

Hambros expects the trend to continue through 1978.

In short, Italian Prime Minister Andreotti's recent trip to Saudi Arabia and other efforts by German and French leaders to channel the funds into world development have not born fruit.

The West German banking community, however, seems to have regrouped this week after the murder of Jürgen Ponto, leader of European moves for a gold-backed transferable ruble monetary system in cooperation with Comecon and the Arabs. The authoritative *Mideast Memo* magazine reports that the government of Kuwait, angered at the way its present, predominantly British monetary advisors inflated with speculative loans and offshore bubble currency financing, has decided upon a thorough monetary reform. The leading edge will be bringing a new monetary team into the Kuwaiti government, "including advisors from a European country with a sound currency and strict foreign investment regulations," *Memo* states. Kuwaiti sources confirm this means West German banking guidance.

Furthermore, after a major management shake-up at the West German, state-owned oil company Veba-Gelsenberg this week, Veba officials are privately reporting that the new head of international operations, Herr Oschmann, the director of Veba's exploration subsidiary Deminex, has long intended to move Veba into the Rockefeller stronghold of Saudi Arabia. Oschmann is now in Algeria with West German Economics Minister Friderichs, negotiating West German participation in the planned sub-Mediterranean pipeline from Italy to Algiers to be built by ENI, the Italian state oil company, and other deals.

At the same time, the South African paper *Rand Daily Mail* renewed reports this week of a West German plan to open a new gold market in Luxemburg to attract Arab

funds. The *Frankfurter Allgemeine Zeitung* reported the Luxemburg idea some weeks ago. South African sources said at the time that since the Lazard Freres-run scandal against Crédit Suisse, after which a Lazard man ended up a director of Crédit Suisse, the U.S. and British Treasuries have taken the opportunity to demand their Swiss banks reveal the owners of their numerous numbered accounts, many of which are Arab. Some of these numbered accounts contain Comecon transferable ruble balances which Union Bank of Switzerland, in particular, is building up for Arab clients for use in international trade under arrangements worked out by Ponto before his death. The U.S. and British pressure was driving Arab funds from the Zürich gold market, so the West Germans resolved to set up a German-controlled gold market in Luxemburg. This week's *Rand Daily Mail* states that in fact, at the encouragement of the Dresdner Bank, Deutsche Bank and Commerzbank, the "Big Three" West German banks, the government of Luxemburg is writing up tax and other legislation to make the Luxemburg gold market a reality.

Simultaneously, reports from Johannesburg indicate that South Africa, now fighting the same sort of Anglo-American pressure, is preparing to participate in the new world arrangements. The *Financial Mail*, the "Business Week" of Africa, reports that South African Economics Minister Reusch last week called the nation's business leaders together and told them that, in the face of threats of an oil embargo from U.S. Secretary of State Vance and British Foreign Secretary Owen, South Africa is planning a thorough revamping of its international gold market strategy. He did not elaborate, but it is clear that the current 30 to 40 percent of South African gold production which is now being marketed via London may soon no longer find its way to N.M. Rothschilds and Sons, and could turn up at the Luxemburg office of the Dresdner Bank.

## IMF Bailout Prepares Monetary Disaster

*The following statement was issued on Sept. 20 by Lyndon H. LaRouche, Jr., U.S. Labor Party Chairman.*

Only terrorism-accented fear and hysterical fear of Third World debt moratoria accounts for the crass stupidity of European and other governments in the recent turnabout decision in favor of grossly inflationary IMF bailout proposals. Even granted the miseducation in economics and monetary theory which predominates in the financial community, the proposed IMF bailout is so thoroughly incompetent that even the most vulgar monetarist doctrines could not pretend to justify it.

The fundamentals which bankers and others would consider, if the terrorism and hysteria had not confused their judgment, are as follows:

1. It is the ABC of lending that the debtor ought to be able to pay the debt with approximately the schedule of

debt service payments proposed. The measures of austerity which are collapsing world trade, production and capital-formation rates mean that the gross tangible product-income of the affected nations is being forcibly contracted while the mass of debt, already non-performing in aggregate, is being increased.

2. In short, the current IMF and alternative bailout proposals are nothing but an effort to refinance a bookkeeping bubble through measures which collapse production levels. This is a sure formula for pushing the world into a hyperinflationary explosion along lines of the Weimar model.

3. In short, the current IMF and alternative bailout proposals are the direct cause for a deepening world depression. It is not a question of whether or when the depression will come: the depression is already here. What is at issue is whether and when this depression will lead into an inflationary-austerity form of general monetary collapse, general monetary chaos.

It is much worse. Among the bankers and others with whom I have discussed the present IMF bailout policies, since this decision was adopted among those circles last Spring, there is a clear recognition that the proposed austerity measures tagged to refinancing will have a genocidal effect on much of the Third World, through below-biological-existence levels of nutrition and labor-intensive depletion of bodies among marginal sections of populations. In general, some of those bankers are consciously committed to massive genocide, which they regard as morally preferable to financial reorganization of a bankrupt monetary system. Other bankers are morally horrified by these known genocidal implications, but regard themselves as too weak a force to buck the power of the London, Swiss and New York bankers pushing the genocide policy against the Third World.

In general, the London and other bankers responsible for the genocidal bailout policies are confident that they have neutralized the developing-sector resistance. Through corruption of certain Third World governments and intimidation or destabilization of others, the London bankers are confident that no effective resistance will be mounted from the Third World generally. They consider the last bastion of resistance to a fascist world economic order under the IMF-World Bank as being the pro-nuclear energy forces in the advanced sector. Against those OECD opponents of fascism, such as the pronuclear-energy forces in France

and West Germany, the London bankers and their allies have launched terrorism and other tactics of attempted destabilization, including the murder of Jürgen Ponto.

The London bankers, who are at this moment the spearhead of the drive for a world fascist economic order, are in a state of manic euphoria, confident that they have the dominant factions of Saudi Arabia in their pockets, and can control \$42 billions of Saudi annual oil-revenue margins to restore City of London control of world finance.

The scheme is sheer idiocy. A gang of foolish London bankers allied with Lazard Freres interests, squatting on the economically ruined United Kingdom, imagine that with the complicity of a tiny faction squatting on a Saudi population of less than twenty million persons, believe that with such tiny—and intrinsically vulnerable—forces, they can dictate a fascist world economic order onto the backs of two billion people. In particular, they are lunatic fools if they imagine that the United States will ever permit them to perpetuate such a vulnerably-situated monetary dictatorship.

As a last resort, if other forces in the world are made sufficiently desperate, straightforward military means will be used to put such an obscenity out of its misery.

In the meantime, the mixture of lunacy and cowardice among financiers and government circles is pushing the world to the brink of Hell.