

British Wreck Ponto Plan For Arab Investment, Unleash Chaos

British financial circles, under the policy direction of the New York Lazard Freres merchant bank, have undermined the plans of the late West German banker Jürgen Ponto to channel Arab funds into industrial investment. The British maneuver targets France, West Germany, and Italy, and coincides with a campaign to unsettle politics on the European continent on the part of the Roy Jenkins-Denis Healey group in Britain.

Slain by the Interpol-controlled Baader-Meinhof gang July 29, Dresdner Bank chairman Ponto was the leader of French, West German, and Italian efforts to create a European monetary system based on gold, and channel the \$40 billion annual surplus of the oil-producing countries into industrial investments. Ponto's collaborators included financiers in the U.S. Southwest.

But Ponto's murder left an opening for the Lazard crew to make another grab for Saudi funds, the "big potato" of world banking. The result is that the Saudi plan for "diversification" of their reserves into industrial investments in Europe, the United States, and the Third World, is on the skids. The main beneficiaries of Arab money are now the British, who are having the time of their speculative lives on London money markets — and a handful of American banks, who are using short-term Arab deposits to fund a drunken-sailor spree of international lending.

The Lazard-British strategy consists of two admittedly irreconcilable elements subsumed under the code words "limited growth." On one hand this crew wants to use the Saudi funds to fuel a hyperinflationary policy for the USA and Western Europe, coupled with a variety of schemes for imposing topdown fascist economic controls. On the other hand, they intend to force a sharp deflationary collapse in the Third World which will have immediate genocidal consequences. Major American and European banking institutions are now being sucked in behind this strategy despite previous cooperation with Ponto on a course for global industrial growth.

Spending Spree

In the past week, banking groups have lent \$1.4 billion to Mexico, close to \$1 billion to Brazil, and over \$1.5 billion to other major borrowers — the biggest burst of lending since the Eurodollar market began. Today's financial press alone contains announcements of \$782 million in new loans. Although virtually all the leading international banks have joined the charge, the leaders of the pack are New York's Morgan Guaranty Trust and San Francisco's Bank of America.

Meanwhile, the flow of Arab funds into Britain continues to astonish financial observers. The market for British government debt is awash with new money. London's stock market, for years the most depressed in the world, last week surpassed the heights achieved during the last record year, 1972. Inflows of foreign money have swollen the Bank of England's currency reserves from \$6 billion at the beginning of the year to \$15 billion during August. Last year the reserves were so low the country applied to the International Monetary Fund (IMF) for a loan under strict conditions.

Lazard collaborator and British Finance Minister Denis Healey will reportedly tell the IMF annual meeting at the end of September that Britain intends to become a major lending nation — after years of subsisting at the edge of bankruptcy. British banking sources expect a rush of international loans in pounds sterling — just recently the laughing-stock of major currencies — to emerge after the British monetary authorities remove controls on international lending sometime this month.

Only weeks ago, bankers would have laughed up their sleeves at the notion of the British pound returning to the world markets as a lending currency. Indeed, any objective measure of Britain's economic performance shows that sterling is fundamentally weak: inflation is still at 17.5 percent, four times the average of industrial countries, and industrial production stagnates at the level it reached seven years ago. What the Lazard group has achieved is a political coup in the Mideast, wrecking the Franco-German plans to direct the flow of petrodollars into industrial investments, and setting the world up for speculative chaos on the international markets.

Italy

Italy, the weakest of the continental European countries, has been worst hit by the British wrecking operation. In early August, Italian Prime Minister Giulio Andreotti flew to Riyadh for discussions with the Saudi Royal Family on major Saudi investments in Italy, and on the question of the future of the monetary system as a whole. Despite reported preliminary agreement on a number of joint projects, including a contract in Saudi Arabia for the Italian construction firm Condotte d'Acqua, nothing has materialized. Financial sources close to Andreotti report that Italy will get little, if any, of the Saudi money, estimating that 90 percent of the Arab surplus is still going to London and New York.

As a result, Italy is so financially pressed that it cannot provide export credits for major contracts in hand.

According to press reports, Italy may have to scrap a mammoth \$3.8 billion deal to construct industrial plants in Algeria because an export credit of that size would crowd out other vital areas of export financing, including trade with the Soviet Union and other Eastern European countries.

Italy's financial weakness has enabled Lazard allies in Italy, led by Mediobanca chairman Enrico Cuccia, to threaten Andreotti with a collapse of the Italian currency on the foreign exchange markets if he steps out of line. Italian political circles attribute the Prime Minister's recent vacillation partly to Cuccia's threat against the lira.

