Some Boys From Wall Street Were Trying To Be Cute

The following statement was released on July 20, 1977, by Lyndon H. LaRouche, Jr., U.S. Labor Party Chairman and Presidential Candidate

We have just tracked down the facts on the T-ruble agreement some of the boys from Wall Street area thought they had tucked into their briefcases, all signed and supposedly as good as countersigned. That version of the T-ruble arrangement is not one that the Politburo is going to countersign.

What happened was this. There are certain elements around the Soviet Central Committee typified by Georgii Arbatov who are currently in, shall we say, bad graces with the Soviet leadership. However, these gentlemen are permitted to stray around on a short-to-medium length political leash, as long as the Soviet leadership persists in a policy of maintaining certain previously-established channels of contacts with Manhattan-centered financial circles. Recently, one of these Soviet gentlemen-on-a-leash took into his fat little head to imagine that he was miraculously transformed into Leonid Brezhnev, and in that exotic state of narcissism proceeded to go through the motions of making deals with certain representatives of U.S. financial interests.

In short, these gentlemen from Manhattan went to the Soviet Union and negotiated an agreement with the moral equivalent of the local office boy!

Contrary to what some desperate gentlemen from Manhattan thought they had secretly pulled off, there is another Soviet T-ruble offer on the launching-ways which is genuine. The two notions of a T-ruble agreement do have certain resemblances to one another, just as the usual counterfeit currency tends to imitate the real. The crucial distinction between the real offer and the one negotiated with some Moscow office-boy is twofold. First, the Soviets will never make a T-ruble offer which "sells out" the interests of the developing sector. Second, the Soviets could not and would not offer to bail out a collapsing set of New York banks in a straight-forward support operation.

Those distinctions are not merely matters of Soviet policies. They are also matters of what will and what will not work.

The monetary strength of the Comecon ruble is that Comecon external debt is all of a hard-commodity variety, secured by the use of those borrowings to increase the output of the Comecon economies in much larger proportion than the debt incurred for this purpose. Moreover, under conditions of appropriate financial reorganization of Third World debt, enabling Third World nations to generate a new series of debt on hard-commodity basis for high-technology capital goods imports, the large and growing Comecon sector represents a massive chunk of potential basis for solid increase in debt-incurrence on account of export programs.

If this Comecon potential is juxtaposed in the same regulated international financial markets with gold-reserve-based Arab Monetary Fund currencies, representing $40 billions or so annually of OPEC-generated hard-commodity reserves, this combination represents the adequate lever for launching a new gold-reserve-based world monetary system with sufficient magnitude and force to facilitate a rapid and sustained global economic recovery.

However, none of these potentials work unless the non-performing segments of Third World external financial indebtedness are frozen by debt-moratoria agreements, and unless the industrialized, capital-goods-exporting nations gear up to launch massive export programs centering around gearing up to a level of hundreds of gigawatt and larger full-fuel-cycle-situated nuclear energy installations. We require a level of long-term credit-extension to the Third World in the order of $200 billions annually from all exporting nations combined.

Any other monetary or economic policy is a fool's errand.

On the basis of shifts in policies of OECD nations toward the sort of new world economic order I have proposed in the name of the International Development Bank, the Soviets will negotiate opening up T-ruble hard-commodity credit accounts with industrial groups and with entire nations. Furthermore, this policy is being energetically offered by President Brezhnev and others, offering this sort of economic cooperation to assist the OECD nations to rise out of the current world depression and establish a basis in mutual interests for securing durable peace.

To date, the Soviets have pursued a cautious line in advancing this policy. They know that the T-ruble offer can not be put into general use until the Eurodollar market collapses and certain related adjustments are made. At the same time, while waiting for the collapse of the dollar to occur, they are avoiding placing themselves in the position of being blamed for triggering such a collapse. So, to date, they have cautiously moved along the edges, making substantial T-ruble offers wherever policy recommends and wherever a channel of hard-commodity credit can be set up in a way which by-passes the mechanisms of the present, bankrupt world monetary system.

They have acted in this way to stabilize the Italian economy, to maintain production levels somewhat in the Federal Republic of Germany, have explored such arrangements on a large scale with Great Britain, and have recently aired a massive offer to aid the French economy.

