November 4-10: A team of central bank experts working under the direction of the Switzerland-based Bank for International Settlements (BIS) prepares a plan to sharply curtail international lending by private banks. According to the *Financial Times*, the plan will force the banks to lend only a specified percentage of their total capital to any given country. Banking sources report that the BIS plan has in fact already gone into effect, that Euromarket funds have dried up for all but the most "creditworthy" Third World countries, even these are being compelled to accept harsher terms. The credit rationing is under the central control of Alexandre de Lamfalussy, the BIS economist who is also associated with the Rothschild-linked Banque Bruxelles Lambert and U.S. Comptroller of the Currency Robert Heymann. Both the BIS and the Comptroller's office run a top-secret, computerized monitoring system of individual banks' activity, which permits them to apply heavy pressure to those banks which persist in lending. FEMA also has access to this data.

November 14: The Carter administration announces that it has frozen all Iranian government assets held in the U.S. and in U.S. bank foreign branches, ostensibly in retaliation to an Iranian threat to transfer those assets to non-American banks.

November 15: The Bank of England announces an increase in its Minimum Lending Rate (equivalent to our discount rate) by three percentage points to an all-time high of 17 percent, an overt act of financial warfare against the dollar. The pound jumps from $2.1150 to $2.18 within two days, while Italy's *Il Giornale* editorializes: "International markets have already chosen the currency to replace the dollar: the pound sterling."

November 21: U.S. Treasury Secretary G. W. Miller embarks on a six-day visit to Saudi Arabia, Kuwait, and the United Arab Emirates. Miller informs the press that he is seeking OPEC support for "SDR substitution," a plan which would eliminate the dollar's reserve role by compelling all governments to turn their dollars in to the IMF in exchange for the IMF's paper IOUs.

November 22: Chase Manhattan and other U.S. banks declare Iran in default on a $500 million Chase-managed syndicated loan, despite Iran's Nov. 5 request for payment.

November 23: Iranian Foreign Minister Bani-Sadr announces that Iran will default on all of its foreign debt, totalling $15 billion, and use the funds to finance worldwide Islamic "revolution."

November 28: Morgan Guaranty moves to attach Iran's assets in two of West Germany's largest industrial firms, Krupp and Deutsche Babcock.

What is the meaning of

Abolhassan Bani-Sadr's Nov. 28 fall from Iran's foreign ministry leaves in doubt whether his announcement of a unilateral debt moratorium on between $10 and $15 billion of Iranian debt will be enacted. Most banking commentators entirely missed the point, however, by centering attention on the Iranian events. Bani-Sadr's apparently out-of-the-blue announcement was not an Iranian matter. It was the first public announcement of a Club of Rome plan to "de-link" the developing sector, in a wide-scale repetition of the Pol Pot solution for "excess population."

The Club of Rome plan to "de-link" developing sector nations from international trade is now the subject of a quiet but intense promotional scheme, centered at the United Nations' Institute for Training and Research (UNITAR), under the direction of Club of Rome operative Ervin Laszlo. Nominally an employee of the UNITAR agency, Laszlo reports directly to his principal funding source, Club of Rome President Aurelio Peccei.

Laszlo, in discussions with Third World leaders, is urging them to declare unilateral debt moratoria of the sort Bani-Sadr proposed as the first step to "total independence" of the developing sector from world trade. The shock effect of these debt moratoria, which Laszlo admits would enforce a shutdown of all imports from the industrial sector, would impel the developing sector nations toward de-urbanization and depopulation.

According to sources close to Laszlo, the Club of Rome spokesman envisions the debt moratoria plan as a form of implementation of the Sorbonne doctoral thesis of the former President of the regime of deposed Cambodia butcher Pol Pot.

A trial balloon

Bani-Sadr's abortive declaration was a trial balloon for broader use of the Club of Rome plan. The former Iranian foreign and economics minister was trained through British intelligence installations at the Sorbonne in Paris. Bani-Sadr—who graduated in the same class as his co-thinker Khieu Samphen—came under the direction of Club of Rome leader Maurice Guernier. Guernier is the funding conduit between Peccei's Club of Rome and UNITAR's Ervin Laszlo.

