

Friday that Japan's refusal to upvalue the yen was endangering the entire international monetary system. Reuss this week sent a letter to Japanese Ambassador Fumihiko Togo, accusing Japan of "systematic foreign exchange rigging (which) produces severe dislocations for the rest of the world." Reuss accuses the Bank of Japan for the financial difficulties of Harley-Davidson Co. in his district, which he claims has lost much of the U.S. market due to the "artificially undervalued yen." Reuss is pressuring the Ford Administration, which has been quietly sympathetic to the Japanese, to join the attack.

Japanese Vice Minister of Finance for International Affairs, Michiya Matsukawa, yesterday flatly rejected Reuss' charges at a foreign press briefing in Tokyo as "based on a short-term point of view." Japan, he said, must prevent "damage to the nation's economy" by taking a "longer-term view."

Dollar Under Attack

The dollar also came under strong implicit attack by the Swiss Central Bank and Union Bank of Switzerland (UBS) Thursday, infuriated by the week's \$4 collapse in the price of gold to \$104.37. The U.S. attitude towards gold was denounced as "childish," by a Swiss Central Bank spokesman, UPI reported yesterday, following a similar attack by UBS the previous day. "The United States wants gold to disappear altogether from the monetary system," said the government spokesman, "and is backing policies that will depress the price of gold."

In response to this general rout (and to the dangerous Japanese revolt in particular) two former Under-Secretaries of the Treasury and Wall Street spokesmen called yesterday for the formation of a council to monitor — read "police" — the international monetary system within the structure of the International Monetary Fund. Robert V. Roosa, partner at Brown Brothers Harriman and Company, and Jack F. Bennett, Senior Vice President at Exxon Corporation, told the Senate International Finance Committee, the council would be especially "useful" in determining "whether the Japanese government has been attempting improperly to hold down the value of the yen." Generally, Roosa stated, the "inherent power of many governments should thereby be "brought to bear ... on the repercussions which the actions of particular governments have upon the functioning of the international monetary system."

The support for such a kangaroo court, outside of the New York banking community and a possible minority of Junior Yankee bankers in West Germany, is though by informed observers to be virtually nonexistent.

Bankers Respond To Colombo

German Bankers' Association: I doubt that we are under any pressure to really discuss the New World Economic Order....I'm not convinced that you have so much weight behind you....I'm not surprised that the Third World stands behind you, that's no wonder, their support for the International Development Bank and Debt Moratorium is based on their interests....I'm not surprised that the U.S. exporting industry is behind you, they want to enhance the Third World's ability to pay....Well maybe things change, but you exaggerate....I understand you propose me a deal. Well I'll think about it. I'm prepared to think, I'm not blind. Things can't go on as they did. Wealth should be redistributed. But the International Development Bank is no top priority on my agenda.

Herr Steir, Rothschild-Oppenheim: If worse comes to worst, anything can happen, but it does not happen like that....We'll go

on rolling over even for those many countries who haven't repaid a thing. I can't believe that the White House thinks this way (i.e. that a debt moratorium is a private matter between banks and creditors and that the U.S. government should not bail out the banks-ed.)

Herr Ganz, spokesman for W. German Foreign Minister Genscher: It's ridiculous to propose that the West German Foreign Ministry negotiate with the U.S. Labor Party.

Herr Jaenicke, Third World specialist at West Germany's Foreign Office: Would (U.S. Labor Party Presidential candidate) Lyndon LaRouche's debt moratorium freeze the debt forever?

Deutsche Bank: Nevertheless, I won't talk with you.

John Mason, Bank Analyst, Loeb, Rhoades: Let there be a general, well-publicized moratorium. We will handle it like we did the moratorium, total non-payment of any interest or principal whatsoever, on \$14 billion worth of New York City debt. The Fed and Treasury will just see to it that not a word of the consequences to the banks appears in the press, or on the books of the banks. The defaulted loans just won't be examined. There need be no Fed discounting, or other government bailouts. In the case of New York City, the second phase of the program (1, moratorium, 2, Federal bailout-ed) was necessary because New York City is a part of the United States and needed further funds to function. But that's not true for Sri Lanka etc. It turns out that Dresdner Bank and some other European banks are deeply in bed with Citibank — so the central banks just won't make a fuss, jointly. Informed Treasury and Fed officials will put enough pressure on the administration to see that the viewpoint prevails....I have been warning people not to invest in these banks' stocks due to their irresponsible lending for a long time.

Roy Bennet, corporatist labor consultant: Bankers are not surprised by Colombo, they fully expected that the poorest Third World countries would have to declare debt moratoria. However, there will be no apocalyptic collapse of the banking system because what is involved is only the interest payments amounting to a few billion dollars, not the total Third World debt. Brazil and Mexico are doing too well to default, and then how would they get credit....Brazil is a booming economy. You should read Engels on the condition of the working class in England. Don't you know that capitalism was built on child and women labor. That's why Brazil is growing today.

NSIPS: What about the plague and ecological holocaust in Brazil?

That's only half the population in Brazil. They're not integrated into the economy.

