power say they are prepared to shoot down the first sterling Eurobonds that come over the English Channel.

The extent to which the London operation is viewed by its operators as a grand swindle becomes clear, once the "reflation" approach is understood as a financial market, not a real production output, consideration. One senior World Bank official put it this way: "The Healey reflation package won't fly. It's a fraud. The real problem is not that we don't have full employment, not even that we don't know how to get full employment. The problem is that we haven't yet learned to live without full employment, and that's what we are going to have to do."

On The Agenda For Third World: Rural Development, No Debt Relief

In a prominently featured op-ed in the Sept. 17 *Washington Post,* Foreign Service officer and Agency for International Development (AID) official Roger Darling announced the Rockefeller-Lazard Freres policy for the developing sector: genocide.

"There is actually no basis for 'debt relief' in the Third World, Darling asserted in an attack on the International Monetary Fund's "Witteveen Facility," designed, Darling enlightens us, "to forestall the inevitable collapse of the Third World debt pyramid." Poor nations "are already living far beyond indigenous capacities and are being maintained at an artificial development level by external aid flows."

Citing New York City's Big-MAC austerity regime, designed and implemented by Lazard's Felix Rohatyn as the appropriate model, Darling demanded that Third World countries not only "sacrifice" to pay off current debts, but that they henceforth be "allowed" to develop "only commensurate with their indigenous abilities."

Darling's State Department-AID manifesto is spelled out for implementation in the 1977 Annual Report on the World Bank, the International Monetary Fund's "development" arm. The report celebrates the Bank's "reorientation" to exclusive support of small-scale, labor intensive subsistence and cash-crop farming together with labor-intensive and raw materials-intensive "small-scale enterprises" in the Third World, and officially promises more of the same for the years ahead. "Rural development" is the operative public relations buzz-word for this policy.

In interviews this week, "Rural Development Uber Alles" World Bank officials expounded on the prospects for their looting scheme. "Rural development uber alles," World Bank Program and Budget Director John Adler exclaimed to NSIPS, confiding his calculation that the ongoing collapse of the IMF's credibility will leave the equally bankrupt World Bank awash in funds and political leverage. "Bankers have nineteenth-century minds," Adler said, "They want to invest in an asset that you can put a mortgage on. Rural development is an intangible. So, if these people in Washington say you can't keep up the lending because it endangers the banks, then the money's got to go through the World Bank, which is all the more for us!"

Banking on this scenario, World Bank President Robert McNamara will demand a $30-40 billion capital increase for the floundering institution at next week's IMF annual meeting in Washington. To sell this gambit to corner the market in genocidal international loan-sharking, McNamara's Annual Report is replete with euphoria over the stupendous "improvements" in Third World debt situation, and additional baseless hype concerning the international lending bubble.

In fact, World Bank lending during 1976 dropped in real terms, a drop attributed elsewhere in the Report to the exhaustion of funds. The Bank's International development Agency (IDA) ran out of cash in June. On Friday of last week the U.S. contribution to the World Bank-IDA was defeated for the empteenth time in the House, and the IDA is reportedly scrounging around for "bridge financing" in West Germany and Japan. Both countries are known to be less than enamored of the Bank's anti-industrial turn, however, and European press sources report that West German-led forces are running fire against McNamara from within the World Bank itself.

Washington sources indicate that to finally get the U.S. contribution through, the Treasury will bow to the "human rights" veto — which McNamara has previously said would make U.S. money unacceptable to the Bank. The State Department, says Treasury, will have to draw up "human rights" guidelines on a country-by-country basis, and concludes that it is questionable whether the Bank will be able to lend the money to anybody. Prospects for McNamara's multi-billion dollar capital increase are nil in the view of the Treasury spokesmen.

It is perhaps in light of such difficulties, that certain Lower Manhattan investment banks closely allied with the World Bank-IMF are now proposing to "reorient" the IMF itself to short-term lending for "semi-capital intensive" agricultural projects, "redirecting" revenues away from high-energy, capital intensive efforts.

A "Bankrupt Mythology"

What the World Bank will do with any funds it does manage to get hold of is detailed in the Annual Report, which publically concurs with Roger Darling's conclusion that Third World Development is a "bankrupt mythology."