Bankers' War

Instead of Jürgen Ponto's attempt to achieve a smooth transition from the present monetary shambles to a gold-backed monetary system, including the oil producers and the socialist countries, the British maneuver has set up world finance for a free-for-all of gang warfare. Morgan and Bank of America, whose names appear at the head of most of the new loan announcements, have plunged into the delusion that they can put the crisis off until 1978 or 1979, by refinancing some of the most dangerous Third World debtors. Brazil and Mexico, with close to \$12 billion to repay between them this year, have suddenly received new loans at double the rate bankers expected earlier. In the first half of 1977, Brazil received a bare \$2 billion in new foreign credits; the Third World's biggest debtor will probably get \$5 billion during the second half of the year. Mexico may get up to \$8 or \$9 billion in loans, informed banking sources report, or more than double what had been expected only a month ago.

In fact, the Lazard-British group have little in common with the big American banks, and are already at each others' throats in a number of key strategic areas. Both sides agree about Chase Manhattan, the basket case of Wall Street finance, and have shut David Rockefeller's bank out of most of the new loans, Morgan and Bank of America have only one object: to shovel enough money into the Third World to put off the crisis until some point in the future.

On the contrary, Lazards' stated objectives are to use the collapse to leverage its tiny financial resources into a political coup, and gain control of the U.S. and other governments. Lazard inspired the scandals surrounding Office of Management and Budget Director Bert Lance, aimed at wiping out Administration resistance to their "regional development" program for the United States, and seizing control of the Federal Budgetary apparatus. Ultimately, Lazard wants to see a collapse of Third World lending, a senior official of the bank explained: the Third World has borrowed more than it should on the basis of high commodity prices, the official said. Now that commodity prices have collapsed, the Third World cannot go on borrowing much more, which is precisely what Lazard wants.

In fact, international lending has created "artificially high levels of development," going "beyond indigenous capabilities," writes Agency for International Development official Roger Darling in the Sept. 17 *Washington*

Post. Additional loan money, from the IMF or elsewhere "will only delay the inevitable collapse of the Third World debt pyramid," the Lazard-owned newspaper concludes.

Banking sources say that the Lazard policy is to undercut all the commercial banks, Chase Manhattan included, and use the Third World debt scramble to force Congress to accept exclusive Federal control of the banking system. Lazard's control of the Carter Administration through such agents as Walter Mondale, the bank thinks, will give them the pull to come out on top on Wall Street.

Citibank Option Fizzles

Citibank, the largest New York bank, begun tentative cooperation with the Europeans in a number of areas, especially Africa, including a deal with the French and Belgians to build up bankrupt Zaire. Early in the summer, Citibank had moved into position to become the American leg of an agreement with the Europeans to resume industrial investment on a broad scale, including the "diversification" of the big Saudi surplus. However, the caution and incompetence of the Citibank management led to major problems. Citibank's side of the Zaire deal was to raise \$250 million in new money for the bankrupt African country, enabling French and Belgian business to resume operations there. However, Citibank could not put the loan together — negotiations for the loan will drag on for additional weeks — and lost credibility both in Western Europe and inside Zaire. Authoritative Belgian sources blame the New York giant's incompetence for the recent arrest of Zaire's central banker, an ally of European interests. Since the great Zaire foulup, Citibank has retreated from its earlier leading role in world banking policy. From number one in international loan management last year, Citibank has dropped back to number nine. Instead, New York financial policy is being set according to the gross short-term perceptions of self-interest at Bank of America and Morgan Guaranty.

Economic Breakdown

Even the nominalist British financiers, however, recognize that none of these operations will bear fruit if the world economic breakdown continues. The current drop in world trade, which has already slashed prices on the commodity markets by 20 percent, will destroy the entire international debt mess if it continues. All the mutual hatred and stupidities of the rival financier factions emerge in the fight over what to do about the real world economy that their paper ultimately depends on.

Lazard agents are pushing for massive reflation of the U.S. economy, through the medium of Lazard partner Felix Rohatyn's "regional development" program. British Finance Minister Denis Healey will reportedly make this the theme of his presentation to the upcoming IMF meeting. Fabian economists like Gar Alperovitz of the Exploratory Center for Economic Alternatives are demanding a \$40 billion injection of funds into the U.S. economy. In private discussions, senior Lazard partners are pushing this view strongly.

