issue heavy fines or jail sentences against bank officers found guilty of bank laws, and to issue cease and desist orders to banks to prevent them from making loans that the FBC considers unsound, no matter what their purpose.

The authority to monitor loans virtually hands the FBC the power to freeze or unfreeze assets, the power to make or break banks.

By such means the Lazard forces behind Proxmire's FBC proposal intend to gain the ability to broker which way the economy is reorganized by having a tight grip over every aspect of the nation's available credit.

The targets have already been selected: the southern banking industry, notably in Texas, and the nation's savings and loan associations, which are both better off financially than the New York banks, and also strong underwriters of the economy.

"We must watch closely the practices by which banks swallow up smaller local banks; that is partly the question of the Lance scandal," one congressional banking aide said, cooking up a scandal in congressional hallways aimed at Texas banking, which recently has been on a merger spree with large banks picking up smaller banks.

"The American Bankers Association and some bankers are much too strong," Georgetown's Schotland added. Any elected official or banker who disagrees may find himself in jail.

New York Investment Houses Apply Debt Weapon To East Bloc Economies

A secret memorandum is now being circulated among NATO circles by political networks under the control of Lazard Freres and other New York-based investment houses, proposing to cut off credit to the socialist countries unless they accept concessions on arms limitations and imposition of International Monetary Fund conditions of austerity.

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To enforce the use of the debt weapon, the memo demands that the Soviet bloc be threatened with total cancellation of Western funds, equipment, and supplies for energy-related projects (such as the Eastern European gas pipeline), while Western European countries are kept in line through blackmail threats of U.S. protectionist measures against Europe's exports.

This gameplan, with its implications of trade war and disruption of foreign exchange flows, bears the fingerprints of investment houses, which as such are not concerned with the functioning of the real economy because they own no assets other than dollar-denominated paper.

The idea of using the East bloc debt — which now amounts to about $50 billion, of which 60 per cent is owed to commercial banks — as a political weapon is not new in monetarist circles. In June 1976 then-Secretary of State Henry Kissinger had proposed to the Organization for Economic Development and Cooperation (OECD) the development of a "systematic work program" on objectives and approaches to East-West trade focusing attention on the "Comecon's growing dependence on Western credit sources." Zbigniew Brzezinski, now National Security Advisor, had predicted at that time that "the U.S. government will be called upon to negotiate, to guarantee, and, to some extent, to protect the various arrangements that have been contrived even by private business," in his article "America in a Hostile World" in *Foreign Policy* of summer 1976.

What is new in the present monetary offensive against the East bloc is the broad scope of its deployment, its virulent tone, and official endorsement. It has become an issue of life or death.

Following the NATO scenario, diverse policymakers are provocatively calling for the imposition of self-destructive International Monetary Fund "discipline" (in other words, austerity) on the Comecon countries.

Senator Jacob K. Javits was particularly blunt in his Aug. 29 testimony before the Senate Committee on Banking's Subcommittee on International Finance: "We should encourage the Soviet Union and other Eastern European countries to participate actively in the operation of the international economic system by joining the World Bank, the IMF, and other financial institutions . . . . Whether the socialist leadership of the Eastern countries likes it or not, those countries are part of the system and we must ensure that they accept their share of the responsibility for its operation . . . . The private enterprise system of the developed world simply must be brought into the picture in a massive way."

Echoing Javits, Richard Portes, a London-based think-tanker who is currently a visiting professor at Harvard University, writes in the July 1977 issue of *Foreign Affairs*: "Policy planners must consider the implications of relating international agencies like the IMF to the broader economic and political problems of East-West interaction."

Coordination

To pave the way for such an IMF intervention, Lazard and related forces expect first to "coordinate" the available information and lending policies of the Western nations — i.e., bring into line the Western European countries otherwise willing to expand their cooperation with Comecon. The Bank for International Settlements

(BIS) has begun to work through central banks in major countries to get their commercial banks to give a maturity breakdown of positions with Eastern Europe. The Berne Union (International Union of Credit and Investment Insurers) has also just begun to seek information on maturity structures from its members, as has the OECD Export Credit Group.