"Notably," states the Bank, "the Bank has found that the benefits of growth cannot be assumed to 'trickle down' automatically" — the summary rationale of the

Bank's embrace of "rural development" and its simultaneous abandonment or "reorientation" of development projects in the "traditional" sectors, a euphemism for capital-intensive industrialization programs.

In jargon that belies the pen of cost-accounting specialist McNamara himself, the Report ridicules "some" Third World governments which "have adopted technologies that are more capital-intensive than are appropriate to their factor endowments." These governments are presumably among the many countries "who felt that only through rapid growth could they begin to close the economic gap between them and the industrialized world!"

The World Bank entertains no such "myths," and, as its Annual Report insists, will continue to demand of Third World governments that any policies and other measures that encourage "inappropriate" capital-intensity "be corrected."

The Bank explicitly premises the future success of its "reorientation" on the "policy improvements and adjustments" engendered in the developing sector in the wake of "the recent economic shocks" — the monetary crisis, oil hoax hyperinflation, and advanced-sector industrial and trade collapse that prompted the IMF to enforce import austerity and other debt-collection measures that have crushed the Third World economies. Since McNamara premiered the Bank's no-growth "rural development" perspective in 1973, the Report boasts, the proportion of Bank funds devoted to reinforcing the IMF wrecking operation (and thus diverted from industrialization and other forms of "traditional" development) have jumped from 53 to 61 percent.

Lest there be any doubt of the Bank's "new style" policy, the Report emphasizes its stepped-up commitment to including population control schemes as a mandatory feature of all of its projects and announces a special new concentration on "sociological and anthropological assessments" to gain "greater understanding" of the "social and cultural constraints affecting the rural poor."

Where The Fight For Arab Money Stands

West German banks revived the Jürgen Ponto plan for a German-controlled Luxemburg gold market to attract Arab funds into a new gold-backed monetary system. But as of this writing the vast majority of the OPEC funds are reliably reported to still be deployed in "privately placed" unpublicized debt rollovers or in Eurodollar market deposits and U.S. Treasury debt, as has been true since the 1973 October War. Arab, especially Saudi, terror of Wall Street threats of a Mideast war, coupled with indecision in Europe's coordination for a new monetary system, have thus far preserved the status quo.

During a New York stopover this week, Richard Hambros, a senior partner in the core City of London Hambros merchant bank, spelled out the pitiful but authoritative truth about the OPEC funds' placement so far. Earlier this year, most petrodollar funds specialists among money market analysts, including even a furious Chase Manhattan Mideast Advisory Service, were reporting that the Saudis, Kuwaitis, Iranians, and other OPEC nations were determined to move their funds out of bank deposits and U.S. Treasury debt and into long-term productive investment in U.S. and European corporate equity and energy development projects. Prominently mentioned were the Shah of Iran's intent to invest in French and West German fusion energy research and fission-related engineering companies such as Siemens, and Kuwaiti examination of a multi-billion-dollar joint venture with the West German government and several West German firms for energy development projects in the Soviet Union.

Nothing ever materialized: the Arabs are "too terrified of the political implications of equity investment and European political instability," Richard Hambros states.Instead, he says, the estimated $40 billion of OPEC's invisible monetary surplus has been and will be deployed as follows in 1977:

$5 billion	Already paid in direct, "gift" bailouts of desperate Third World countries which could never borrow on the capital markets, bankrupt Egypt being one prominent beneficiary of this operation.
$5-7 billion	Placed in dollar deposits in British and New York banks, and earmarked specifically for these banks to relend to Brazil and Mexico themselves, which had combined principal and interest payments due of close to $15 billion this year. Due to the collapse of commodity prices, this debt could not possibly have been rolled over without the aid of the Arab funds.
$5 billion	Placed in Arab purchases of the Eurobond debt issues of European government agencies such as the British Coal Board. This amounts to Arab financing of European governments' domestic budget deficits.
$20 billion	Placed in short-term Eurodollar bank deposits and U.S. Treasury bills.
- $2 billion	Placed in capital investments internationally through investments in the stock markets.