

interest rates of the dollar sector — already taking place in the bond markets — reduces the total debt services and wrecks the stability of the entire bankrupt swindle. Although the New York banks uniformly refused to reduce their prime rate below its present 7 per cent, the economy is so depressed that business loans are still shrinking at a \$15 billion annual rate. The banks are quietly lending money to “prime customers” at barely over 5 per cent — or precisely what they pay for money themselves. Deducting “administrative” costs, the U.S. banks are running in the red.

The parasite has finally weakened its host past the point of its own survival. This last downward notch in the underlying U.S. economic picture has had the lever-effect of damaging the profitability of dollar financial investments in general. The U.S. now has a choice. Either the collapse of the Eurodollar market will bring down the rest of the U.S. financial system with it and collapse of the U.S. economy — or the political surgical removal of the worthless Eurodollar sector and the Wall Street banks will open the way for the creation of credit to rebuild the world economy.

“Everybody Knows The Dollar’s Weak”

The following are the responses from the international financial community on this week’s collapse of the dollar and the corresponding rise in the price of gold:

Bankers Trust: Wednesday’s sale (of gold by the IMF) was probably the last. Speculation is now into gold.

T.J. Holt Co.: The tremendous illiquidity in Europe and the Third World has created a time-bomb sense of insecurity on the Euro-markets.

A New York gold trader: The rise in price (of gold) is even more significant in light of the lack of central bank purchases, and in that the Germans are buying where they were dumping before. Everybody knows the dollar is weak, the European recovery is shot, and gold is going up.

A State Department economics specialist in European Affairs: (on European move to end the IMF gold sales) Yes, the problem is broader than just the Italians trying to protect their gold reserves....It’s a basic change in the international monetary system to get rid of gold...and with the European recovery faltering as it is, there is real anger about this. Even in Germany they seize on the gold issue as the reason.

A high official at the International Monetary Fund: This oil supply situation...is the key to the entire monetary situation. Last week the Germans went against the U.S. on gold, this week Italy, Germany and Europe are trying to assure their independent oil supplies. The U.S. opposes this absolutely, because what the Europeans are really doing is the basis for an attempt to dislodge the dollar. The Japanese are also involved in some way of course...

The chief of the gold department at a Swiss bank: Europe is gold-minded. No matter what recent traditions are. (Asked why, if this is so, the Bundesbank is so hostile to gold) This is the voice of America. The real problem is that the Americans dominate the IMF board...and if this fails, they’ll restart their own auctions.

Bankers Respond To North-South Talks

Sept. 17 (NSIPS) — The following remarks from members of the international financial community were made in response to the Group of 19’s demand for general debt moratoria and a new world economic order at the Paris North-South talks this week and the present unfolding disintegration of the international monetary system.

A high-level spokesman for Manufacturers Hanover Trust: Financial center banks will not survive a general debt moratorium. The U.S. government has no right to discuss these issues (at the North-South talks) since the creditors are the banks and not them. The Europeans should stay out of these matters as well. We’ll try to keep them out.

An International Monetary Fund Expert on debt: (asked by the Schroeder Bank if pressure from Italy and France had forced the U.S. to negotiate on the debt issue at Paris.) I just can’t comment on that. No official can be expected to say anything on this...it’s too touchy. Call the American Labor Party if you want information.

James Hall, Loeb Rhoades: There’s not a damn thing the U.S. government or any of the Group of 8 governments can do; they don’t have the money in default. It’s the U.S. banking system which is deeply in trouble. They changed the rules of accounting for New York City, but for the whole world?.....All they can do is cut off the U.S. banks’ liabilities to their Euromarket subsidiaries, just cut out the Euromarket, by act of Congress.

A spokesman for Bankers Trust: The Italian delegation is trying to swing the Group of 8 to back the Third World’s position, and trying to settle their own problems in the process.

Claude Cheysson, EEC Commissioner for Cooperation and Development: (on the threat of general debt moratorium by the Third World) I don’t remember having heard of this threat....I doubt they have it in their minds...Look, they keep on coming to the Eurodollar markets....which would close down, I admit, if they do that, immediately.

P.H. Vance, European head of Brown Bros. Harriman: The Third World has no clout. They have no muscle, they have no muscle friends. A number of them will stick to the lolly, but they won’t get more than they need. And they won’t be able to help the others. And in any case, they’re not keen on helping each other....Rollover can go indefinitely....The USSR is no muscle friend...Italy? Nobody’s anxious in the West to see them go, but I’d prefer the Soviets to stay around, even if I’m only one of the few saying that...No matter what, the Third World needs money on current account. Now. Some aren’t ever getting trade credit. Put yourself in the shoes of North Korea five years from now...

The international chief of a major New York bank: (Negotiating on the Third World’s terms) I’ll wreck havoc on the money market if it becomes known. We just have no machinery to deal with this thing. Any discussion of a flat-out default is absolutely unprecedented. There has been no preparation...

An Ivy League expert on Latin America: The Third World may pay to creditor A and not to creditor B. For example, they might pay only American banks and not French. Don’t quote me, but if the public realized how shakeable the debt is, they might be shaken up and thrown into hysterics.

Another Ivy League economist: Italy and Japan are nothing....France will never go along with transfer of technology and debt moratorium....but yes, there are factions in France who support this.

The chief of European operations at a major Dutch bank: Such sweeping measures (as debt moratorium) could be very dangerous for the Third World. Nobody will lend to defaulters; it’s a pipedream, unthinkable from beginning to end...like setting your own house afire to bother the neighbors....It’s absolutely unthinkable that anyone in the U.S. thinks such a thing could benefit anyone in the U.S. Such a breakdown would affect the big U.S. banks and therefore the public that gave them money....the Euromarkets would be taken in a Herstatt ef-

fect... upheavals... But the international markets would not stop functioning... I may not be aware of all the dangers surrounding us, but your picture is far too bleak. Such a threat is like a hijacker threatening to blow up the plane in the sky.