If we had a sane and sensible United States government, we could have the full advantages of this potentiality very quickly, and would already be on our way out of the depression. The principal difficulty, including the principal cause of the condition of the U.S. government, is that certain banking interests, especially well-known names based on Manhattan and London, are clinging with fanatical obsession to the monetarist quackeries associated with such modern witch-doctors as Keynes, Schacht and Friedman. They rampage, howling like banshees — or, like Jake Javits — through the corridors of power, shrieking about "proven monetary principles" and threatening such horrors as "a thousand-year depression" if certain Manhattan and London banks should face acute embarassment.

Aye, the principles of Keynes, Schacht, Galbraith and Friedmann have "proven themselves" rightly enough: two world wars, a Great Depression, and now the imminent blow-out of the biggest financial bubble in history, the Eurodollar market. The monetary principles so fervently embraced by these bankers and their sycophantic chorus of frogs have proven themselves to lead recurringly and lawfully to gigantic bankruptcies of whole monetary systems.

To make matters worse, at the same time that various New York and London financial groups are ostensibly united in defense of the thus-proven "monetary principles," they are practising "life-boat ethics." Huddling together against a common poverty, they occupy the in-between moments picking one another's pockets. The net effect of this process to date is that the present configuration, ensures that it is the United States that is about to be fleeced by London-centered financial interests as the pieces are gathered up From Ye Olde Monetary Blow-Out. Or, at least certain circles assure themselves this will be the case.

Hence, when found out, some of the Manhattan personages involved in the private deal with the Moscow office-boy caterwauled with the puffed-up self-righteousness of a boy caught with his hand in the cookie-jar. The poor fellows, so desperate for bail-out, apparently thought they had put a cute one over. What they had was a nice, new, crisp, and counterfeit multi-billions ruble note.

Don't try to pass it, boys. However, if you'd like the real thing, come sit down and talk the problem over with me. With the right approach, the Soviet leadership will be inclined to make a genuine offer.

What Were David Rockefeller And Georgii Arbatov Up To At The Dartmouth Conference?..

The eleventh annual "Dartmouth Conference" on Soviet-American relations took place near Riga in the USSR, July 9-13, co-starring Chase Manhattan Bank President David Rockefeller and head of the Soviet USA and Canada Institute Georgii Arbatov. According to participant Norman Cousins, editor of the *Saturday Review,* the discussion "culminated in significant agreements. We came away convinced that the Russians want to put American-Soviet relations back on the high road." The conference set up a working group to "further economic cooperation."

For 17 years, Rockefeller has utilized the Dartmouth Conferences as a forum for conveying his marching orders to Arbatov, his agent in Moscow, and to dupes in Arbatov's circle of "soft-liners." Unfortunately for Rockefeller, however Arbatov is no longer on the "high road" himself. He has been on the outs in Moscow ever since the "hang tough" provocations of the Carter Administration convinced the Politburo majority that Rockefeller is not the "friend of detente" that Arbatov always promised he was. Soviet policy today is not "economic cooperation" with Rockefeller within the bounds of the decaying dollar monetary system, but cautious support to anti-Rockefeller forces in the West and the developing sector who want to break with the dollar and switch to a new transfer-ruble based monetary system.

Participants at the Conference from the U.S. side included:

Landrum Bolling — President, Lilly Endowment
Robert Campbell — Professor Economics, Indiana University
Robert Chollar — President, Charles F. Kettering Foundation
Norman Cousins — Editor, *Saturday Review*
Paul Doty — Director of the Program for Science and International Affairs, Harvard University
Rita Hauser — Partner, Stroock, Stroock, and Lavan
Vernon Jordan — Executive Director, National Urban League
Donald Kendall — Chairman of the Board, Pepsico, Inc.
Joseph Sisco — former Undersecretary of State; President, American University
Helmut Sonnenfeldt — former State Department counselor
John Wilson — Senior Vice President and Chief Economist, Chase Manhattan Bank
Herbert York — Director of Program in Science, Technology, and Public Affairs, University of California, San Diego