

It is ironical to point out in this connection, that Mr. Rockefeller's financial rivals from London have been sending out some very nasty signals to the effect that they are either prepared to or are presently involved in utilizing certain grossly misunderstood features of that proposal for the exclusive objective of judoing the Rockefellers out of the ring. In point of fact, some aspects of this insanity coming out of the City of London bear directly on the increasing war danger in both southern Africa and the Middle East.

In sum, the world at this time is hanging by a thread because the rival monetarist factions among New York and London forces are absorbed in an imbecilic struggle to wipe each other out. The lineup is generally along the following lines. In New York, the main weight of the

Lower Manhattan forces is still centered around the Rockefellers. Among the investment houses of the so-called "Our Crowd," the long-standing financial positions of the Rothschilds are maintaining their anti-Rockefeller discipline. In London, on the one side you have the combined weight of the merchant banks and their far-flung political intelligence networks broadly aligned around Rothschild, while the nationalized industry tends to represent a more rational policy strain as exemplified by the British Petroleum-Saudi deal.

Whether this latter group will emerge as a saner "Third Force" will depend on how they respond to the Soviets' generous offer to utilize the transfer ruble for restructuring the world monetary system.

## Moscow Narodny Bank Confirms Large Scale Transfer Ruble Operations

Sources at the Soviet-owned Moscow Narodny Bank in London last week confirmed that a Soviet policy decision has been made to push the Council for Mutual Economic Assistance (CMEA) transfer ruble for large-scale use in international trade.

Last week's issue of the Soviet Central Committee's *Ekonomicheskaya Gazeta* contained a review by a leading CMEA finances official, Yuri Konstantinov, of all the provisions the CMEA and its banks have made to facilitate international use of the transfer ruble (see EIR Vol. IV, No. 26). Now Moscow Narodny confirms that Konstantinov's piece was no mere perfunctory review, but a propaganda contribution to a concerted political effort.

Stateside sources familiar with the debate over transfer ruble financing report that the USSR has begun demanding Western firms accept partial payment in transfer rubles. The persistence from the Soviet side is so great that some experts who have pooh-pooed the CMEA currency in the past are having second thoughts. Chase Manhattan, report these sources, is making efforts to dissuade its customers from establishing transfer ruble accounts.

The interventionist turn in Soviet foreign economic policy is based on Moscow's assessment of the strength of the expanding economy of the socialist sector as well as of the likely collapse of the last pretences of a dollar monetary system under a trillion-dollar-plus debt overhand. It is accelerated by Moscow's increasing alarm that war will explode in the Middle East or elsewhere, unless a roadblock is thrown up in front of the Carter Administration.

The backbone of the Soviets' economic offensive is its nuclear energy policy, to which the CMEA Prime Ministers' session has just pledged "maximum" development.

The CMEA integrated nuclear development program, including new techniques in the USSR for mass production of nuclear plant machinery, will form a basis for nuclear cooperation deals overseas. Arrangements are in the works with Japan and, in the area of fast-breeder technology, France.

In a June 27 press conference, CMEA Secretary Nikolai Faddeev urged the European Economic Community to act on proposals for bloc-to-bloc organizational ties between the EEC and CMEA, cooperation which could provide formal channels for expanded trade financed in transfer rubles. Faddeev, like the CMEA summit communique, also urged speedy organization of pan-European conferences on energy, transport and the environment.

The CMEA nuclear plan is to be coordinated until 1990. Next year, an agreement will be signed which elaborates the division of labor within the bloc in this industry. According to the West German financial daily *Handelsblatt*, non-aligned Yugoslavia expects to join this program. Yugoslavia already has very close ties with the CMEA in a number of industries, but its first fission plant was contracted from Westinghouse. After Carter's imposition of new conditions which delayed this facility, a plant under construction in Krsko, *Handelsblatt* reports that "the atomic energy policy of President Carter, incomprehensible in the Yugoslav view, has driven Yugoslavia to change its plans for peaceful development of nuclear energy and seek long-term cooperation with the CMEA in the area of production and transfer of nuclear technology."

Yugoslavia, reported the paper, is ready "to free itself from the conditions set by the American administration" which would require Yugoslavia to have its uranium enriched only in the U.S.

## Moscow Narodny Bank: T-Ruble Offer Is 'Strong Message To IMF'

*A source at the Soviet-owned Moscow Narodny Bank in London gave the following interview on June 29 to a European correspondent of the EIR.*

**Q:** The (*Ekonomicheskaya Gazeta*, see *EIR* No. 26—ed.) article of Yuriy Konstantinov makes it clear that the CMEA has now taken its decisions and is moving forward rapidly, doesn't it?

**A:** Yes, but they have a problem. Still, I think that there are no takers in the West for the transfer ruble.

**Q:** But, our sources in the U.S. say the Soviets are already demanding that firms accept partial payment on individual deals in transfer rubles, and that Chase and others are trying to discourage their customers from accepting them. We hear that people have taken transfer rubles when they had to get a deal through.

**A:** Oh, then let me give you some more of that. There is a lot of pressure, a lot. So far, Finland had a hard currency

trade account with Poland and a bilateral one with Czechoslovakia. Now the Poles and the Czechs insist that the whole trade should be shifted to a transfer ruble account.

But there are two snags in the situation. Firstly, there is no secondary market for the transfer ruble, and IBEC (the CMEA's International Bank for Economic Cooperation — ed.) has just repeated forcefully that there would be no such secondary market.... And there is no indication of what you can buy with the transfer rubles.

My own view is that the CMEA, the Soviets, have launched a principled political move to insist, and validly so, that they have an alternative financial-monetary system. They are sending a strong message to the IMF, the BIS (Bank for International Settlements —ed.), and the banks, that they are serious, very serious. And their moves have much bearing on East-West trade and triangular trade deals with the Third World.