Another Dutch banker: There's much to say rationally to the necessity of debt moratorium... even though I don't see anything like it coming now, I'm glad the Third World goes in that direction. Few people in Western politics understand why moratoria are a central issue, and those are marginal. I read your material; it's impressive, but...

A London-based financial expert: They (the Third World) can't pay and they won't, but we must do that without disrupting the

world economy.... Moratorium is no real problem; it's a balance sheet problem. The assets are fictitious, write them off. It's been down for years... It's just bookkeeping, but the British government would not like this to be public. The business of arranging things afterwards needs dressing up, discretion... The IDB is not a question of substance, but of modalities.

The general overseas manager of a British banking house: U.S. banking would be hit (by a general debt moratorium) far worse than British banking, hum.... why did the Third World not do that before the '73 oil crisis? Now Italy, France and other European countries are... not quite Third World, but very delicate situations... I can see the IDB is a feasible project.

Europe's Industrialists Are Divided Into Three Parts

Sept. 18 (NSIPS) — Men often turn to religion in time of disaster. Today — when the imminent declaration of general debt moratorium by the Third World means the end of the world of the dollar monetary system — religious profession is a useful way of distinguishing the factions into which Europe's bankers and industrialists have split in these final days.

First, there is a group whose outlook is now fundamentally Christian. These are the men who have finally understood in the weeks after the Colombo declaration of the Non-Aligned Movement that the Third World cannot be forced to pay its debts except through Rockefeller's plans for genocide, and that the development of the Third World is the only way to the recovery of the economies of the advanced sector. Rejecting Rockefeller's position, they have drawn upon the humanistic element of Christianity, admitting that it is now time to remember the basic tenet: "Forgive us our debts as we forgive our debtors." Led by the Italian Christian Democrats around Prime Minister Giulio Andreotti, but including significant sections of the French Gaullists, the West German Christian Democrats and the Swiss banking community, these forces in the last week have begun to openly broadcast their support for a new world economic order, and have begun to build the Noah's Ark-type institutions to survive the deluge of Third World debt moratorium. The use of gold as a transitional measure is high on their agenda.

On the other hand, there are the God-hating, soul-hating atheists who make up the hard core of the Rockefeller faction, including the Agnellis of Italy and several British and West German diehards. As monetarists, a mental condition that does not admit the existence of the human soul or mind, these types have no moral compunction about mass murder to maintain the debt.

Rothschild Resurgence

The newest development is the resurgence of the Rothschilds, who cannot be defined positively in our scheme since their religion is anti-semitism, not Judaism. Unwilling to go down with the doomed Rockefellers — and in fact, relishing the opportunity to grab back from the Rockefeller Family the financial hegemony which the Americans took from them during and after World War II — the Rothschilds are equally unwilling to allow the end to paper debt that the Christians have reconciled themselves to. The Rothschilds have reverted to their family's classic posture: if intelligent capitalists are going to build arks, then the Rothschild's will attempt to make a killing in ark-speculation.

Gold is a case in point. For weeks, the Christians, led by Andreotti and the vehemently pro-gold Gaullists, have been fighting heavy U.S. Treasury pressure to turn gold into "just another commodity" unsuitable for monetary uses. Those forces have gotten so strong that this week the U.S. was unable to stop a

massive outflow from the dollar into gold being offered for sale by the International Monetary Fund. However, the largest portion of the gold sold went to the Rothschild interests — not normal fanciers of the metal. The family is pulling a "bear raid," buying now in the cynical expectation that the Rockefeller anti-gold position will soon utterly collapse and the price of gold will go even higher.

They are using the same ploy on the commodities and stock markets. In anticipation of fairly broad dislocations of the market during the post-moratorium period, the Rothschilds for the past six months have been busy broadening their control over raw materials supplies while at the same time launching new stock-brokerage facilities for themselves in the United States and elsewhere.

The Rothschilds are selling ammunition to both sides. While ostensibly aiding the Christians' attack on Rockefeller's dollar, the Rothschilds are probably behind the refusal by Royal Dutch Shell and British Petroleum to join a plan by the Italian state-owned oil company ENI for a Europe-wide oil consortium which could link up with the Comecon countries and the North African oil-producers — a plan which would make Europe capable of resisting Rockefeller control of oil and finishing off the atheists.

British Schizophrenia

Similarly, the family is undoubtedly connected to the current schizophrenic situation in Britain where they still wield great power. Over the last week, there has been a major shift in British policy including unprecedented calls for world development and the announcement of a change in Northern Ireland policy which would de-emphasize military control and rely on the nurturing of industry and jobs — the first time such a policy has been made for Ireland since the 17th century! But while the British are opening lines of communication to the new world economic order, they are at the same time attempting to sabotage its implementation: this week also the British Government helped to collapse the Paris North-South talks by offering a Kissinger-authored proposal for case-by-case settlement — actually non-settlement — of Third World debt.

However, the velocity with which the militant Christian forces are accepting the idea of an International Development-type arrangement along the lines of the LaRouche proposal far outstrips the family's timetable for fly-by-night swindles. When Il Fiorino, the influential financial daily which speaks for Andreotti and the Christian Democratic industrialists, quoted the cited section of the Lord's Prayer this week, it added in unambiguous terms that it supports a Third World rejection of the Rockefeller-Rothschild case-by-case approach. The same sentiment was reflected in a conference, "Christian Industrialists and the New World Economic Order," in Zurich Switzerland this week.