This takeover of the lending policies of all Western countries by supranational institutions through the codewords of "information gathering and sharing" is seen by the Lazard forces as a first step. The second would be to require information directly from East European borrowers themselves, under the rubric of "Basket Two" of the Helsinki Agreement. Writes Richard Portes: "Would lenders not be far better off if they were to require this information from East European borrowers themselves? This ought to be enforceable by agreement among the major Euromarket banks (possibly under instructions from their regulatory authorities, guided by the BIS) and the Berne Union members. It is not punitive or discriminatory, since it would be demanding no more than any LDC (less developed country) gives to the World Bank-IMF. 'Basket Two' of the Helsinki Agreement stipulates freer flows of economic and commercial information, and that is just the sort of thing that socialist planners ought to expect capitalist lenders to want to know." This cynical statement is self-revealing: the purpose of the Lazard-NATO operation is to reduce the independent East bloc countries to the status of IMF-controlled Third World territories. "Economic and commercial information" is to be used as a weapon equivalent to "human rights."

To justify that strategy, the Wall Street-based banking institutions stress that the East bloc countries' year-end net debt ratio to hard currency exports is presently no better than that of the most indebted Third World states. For example, at the end of 1976, the ratios were 340 per cent for Bulgaria, 270 per cent for Poland, 230 per cent for East Germany, and 200 per cent for Hungary, figures comparable to those of Argentina, Brazil, Peru, and Chile. Richard Barnet, one of the directors of the Institute for Policy Studies — the Lazard forces' base for terrorist operations and penetration of East bloc countries — bluntly commented, "Poland is like Zaire."

Although such a statement is entirely wrong in terms of real production (the East bloc countries still have the highest rates of growth and better rates of investment than all Western countries except Japan), it is somewhat correct in terms of financial relations as dictated by the dollar system. If the socialist countries continue to accept the rule of the dollar system, the payment of their debt will become an unbearable burden by 1980; it is already impairing their conditions of economic growth.

For example, even the Soviet Union is reducing its equipment imports from Western countries in 1977. Soviet imports from the West only reached $3.38 billion for the second quarter of 1977, as against $4.08 billion for the second quarter of 1976.

Countries like Poland now have problems in getting additional medium-term credits on the Euromarkets, where the U.S.-based international banks want more "economic and financial data." To repay part of their debts, Poland, the Soviet Union, and a number of other East bloc countries have been relying heavily on short-term bank credit — a very dangerous trend.

Worse, the conditions of a $350 million loan worked out by the London subsidiary of Chase Manhattan for the development of the Polish copper industry are said to be unprecedently rigorous. According to the Aug. 31 *London Financial Times*, "Poland is to make significant concessions to Western banking practice as part of the terms of the loan." First, Poland will reportedly agree to concede more information on the project, to which the loan will be directly tied on a self-liquidating basis — repayments will be made out of hard-currency proceeds from the sales of the produce of the copper mine to be developed. Second, the Polish industry has apparently agreed to what bankers call a "restricted drawdown" — it will take up the loan in parts, when it has proved to the banks that the project in which the money will be invested has reached predetermined stages. This implies annual on-site controls by teams of banking analysts, a very dangerous step toward the Lazard forces' dream: IMF missions to Warsaw, Budapest, or Sofia, prescribing stabilization plans as they now do with Peru or Turkey.

Opposition

The looting operation prepared by the New York-based investment houses is nonetheless meeting opposition in both the East bloc and Western Europe. Industrialists in France, West Germany, and Italy, together with East bloc officials, are very aware that East bloc indebtedness is not an economic problem, and believe that "repayment" should be based on East bloc exports to Western countries and triangular development projects involving Western Europe, the Comecon, and the Third World sector. The real problem is that *within the confines of the dollar system* there is and can be no capital formation and economic development in Western Europe. Therefore, the Western European countries are unable to absorb the economically much-needed new exports from the Comecon, in turn depriving the Comecon of the currency resources to pay its creditors.

The final and only solution to the dilemma is of course a new monetary system, based on credit for development only, and including both the Eastern and Western worlds. The problem of the debt would be then solved within an expanding total economic output matching and overtaking the pace of credit issuance.

This solution has been under discussion for many months by West German, French, Italian, and East bloc officials, in terms of a future gold-pegged transferable ruble. These officials are also studying the U.S. Labor Party Chairman Lyndon LaRouche's proposal for an International Development Bank based on a gold monetary unit to back hard-commodity-only credit issuance.

But the East-West negotiations to that effect are still stalled, opening the field to the counterinsurgent projects being pushed by Lazard factioneers. The common denominator of such projects is the proposal to maintain the dollar-denominated world monetary system under more or less sophisticated cosmetic covers labeled "new world monetary order." Richard Portes refers to this when he writes, "We should seek to bring the East European countries themselves as active participants into the current discussions of how the international monetary system will handle the increasing volume of debt."

