

Wall Street Strongarms

Chicago Capitalist Opposition

Feb. 14 (IPS) — The Wall Street financier network dispatched its personnel this week for a major armtwisting and terror operation against their potential opposition among the production-based trade-oriented bankers and industrialists in Chicago. The operation, immediately aimed at halting the tentative yet dangerous Chicago support for anti-austerity factions in Italy, is part of a larger attack by the Wall Street grouping which has already zeroed in on the aerospace sector via Lockheed and Boeing as a potential focus of opposition.

The coordinated attack included visits to Chicago this week by congressional hatchetmen Sens. Frank Church (D-Idaho) and William Proxmire (D-Wisc) and Washington Post publisher Katherine Graham for public speaking engagements and less public "talk." Simultaneously with their visits, Graham's Post began a major Watergating operation against the second largest Chicago bank, Continental Illinois.

Earlier in the week, IPS learned that Continental Illinois had been bucking the New York banks' Italian credit embargo and had pumped nearly \$150 million into Italy. Other Chicago spokesman indicated that Chicago was prepared to accept and support an Italian debt moratorium "if it comes to that."

By week's end however, the terror operation had forced a total reversal. A spokesman for Continental Bank told IPS yesterday that "(an Italian) debt moratoria is unthinkable... We'll just keep up the pressure for another two weeks and they (the Italian opposition) will collapse."

Church Carries The Cross

Continental's new position is identical to that of Senator Church, who arrived in Chicago in midweek for a closed-door meeting with the Chicago Sun Times, the Tribune, the Daily News, and the Chicago bureau of the Los Angeles Times. Church, who has led the factional attack on the aerospace industry through his chairmanship of the subcommittee on multinationals of the Senate International Relations Committee, also made an address to the Kennedy-linked Center for the Study of Democratic Institutions — marked by its blandness.

In private meetings, Church delivered a warning to the Chicago interests along the lines of a statement he made to U.S. Labor Party organizers "If they (the Italians) don't pay their debts, then they will go bankrupt. And if they don't pay their debts, then they will get no more credit."

The Continental scandal, timed to break while Church and Proxmire, who heads the Senate banking Committee, were in Chicago, was the backup needed to show that Church meant business. Testifying before the House Banking Committee Arthur Roth, the former chairman of the Franklin National

Bank, charged that Italian financier Michael Sindona, David Kennedy, the former chairman of Continental and the Treasury Secretary during Nixon's first term, and the current controller of the Currency James Smith have conspired to cover up their roles in the collapse of Franklin. (The bank collapsed in 1974, the largest bank collapse in U.S. history.) Roth, who was brought in at the last minute as a "special witness," said, "it (the alleged conspiracy) smells bad, it smells very bad." Committee Chairman Rep. Benjamin Rosenthal immediately dispatched investigators out to Chicago "to get to the bottom of what is going on." The investigators quickly zeroed in on Continental.

With Post publisher Graham in Chicago, the Washington paper featured the coverage of the scandal, two days after the testimony. Graham meanwhile told a Chicago Economics Club that the Post had every right to expose the banks on the U.S. Comptroller of the Currency's "problem list." These exposes had thus far been used as factional tools against the Rockefeller-family controlled banks by the Harriman-Ball faction. Now anyone is going to be fair game, Graham indicated.

To drive the point home, she reminded her Chicago audience that if her paper had exposed who was behind the Franklin National collapse when they first knew of the banks impending disaster, "maybe it could have been avoided."

Chicago Retreat

The message carried by Church, et al has apparently gotten through to Chicago. As of last week, the U.S. Labor Party had six permanent and at least a dozen "unofficial" liaisons with Chicago businessmen. This grouping regularly discusses the changing correlation of forces around the USLP's International Development Bank proposal with party spokesmen. Another larger grouping "hates talking with Communists," but nonetheless readily accepts regular phone briefings from the Labor Party. Yesterday, only three out of 40 attempted phone calls were either returned or put through.

Aside from extricating themselves from Atlanticist armtwisting, the Chicago industrialists have no fundamental interest in supporting Atlanticist policy. On the contrary, such policy would destroy their basis of existence — world trade — a point which several industrialists and bankers recognized immediately in connection with the proposal for a dollar deutschmark currency axis and the destruction of Italy. "Look, we would like to see a strong government in Italy, capable of implementing the necessary austerity programs," one financial spokesman told IPS, "but this doesn't look likely." "Rather than destroy the world economy," the source continued, "the idea of debt moratoria is something that we could live with."