

International Monetary Collapse Fuels Rockefeller-Rothschild Warfare

A consensus has emerged among all informed Washington circles within the last few weeks that the collapse of David Rockefeller's financial holdings, led by the notoriously mismanaged Chase Manhattan Bank, is not only inevitable, but is now also *imminent*. This realization has precipitated one of the most ruthless — and most important — factional battles yet seen over the crucial questions of how, when, and by whom the international monetary system will be reconstructed.

At this point, there are basically three principal contending options up for consideration in the USA.

One is the U.S. Labor Party's proposal for establishing a Hamiltonian Third National Bank of the United States. Only this option — in conjunction with the Labor Party's broader International Development Bank perspective — offers a competent means for extricating the world economy from its current mess and putting it on the road toward rapid economic recovery and expansion.

The second proposal is the so-called FINE (Financial Institutions and the National Economy) proposal developed by Fabian fascist Congressman Henry Reuss. This "banking reorganization" alternative has a global counterpart that specifies replacing the International Monetary Fund with a beefed-up World Bank as the financial enforcer of labor-intensive "development" programs for the Third World. Both plans are favored by Rothschild-linked "Our Crowd" New York investment banking firms of Kuhn Loeb, Lazard Freres, Lehman Bros. and their networks. That gang wants Rockefeller out of the picture to save their own financial hides — so they can impose their own, equally incompetent brand of monetarist austerity.

A third option is represented by the so-called Unified Bill being pushed by Congressional conservatives. This proposal seeks the benefits of large capital investment and high technology economic growth secured by the Labor Party's Third National Bank plan. But because it would operate within the overall framework of the monetarists' debt structure, it too would lead to massive austerity — and leave the monetarists in control.

Get David Rockefeller

While the "Our Crowd" bankers have been contemplating dumping the Rockefellers for some time, the looming collapse of Chase Manhattan has spurred them into a major campaign to finish David off for good. Using the scandals of the Rockefellers' involvement in the New York City financial crisis and their huge amount of bad loans to the Third World as a pretext, the "Our Crowd" gang is stumping for Reuss's sweeping reorganization of the U.S. banking system and international lending institutions.

This "anti-Rockefeller" operation broke out into the open June 25, when Lazard Freres' friends at the *Washington Post* gave prominent coverage to a report

"exposing" the already widely known fact that many Third World countries are on the verge of defaulting on their debts to New York commercial banks. The report was authored by Harvey Wachtel of the Transnational Institute, an offshoot of the notorious "New Left" Washington think tank, the Institute for Policy Studies, the prime controllers of international terrorism.

In an interview with this news service, Wachtel indicated that the aim of his report was to get the Reuss FINE banking reorganization scheme off the ground. Volunteering that "Reuss has a profound understanding" of the measures that need to be taken to maintain non-Rockefeller, monetarist control over the international monetary system, Wachtel said that the Congressman's "FINE ... is what has to be done. What the FINE study goes into is the tremendous underregulation of the New York banks. Look at their Caribbean off-shore operations. Nobody regulates it, nobody knows what's going on down there...."

Paralleling Wachtel's attack, a House Banking Subcommittee staffer explained plans for forcing the International Monetary Fund to borrow money on the open money markets — a maneuver that would force the New York banks to perform their own bailout operation. When the New York banks failed to generate the necessary credit, the Eurodollar market would collapse: supporters of this scheme reportedly include John Kervisher of the Bank of England, Kennedy Administration economist Peter Kennan (now at Princeton) and former Brookings Institution staff member Robert Soloman, presently in the Monetary Affairs Division of the U.S. Treasury Department.

An aide to Congressman Michael Harrington (D-Mass) took this scheme a step further. Since the IMF's role is exclusively that of a bail-out mechanism, he said, "with no credits for development," provided, its operations should "be transferred to the World Bank." Robert McNamara would then resume his role as chief overseer of slave labor in the underdeveloped sector. The aide singled out the recent appointment of former Secretary of State Henry Kissinger to advise Chase Manhattan's International Operations Divisions as a particularly "scandalous" aspect of the New York bank's dealings, and promised that congressional hearings will be held within the next month to "raise consciousness" of the Rockefeller family operations.

The barrage of attacks on Rockefeller continued with a laudatory review in the *New York Times* by neo-Keynesian economist John Kenneth Galbraith of a newly published book: *The Abuse of Power: The Permanent Government and the Fall of New York*. Coauthored by *Village Voice* "new left" reporter Jack Newfield and Paul Du Brul, the book, which Galbraith says "could be the best piece of urban journalism since Lincoln Steffens," attacks the "permanent government" of bankers (led by David Rockefeller) and "big real estate owners"

Transnational Institute Proposes 'Austerity' And 'Human Rights'

Harvey Wachtel, economics advisor for the Institute for Policy Studies-linked Transnational Institute, recently published a study on the state of Third World debt. Wachtel stressed that the Third World nations are unable now to meet their debt obligations and are supposedly calling for commodity indexation to help meet that demand. Wachtel, whose study warned that repressive measures were needed to force debt repayment, was concerned that this be done without "having an impact on human rights," which would be opposed by what he calls "isolationist" or conservative opponents to such a plan.

Q: I heard about your new study and am wondering if the situation you describe will result in defaults...

