pro-gold motion throughout the advanced sector by raising the completely phoney issue of fixed exchange parities. Additionally, Giscard has deliberately sabotaged the development efforts of Iraq and Algeria — key pro-IDB Third World nations.

* **The Bank for International Settlements** — This institution has supported SDRs, Giscard's version of fixed parities, and has recently supplied funds to the Eurodollar banking network to keep it afloat.

* **The Wilson Government of Great Britain** — The Wilson government has been instrumental in attempts to sabotage the North-South Conference scheduled for next week in Paris by demanding that Britain be independently represented on the EEC. The British government has gone so far as to porvoke crises for its own currency in order to provide liquidity to the dollar sector at crucial moments and to then use these crises to impose fascist wage controls and austerity on its own working population. Britain has played a key role in attempting to break OPEC and has used its British Commonwealth links with Third World nations to peddle "third way" commodity arrangements.

* **The Central Banks and Finance Ministries** of OECD Nations — These agencies have pursued domestic monetary policies designed to cause outflows of liquidity from their own national sectors, into the dollar sector gutting their own domestic industry and foreign trade in the process. The central banks, through interventions on foreign exchange markets, have purchased dollars which have ended up in the dollar sector prior to rollover periods and sold dollars at the end of such periods.

* **Rockefellers Oil Sheikdoms** — Saudi Arabia, Kuwait, Libya, the Gulf Emirates, and Iran have functioned on orders from the Rockefeller financial faction to infuse the New York City banks with desperately needed liquidity at crucial points by issuing short-term refinancing loans to Third World countries on the verge of default. In addition, they have used their financial muscle to stem the rapidly growing motion toward debt moratoria and International Development Bank credit arrangements among non-OPEC Third World nations. Iran, in particular has been the most vocal spokesman for International Monetary Fund Special Drawing Rights arrangements as a substitute for the production-backed Soviet transfer ruble, and has supported Rockefeller's attempts to loot Third World populations and economies through commodity price indexing.

Hilex Deployments Around the June 30 Debt Rollover Deadline

The brief summary of the May to early July 1975 period will familiarize the reader with all the relevant credit-related routines and sub-routines of the RAND scenario operational in the period between formal Shapex and Hilex 75 manuevers. Subsequent to the May period, the only significant change in international monetary relations was reflected in the magnitude of the looting operations as the liquidity demand of a burgeoning mass of debt expanded geometrically simultaneous with the rapid erosion of the international productive base. However, approaching May-June of 1975, as one sector after another was sucked bone dry of liquidity, the point was reached where the final nuclear holocaust phase of Hilex became as one New York banker said, "less risky" to the Rockefellers than the certain collapse of their financial empire by early 1976

May 1975

Despite the sharp $1 billion drop in the narrowly defined money supply (M-1) for week ending May 1, even the bitterest critics of Arthur Burns' tight monetary policies — even those who claimed that no less than a 15 per cent annual growth rate for M-1 could bail out the dollar — publicly hailed a so-called economic recovery as the result of Fed chairman Burns' "concessionary" decision in favor of an M-1 annual growth rate in the 5-7 per cent range.

There was a brief increase in the commercial and industrial loans outstanding of New York bank — the last such jump of any significance — after a steep continuous decline over the previous four months as banks refinanced the debts of major blue-chip debtors. With an interest hike expected due to the anticipated monetary tightening, these corporations were relying on high-cost short-term bank loans while investors shied away from long-term securities.

While sabre-rattling Defense Secretary James Schlesinger was pushing MC14-4, the New York banks were publicly announcing their credit triage policies, both internationally and domestically. First National City Bank of New York spokesmen let it be known to IPS that the bank would not lend at less than 2 per cent above the London interbank offering rate on the Eurodollar market. There was a simultaneous cutoff of trade financing. Bankers Acceptances (trade financing instruments used primarily for Japan's international trade) issued dropped by $652 million in May alone, beginning a precipitous decline that would last until the end of August. With the ensuing collapse of international trade, commodity prices entered a sharp nosedive, driving out all but a handful of large companies capable of bearing the burden of prohibitive hedging costs.