This "soft" approach amounts to the final imposition of "IMF discipline without calling it by name," as mooted by Kremlinologist think tanks in Harvard and Taft Universities. The conduit used to channel this line into the East bloc itself is the traditional British-Lazard-Rothschild network in Hungary, Poland, Rumania, and so on. The groupings in this network are tied to equivalent operations in Italy, including such figures as Enrico Cuccia, Eugenio Cefis, and Giovanni Magnifico.

An article by Polish economist Zabielski in *Foreign Trade* and recent proposals emanating from a bankers' Conference organized in Lucca, Italy, by Rothschild-Lazard allies reveal this "soft" operation, which is also reflected in the "liberal" attitude of the Institute for Policy Studies concerning the debt issue. Zabielski proposes East-West joint stock banks on the basis of profit-sharing to be created in some neutral place like . . . the City of London, which "has the power to raise credits on the Euromarkets." Not a word is said by Zabielski on a new monetary unit or on investment programs; his only preoccupation is debt-payment *on the present terms* — a clear indicator of whom he is speaking for.

Cheap Traps or Profitable Trade

Up to now, the otherwise stalling conservative West European forces do not seem to have fallen into such cheap traps. At an OECD meeting in Oct. 1976 which discussed the East bloc debt, the French delegation simply denied that there was any problem, correctly implying that the exercise was part of a scheme to take some of its capital goods export markets. Similarly, the West Germans want to develop East bloc purchases whatever their debt structure, because Eastern Europe is now absorbing more than half of West Germany's exports of capital goods and provides the largest part of its overall trade surplus.

Following this positive approach, the West German Dresdener Bank has just granted a 2 billion mark credit to Poland (about $850 million) without any of the drastic conditons imposed by Chase. The "gentlemen's agreement" of June 1976, setting basic minimum terms for loans to all countries, including Eastern Europe, has already been discarded not only by France and West Germany, but also by the United Kingdom, which announced in December 1976 a major prospective deal with Poland offering "very favorable financial terms" in a framework avoiding the guidelines.

Interestingly, most of the official export credits granted to Western Europe are from five countries: France (32.7 per cent of the total), West Germany (29.7 per cent), Italy (11 per cent), the United Kingdom (6.9 per cent), and Japan (8.4 percent). This debt, linked to the delivery of equipment and services, should be maintained within the framework of a new monetary system. By contrast, the holdings of U.S. banks are commercial obligations (directly or through the Euromarket) and most of them, being unlinked in fact to real operations and used only for debt payment, should be either frozen or written off. The purchasing power freed in the East bloc would in turn be used for mammoth imports of Western European and U.S. products, after the elimination of the Malthusian limitations of Eximbank lending and guarantee authority for Eastern Europe imposed in 1974, which has only favored the banking institutions active on the Euromarkets.

Corporate Data Exchange:

Terrorist IPS Computerizes Its Enemies List

The Corporate Data Exchange in New York is compiling a complex computerized grid of international corporate leaders and major stock holders, using funds from the terrorist-controlling Institute for Policy Studies and legal assistance from the terrorist-linked law firm of Rabinowitz, Boudin and Standard. The purpose of the grid, which is being programmed on Columbia University computers, will be to facilitate the identification of key individuals to be targetted by terrorist assassins. Maoist environmentalist gangs, so-called public interest Naderite attorneys, the SEC, the Justice Department, and allied congressional committees. These apparently disparate groups in fact operate as part of the coordinated strategy of Wall Street interests— under Rohatyn, David Rockefeller, Henry Reuss (D-Wisconsin) and Brown Brothers Harriman's Robert Roosa— to smash all resistance to their zero-growth schemes. By eliminating key enemies this faction intends to enforce austerity and labor-intensive deindustrialization on the advanced sector as a way of forcing sufficient liquidity to salvage its bankrupt fiancial institutions.

The *New York Times* provided gratuitous publicity for the Corporate Data Exchange August fourteenth under the head "Who Owns U.S. Business? Slowly the Word Comes Out."The occasion for the article was the completion of the Exchange's first major project, a 350-page analysis of ownership of the U.S. transportation industry, that identified cerain European stockholders previously unknown to the probicycle opponents of modern, energy-intensive modes of transportion. Future Exchange studies will focus on agri-business, private banks, law firms, debt securities, and various industries.

The Corporate Data Exchange was set up in 1975 by former members of the North American Congress on