A: Probably not default...yes, there's a threat of default, but it won't be default....I think that the threat will probably provoke more lending by the International Monetary Fund to these countries. Of course, that lending will have strict conditions. Those conditions will demand austerity and will have an enormous effect on your internal political structures. You know, like increasing repression, lack of human rights. The U.S. government will give the increased funding to the International Monetary Fund and that money will be paid by the Third World countries right back to the New York banks. It won't be a direct bail-out...the administration will launder the money, to use a Watergate term, through the IMF...

Q: That's an interesting use of the term Watergate, especially in light of the well-known composition of the Carter Administration...you know, the Trilateral Commission, David Rockefeller...

A: Oh, yes, yes, I know what you mean.

Q: Who is beginning to understand these ideas in Congress?

A: Oh, well. (Rep.) Tom Harkins (D-Iowa)...(Rep. Toby) Moffett (D-Mass)...(Rep. Michael) Harrington's (D-Mass) beginning to figure this out... (Senators) Abourezk and McGovern (D-S:D:... and (Sen.) Frank Church (D-Idaho) and his aide Jerry Levinson. Oh yes, and (Rep.) Henry Reuss (D-Cal). Reuss has a profound understanding of this. Are you familiar with his Financial Institutions and the National Economy study (FINE)?

Q: Yes...is that what you think should be done?

A: Yes. What the FINE study goes into is the tremendous underregulation of the New York banks (Wachtel gives description of off-shore banking in the Caribbean)...Nobody regulates it, nobody knows what's going on out there.

Q: What if the Third World actually defaults...aren't the FINE recommendations too late then?

A: They're not going to default...if it ever came close to that the New York banks would be able to pressure the necessary re-financing through the IMF.

Q: Do you really think they can get that through Congress?

A: Well, it's true there's a lot of isolationist sentiment growing, but I still think they'll be able to push it through...I think you should read my study...There's a chapter in there where I compare what the banks have done to Peru to what they've done in New York City...It's important to realize that what we want to do is fight very hard to make sure that these lending conditions do not lead to repression or have an impact on human rights...

which has taken over New York City and implemented massive budget cuts to ensure that the city does not default on its loans.

The biggest public bombshell so far though, is a brutal attack on David Rockefeller's incompetent management of Chase Manhattan, appearing in the July issue of *Fortune* magazine. Noting that Chase's "operating problems have at times been terrible, the quality of its loan portfolio exceptionally weak, and its financial performance ... inferior," the article threatens to precipitate a full scale run on Chase Manhattan or at the least a move to dump David Rockefeller, whom the article charges has "flunked" as Chairman of the Board.

Government Investigations

Even more direct moves against the Rockefeller interests are already afoot. Parallel investigations into the New York banks' dumping of city securities in 1974-75 are

being conducted by the Securities and Exchange Commission and the New York State Legislature's Legislative Oversight Committee. Last week, the officers of four lower Manhattan banks — Chase Manhattan, Citibank, Bankers Trust, and Morgan Guarantee — opened themselves up to possible contempt citations, court action and jailing by refusing to comply with a subpoena requiring them to submit documents concerning the securities dumping investigation. The SEC will issue a comprehensive report on the "financial improprieties" of the New York city crisis which is expected to provide further momentum to the "Get Rockefeller" drive.

On the other conservative side of the fence, where sentiment against bailing out the bankrupt Rockefellers is far stronger, a counter to the Fabian FINE proposal has surfaced in the form of three bills going under the joint title, "A Unified Bill to Declare a National Policy on

Investment in the Private Sector.” Though superficially more rational than the “Our Crowd” proposals, because it contains a heavy emphasis on increasing private sector investment in capital development and high technology, the “Unified Bill” betrays the fact that it is operating within the framework of maintaining the overall monetarist debt structure when it goes into the question of how this development program is to be financed: “Improvement in plant and equipment and the financial resources for working capital are affordable only from savings. Namely that part of income which citizens and their private enterprise decide to put to work for future benefits rather than their being directly presently consumed.” In this context “savings” means workers’ pension funds and bank accounts and points the way toward the kind of looting typified by Hitler’s “People’s Car” swindle — though such plans are not spelled out in the Unified Bill itself.

The Rothschild forces’ “solution” to the monetary crisis is even more oriented toward austerity. Galbraith, the great defender of New York City against the depredations of David Rockefeller and his fellow bankers, is an outspoken proponent of wage controls. In the same spirit, Wachtel told a reporter that while a federal bailout of the New York banks in the face of a

Third World default was inevitable, repressive measures would have to be instituted in these countries to enforce debt repayment. “What we want to do,” Wachtel commented, “is to see that these lending conditions don’t have an impact on human rights.”

The FINE proposal, meanwhile, consolidates control over the economy into the hands of the “Our Crowd” investment bankers, wiping out the regional banks — the main source of credit for agriculture and industry — in the process.

The real danger in this situation is that the basically anti-monetarist Whig forces in the U.S. will continue to allow themselves to be bound by the monetarist rules of the game. While dead set against a taxpayers’ bailout of Wall Street, as the recent House vote judoing “human rights” to prevent U.S. funds from going to the IMF and World Bank indicates, conservative forces have not yet fully accepted the immediate need for junking the entire monetarist debt structure, and going with the “American System” perspective embodied in the USLP’s Third National Bank proposal. Though the Labor Party’s program is being widely and intensively discussed in Washington and other power centers, Whig layers are still vulnerable to being suckered by such schemes as the “Unified Bill.”