However, the Morgan, Bank of America, and Citibank view is dead set against an inflationary policy for the U.S. and Morgan representatives in the Administration are supporting Budget Director Lance's opposition to the Lazard program. However, they have no program of their own, outside of their opposition to the Rohatyn and related economic schemes. Ironically, their ally, Federal Reserve Chairman Arthur Burns has been creating banking reserves at the rate of ten percent per year, in a desperate effort to buy time for the U.S. economy.

The most important feature of the situation is that

there is no more time to be bought. Yesterday, the Federal Reserve announced that U.S. industrial production had fallen, for the first time in seven months. Even the West German Bundesbank admitted, for the first time, that the West German economy is in crisis, in a report published last week. The net effect of the current round of British-initiated financial warfare and speculation on the grand scale is a chaotic descent into collapse.

— David Goldman

Shame On The London Times

The following statement was released on Sept. 17, 1977 by Lyndon H. LaRouche, chairman and presidential candidate of the U.S. Labor Party.

This past week, while British intelligence-coordinated terrorists attempted to destabilize the West German government, the shameless London *Times* hypocritically proposed that the German nation painfully reexamine itself to discover its national collective guilt in that same connection.

Gentlemen of the *Times*, you stand exposed in your monstrous hypocrisy. Do you imagine that we do not know which nation's intelligence services deploy the Corsican and Basque terrorists in France, or which nation's intelligence services directed the terrorist-assassination attempt on the life of the Shah's sister? RAF: to us in West Germany those initials stand interchangeably for the bombers of the Royal Air Force and the bombers of the Red Army Fraction. Granted, certain financial gentlemen from Manhattan may be behind your policies in this matter, but it is the British Official Secrets Act which cloaks the details of your special operations against the government and people of West Germany, France, and Italy.

Gentlemen of the *Times*, do the names "Wormswood prison" and MI-6" connote anything of significance to you in these terrorist matters? Then, where is your sense of honor, of shame? You instruct Germans to examine themselves; is that because what you find in yourselves is too hideous to be seen?

Cui bono? — Who benefits? — someone in West Germany asked this week. They proposed that the Soviets were behind this matter; we shall turn to that matter just below. However, who did benefit from the assassination of Jürgen Ponto? Let us compare operations being run through the manic-euphoric City of London market with the opposite policies which Jürgen Ponto was on the verge of consolidating before his death. Who benefited from Jürgen Ponto's murder? The City of London did!

Who created the RAF — both the Royal Air Force and the Red Army Fraction? Was not the Socialist Patients Collective of Heidelberg based on a project-series of the London Tavistock Institute? Why is the British occupation city of Hamburg so significant in RAF operations? Who was the British agent killed accidentally during the

early phase of the RAF terrorist operations? Your instrument murdered Ponto and your City of London benefited from the murder.

Now, let us look most closely at the Soviet taint in terrorist operations. We know that there is a Soviet taint, a certain misplaced Soviet satisfaction in the fact that certain Anglo-American intelligence factions are now doing to Italy and West Germany what was done to many of their comrades during "Splinter Factor" and the succeeding "Rollback" paramilitary operations in Eastern Europe. We are informed that the well-known Mr. Kim Philby is involved in this enterprise.

If the report of Mr. Kim Philby's role is true, and we have the information from excellent sources, this is a most intriguing angle. For, as you ought to know and as we definitely know; Mr. Philby is to this present day a *British agent*. Hence, it is not remarkable, if Mr. Philby is indeed working on the Soviet side of these operations, that Soviet policy toward West Germany should so precisely dovetail with British intelligence special operations policy.

You see, gentlemen of the London Times, we know that Mr. Kim Philby possesses one vital piece of past information which, if he were a genuine Soviet agent, he would have long ago confided to his present nominal patrons. He has many pieces of such information, including facts concerning the Communist Party USA and similar affairs; however, the specific fact to which we allude is summed up in one name: *Canaris*.

Mr. William Stevenson may write as many semi-fictional cover-story best-sellers like *A Man Called Intrepid* as his publishers will tolerate, but his efforts to attribute to the British intelligence cracking of the "enigma code" the actual role of British agent Admiral Canaris don't work. You see, we know that Canaris was a British agent from no later than the time British intelligence rescued him from Chilean internment early during World War I and that Canaris was subsequently a special protege of the Versailles Allied Control Commission, which placed Canaris in his key position within Weimar German intelligence.

Now, if Kim Philby had ever ceased to be a British agent at bottom, he would have spilled to the Soviets the full story concerning Canaris and some related matters. This would have aided the Soviets in finally comprehend-