NSIPS: But these policies will lead to swine flu pandemic in the United States, the destruction of living standards and labor productivity.

So what? I'm afraid you don't know very much about banking. International banking and monetary policy has nothing to do with living standards.

European chief of a major New York bank: The so-called Non-Aligned....They're all aligned behind Moscow....It's unrealistic....they ain't gonna say "we won't pay." This would really destroy worldwide banking. If they get together and say "we won't pay"...Look at all those international banks....They got billions out....Gosh. The mind boggles. You're just left with nuttin'....but that's how things are nowadays.

Head of Foreign Exchange at a major New York bank: Do you know who the Non-Aligned bloc is? Why they're socialists, totalitarians.

N. Baer, Julius Baer Bank, Switzerland: I've always thought that the Third World was useless. Underdeveloped countries like France and Italy are barking dogs and won't do anything

John Cobb, Editor of Business Week: It'd be crazy for the U.S. to go along. It'd be crazy....

Top Citibank economist: Lot's of people are out to destroy Citibank.

Wall Street Partner: I already know about Colombo because I read about it in the Italian press.

NSIPS: Do you realize the Italian government also supports debt moratorium?

Yes, I would not be surprised...I am very happy about this....By the way, how can I get your material?

Hamburg Banker: I just wrote a paper on the debt. A moratorium on public debt is okay. Not private. I'm one step ahead of the German government....Let's call the thrust of my

proposal a 'conservative-progressive' one. Yes, I have support in industry — chemicals, machine tool and automotive.

Brussels Banker: There's an awful lot of things to do with the Third World, and if it can work, it's just welcome. What is the U.S. backing for the International Development Bank?

Swiss Banker: Neither a surprise nor a shock. It fixes what already was fact. Anyway, most of these 19 countries don't repay their debts. After all, restructuring is better than repudiation, and it is compelled by the Third World's moves.

Herr Titmeyer, W. German Economics Minister Friderichs' top advisor: It is correct that the (U.S. Labor Party's) International Development Bank and the Colombo documents are the same program....Mr. LaRouche is the official spokesman for the Non-Aligned in the advanced sector. Now we are waiting for orders from somebody.

Head of one of big three Swiss banks: We will review our position toward the International Development Bank.

NEW SOLIDARITY INTERNATIONAL PRESS SERVICE



Mexico

Velazquez, Beteta Use Blackmail And Violence To Stop New World Economic Order In Mexico

Aug. 26 (NSIPS) — Mexico is now a test case for the institution of the new world economic order and the Colombo resolutions of the Non-Aligned group. Through blackmail and terror, Rockefeller's key agents in the country, Mexican Labor Confederation (CTM) head Fidel Velazquez and Finance Minister Mario Ramon Beteta, along with Interior Minister Mario Moia Palencia, are doing everything in their power to sabotage President Luis Echeverria's pro-development policies. High level sources this week report that Echeverria is being forced to hold back from declaring debt moratoria and similar enabling measures toward the new order because of the Velazquez-Beteta blackmail.

Fighting to break this virtual siege, Echeverria is defying his "lame duck" status as no president has dared to do before him. With only 3 months left in his term, Echeverria this week announced an unprecedented series of tours which will bring him to every Mexican state before Dec. 31, and arranged for a series of critical Third World negotiating sessions to take place in Mexico over the next month to prepare strategy for the UN General Assembly meeting opening in late September.

The Sabotage

The Velazquez-Beteta-Moya forces are directly responsible for pressuring the Mexican press to black out the historic economic resolutions passed at the Non-Aligned meeting in Colombo, and the progress of a high level Comecon mission which has been in Mexico since early August. In coordination with the blackout, Velazquez has led an anti-communist witch-hunt drive over the past two weeks fingering the Mexican

Labor Party (PLM) for thuggery and repression. The PLM is widely recognized in Mexico as the principal party organizing for debt moratoria and the new world economic order. Moya Palencia Aug. 24 embargoed programmatic materials arriving for the PLM at the Mexico City airport, labeling the shipment "subversive."

Blackmail

Fidel Velazquez controls an enormous network of thugs to keep individual workers in line and to ensure that in any public show of force, Velazquez can muster more "acarreados" — workers or peasants trucked into rallies — than anyone else. He has built up this network over a 35-year period as chief of the CTM and top anti-communist warrior in the CIA-controlled Interamerican Regional Labor Organization (ORIT).

Velazquez' ultimate weapon, based on this mafioso control, is a **general strike** of the several million nominal members of the CTM — a move which would throw the country into chaos. Velazquez used the threat of general strike to terrify into retreat his opposition in the Democratic Tendency of electrical workers headed by Rafael Galvan in July.

Velazquez has now consolidated his thug forces into a tighter national stormtrooper apparatus through a "training school." The school's director recently announced that the school's first class of "activists" had finished training and was ready for deployment throughout the country to stop "leftist infiltrators" in the labor movement.

The key blackmail weapons which Beteta controls in tandem with Rockefeller's Wall Street apparatus against Echeverria's drive for the new world order are flight of capital and