As the *Executive Intelligence Review* has shown elsewhere, the Iran crisis was pre-rigged to break up

Bani-Sadr's debt cancellation

European efforts to form a new world monetary system oriented toward world development. The Iran crisis is aimed at replacing the dollar reserve system with a London-centered "multi-currency reserve" pool led by a "petro-pound" sterling. The threatened debt cancellation, portrayed in financial press accounts as a sideline of the crisis, is actually the clearest statement of the economic content of the Iran affair.

British financial commentators frankly laud the prospect of Iranian default as a test run, permitting the City to evaluate commercial banking and government reactions. "The default was a blessing in disguise," wrote the London *Guardian*'s Hamish McRae Nov. 26. "It produced the greatest emotional impact with the least damage," because Iran's outstanding debts are almost covered by deposits in foreign banks.

U.S. Treasury officials treated the "blessing" in exactly that way. In the most extreme action taken by any monetary authority in the postwar period, the Treasury prepared a "pool" of Iranian deposits frozen by American banks under the Nov. 15 order.

Treasury sources confirm that the pool of funds will be used to redeem Iranian loans that the commercial banks have declared in default, in cases where banks have insufficient deposits to cover such loans. For example, while Chase Manhattan had Iranian deposits of $500 million against only $340 million in loans to cover, First Boston, Security Pacific, Chemical Bank, and Wells Fargo had loans in excess of deposits. The Treasury will use frozen assets to pay off the deficit banks.

EIR reported last week that the Treasury's emergency apparatus, in an on-line hookup with the Federal Emergency Management Agency, had prepared a system of financial controls that could apply to all developing countries, not only jittery OPEC depositors. *EIR* revealed exclusively that the Treasury's team, under the direction of Executive Secretary for National Security Affairs Randall Kau, was receiving classified material on flow of banking funds, through National Security Agency "taps" into the major international electronic funds clearing systems.

Where the British and American monetary authorities are concerned, such unilateral defaults would merely trigger a general takeover of developing nations' assets in the advanced sector (if the Treasury stops to consider the legal status of such action, it could activate the Foreign Sovereign Immunities Act of 1976, according to Treasury General Counsel Santos). The commercial banks have already received assurances that the monetary authorities will distribute these assets to banks—as in the case of the Iran deposit pool—to soften the massive write-offs required.

Mexico's role

However, as the Club of Rome learned when its original 1969 "Limits to Growth" program met rejection from the international community, writing off the developing sector involves huge political obstacles. The Third World has the option, presented Nov. 27 by French President Valery Giscard d'Estaing, of participating in a new world monetary system based on development. Mexican President José López Portillo has been a frequent proponent of a new world order based on capital-intensive development, and has acted as a spokesman for the Third World generally at the United Nations and other international forums.

Consequently, the Club of Rome's chief objective is to undermine Mexico's role, promoting its canned variety of Third World radicalism instead. Club of Rome agent-handler Laszlo is re-grouping the entire UNITAR apparatus at the Mexico City-based Echeverria Institute, as a base of operations for Latin America. (See *EIR* No. 46, Nov. 26-Dec. 3 for Contributing Editor Criton Zoakos's expose of Laszlo's network of Jesuit collaborators in Latin America).

Laszlo's plan, outlined in the book *Goals for Mankind* he authored for the Club of Rome in 1977, is identical to that of Pol Pot and Bani-Sadr. The U.N. official wrote, "Urbanization ... creates problems that are essentially insoluble ... Our goals should be to foster development of the rural zones and to create agro-industrial complexes that are self-sufficient and far from the main urban centers. ... In a more distant future, we can even achieve a moderate reverse migration." Pol Pot successfully brought this about in Cambodia, killing half that nation's population in the process.

Giscard warned in his televised address that if the problem of development were not solved, there will be many more Irans. Bani-Sadr's masters are putting the apparatus in place to create them.

—*David Goldman*