With 30 per cent of their total outstanding assets in non-interest accruing "soft" loans, the New York banks moved full-speed ahead to fill their coffers with the help of their friends. These banks started disaccumulating municipal paper wholesale thus freeing capital for investments in short-term Treasury paper for the highly profitable "arbitrage" operation between masses of cheap Fed funds supplied by the Federal Reserve and higher-yielding Treasury bills of a maturity of 30 days or less. Since May "arbitrage" has provided these banks with their sole significant operating income. In October-November, when interest rates started collapsing, this last source of income abruptly ended. At that time, the Federal Reserve lowered the discount rate, allowing banks to trade in their assets for cash at lower cost.

On the European side, the Bundesbank, West Germany's central bank, simultaneously lowered its interest rate and reserve requirements for German banks. Such pump-priming measures in Western Europe have proved to be the mainstay of the New York banks on the Eurodollar market as interest-sensitive liquidity rushed into the higher-interest dollar sector by the billions. Later in the month, British Chancellor of the Exchequer Denis Healey, triggered a collapse of the pound with the statement: "The pound should seek its own level." Such deliberately provoked sterling crises provided an additional source of liquidity for the dollar sector as depositors transferred their funds from pounds into dollars. Delegations of New York bankers toured European and Middle Eastern capitals throughout the month to secure commitments for lightening their rollover burdens arising out of uncollectable Third World debts. European central banks were supporting their export-competitiveness by purchasing dollars with their own currencies — dollars that ended up in the coffers of the New York banks via the Federal Reserve.

Other key developments in May:

May 8--OECD studies cartel and pricing agreements on raw materials without any evidence of urgency.

May 15--Ford rejects Federal aid to New York City. City to default on its notes.

May 19--SEC escalates watergating of corporations. Northrop, Gulf charged. International Tin Council embroiled in debate to set floor price.

May 28--Kissinger at OECD-IEA meeting calls for energy cutbacks, development of alternate sources, buildup of commodity stockpiles, $2 billion IMF Trust Fund, $1 billion on Food Fund to increase production in Third World.

* Algeria blasts Kissinger's proposals as misleading the Third World as well as developed countries.
* Algeria cancels oil-for-technology deal with France holding it responsible for spreading malicious rumors about Algeria undercutting OPEC oil prices.
* Abu Dhabi announces it will sell oil at below-OPEC price.
* U.S.-Britain pushing for SDR-numeraire scheme which will allow indexation of credit, deposits, prices, etc., to the SDR.

June 1975

Early June -Days after the canning of the U.S.-British SDR-numeraire scheme due to West German resistance, Helmut Schmidt in a speech in Cologne called for an eventual return to fixed-rate currency regime. Just the day before, a White House study had ordered a review of U.S. policy on exchange rates.

* With the Soviet Union bypassing the U.S. Treasury-rigged international gold markets and selling gold directly to Kuwait and other Gulf Emirates, the U.S. Treasury announces a public auction of its gold to collapse its market price.
* U.S. announces it would not participate in a new $1 billion "soft" loan facility of the IMF's Development Committee. Difficulty of Congressional approval was cited as the reason.
* At the IMF meeting in Paris, the U.S. attempts to line up Third World support on demonetization of gold claiming that such an action would only exacerbate the differences between the developed and developing countries. A $100 million interest-subsidy fund for the "Third Window" to help refinance Third World debts was proposed.
* At an OPEC meeting in Gabon, Iran pushes for oil pricing in SDRs.
* Ford formally requests Congress to approve U.S. participation in a two-year $25 billion "safety net" to finance balance of payments deficits of OECD countries. Ford slates U.S. contributions in the form of $7 billion guarantees.
* CBS plays up highly exaggerated accounts of a pound collapse.
* At ABA Meeting in Amsterdam, David Rockefeller declares that the banking system could not meet the huge demand for credit arising from a U.S. upturn. Burns, at the same meeting, recognizes Europe's irritation at the dollar overhang and proposes substitution with SDRs.

June 17 — France reveals to be supporting the dollar at the rate of $500 million per month.

June 20 — A 20 per cent increase in the money supply over the last four weeks. New York banks excess reserves are measured at $409 million, largely supplied by federal funds from the Federal Reserve.

June 30 — Pound drops by five cents in biggest one day drop. Heavy interbank lending on Eurodollar market.

(to be continued)