German bankers bow to the IMF

The proceedings of the recent West German national Banking Conference, held March 26-28, reveal that Lazard Freres International and allied "Hofjuden" (court Jew) banker friends in Europe are in the midst of a full-scale power play to seize controlling influence over West Germany's huge private banking system.

Lazard and its friends are coordinating this push in behalf of the British monarchy, to aid Britain's drive to wreck the newly constituted European Monetary System. The Lazard-led clique which is conducting this campaign for the British are the descendants of the same continental European investment banking crew which created and nurtured Adolf Hitler's rise to power and gave Hitler the go-ahead to launch World War II.

Lazard and company are *not* attempting to accomplish the present coup underway in West Germany through a lengthy process of bank "takeovers," such as has been occurring in the U.S. through a veritable "British bank invasion" of depressed U.S. banking stock shares.

In West Germany, the Lazard coup is being conducted as a confrontation over proposed policies for the banking system.

The March Banking Conference proceedings demonstrate that Lazard has proposed to the major West German banks that they drop their support of the EMS; cease their efforts to salvage a number of Third World countries through EMS-backed international loans; and instead, hook up with the latest program of the British-controlled International Monetary Fund (IMF) for raw materials looting in the Third World and energy conservation in the advanced sector.

From the standpoint of the historical and political outlook of West Germany's leading bankers, the March conference can best be described as a major defeat for the policies to which Jürgen Ponto, the former head of the Dresdner Bank, devoted his efforts until he was murdered by the Baader-Meinhof terrorist gang in July 1977.

Ponto is most noted for his efforts to pull massive European investment into an African alliance for peace and development, which he proposed could be successfully carried out by collaboration between the governments of South Africa, Algeria, and French-influenced West Africa. Ponto's African Grand Design efforts made an indispensable contribution to the decision reached by Chancellor Schmidt and French President Giscard a year after his death to found the EMS.

The question which now needs answering is *why* have West Germany's leading bankers apparently agreed to dump Ponto's legacy, which aggressive implementation of the EMS would have brought to fruition, and instead strike a deal with the IMF — which opposed Ponto's every move — through channels run by Lazard Freres?

"Two-level" operation

In West Germany, the British operation to wreck the EMS has been run on two "levels": there is a military side to the operation, and a banking side.

Some time ago, two well-informed sources, one in West German government circles and the other in a major bank in another European country, reported in private conversations that West German Finance Minister Matthöfer had issued a crackdown on any public attacks or policy moves which would give the appearance that the EMS was formed in opposition to the IMF and its policies of global austerity.

Both sources emphasized that Matthöfer issued the crackdown under direct pressure from U.S. NATO officials. Matthöfer was told by these NATO officials that West German attacks on the IMF would be interpreted as open offense against the NATO alliance and would be handled accordingly.

One of the individuals known to have pressured the West German government in this way is World Bank head Robert McNamara, also former head of the U.S. Department of Defense.

In the early part of March, McNamara visited Bonn and Frankfurt for highly confidential talks. While he was there, a major conference was held in Bonn on "Third World development policy" under the auspices of the Evangelical and Catholic churches. The keynote speaker at the conference was Gamani Corea, head of the Geneva headquarters of the UN Conference on Trade and Development (UNCTAD) and a protégé of Britain's colonial foreign office bureaucracy since his school days at the London School of Economics.

McNamara's visit to Bonn and Frankfurt in connection with Corea's appearance was a brazen insult to Chancellor Schmidt, who at that moment was attempting to push the EMS into its first official implementation phase with Giscard. The two officials, directly or indirectly exerted pressure whose effect was to say to Schmidt: The U.S., Britain and the IMF can live with the fact that you succeeded in creating the EMS, but if you use it to seriously develop the Third World, we will consider your government a threat to the NATO alliance.

The Cleveland hoax

Had Schmidt had the support of West Germany's leading bankers and industrialists behind him, he could have weathered the storm of a confrontation with McNamara at that time.

However, under the influence of Lazard Freres, the core leadership of West Germany's major banks had already begun to have second thoughts about backing Schmidt on immediate implementation of the EMS. Under Lazard's influence, Dresdner Bank, Deutsche Bank and Commerzbank had already executed an about-face, and were going with the line that EMS development loans to the Third World will take at least two years to reach initial implementation stage.

In the period of November-December 1978, Lazard Freres, S.G. Warburg and Blythe Eastman Dillon launched a large-scale operation to convince West German corporate and banking leaders that powerful business interests in the U.S. wanted to use the opportunity of the founding of the EMS to promote European investment and joint ventures in North America.

To add credence to their role as unofficial "mediator" between U.S. and European businessmen, Lazard's rigged a number of publicity stunts. In December 1978, Lazard's partial West German subsidiary, a small Frankfurt bank called the Dausbank, offered the city of Cleveland a deutschemark-denominated loan at low interest rates, to save Cleveland from bankruptcy.

The Dausbank offer was covered in numerous U.S. regional newspapers. As Dausbank director Phillip Lynch, a spooky and pompous fellow who maintains a residence in Shaker Heights, Ohio, reported at that time, the purpose of the loan offer was to launch the "idea" of massive German investment in the U.S., although it was expected that Cleveland, the "test case" would probably turn the loan down.

In an interview, Lynch emphasized that Lazard was aiming to use the prospect of massive U.S. investment deals to convince West German bankers to liquidate their shareholdings in West German corporate equity.

Lazard's scheme to break up the traditional, airtight corporate equity arrangements in West German banking, through which the banks have traditionally "run" industry in behalf of policies of high technology export was openly discussed during the March Banking Conference.

Lazard's new German capital market

International observers were shocked, in fact, to learn that during the conference Bundesbank director Otmar Emminger, Economics Minister Count Lamsdorff, and Dresdner Bank chairman Hans Friderichs all proposed that the banks officially "limit" their industrial shareholdings to 15 percent of total equity per company —and that not a single whimper of protest was raised against this open assault against the key financial arrangement which allowed Germany ever to become an industrial power in the first place.

In this connection, Lynch's December remarks are revealing. Lynch stated: "There are vast amounts of funds around the world. Germany stands out among all the capital markets. Frankfurt alone is headquarters of a quarter of a trillion dollars.... There are huge banks there — $30-60 billion range.... You can't judge the German capital markets from the stock market, a mistake Americans tend to make. Let us say that from an Anglo-Saxon bias, the German markets are not impressive. But look at the debt area: insurance — the largest reinsurance group in the world is Munich Re.... The structure of the German capital markets has rarely been understood by Americans."

Now, Lazard's is proposing that these funds be brought into North America and be used to finance "raw materials development" (i.e., labor-intensive looting) under IMF direction in key Third World target countries like Argentina, Chile and Peru.

In North America, in particular, the investments under discussion are strictly those proposed by a Blythe Eastman Dillion prospectus for a "North American Common Market" — a program which focuses on dismantling U.S. high technology production particularly in the energy sector in favor of pick-and-shovel investments in coal and expensive domestic oil production.

Otto von Habsburg

It is impossible to understand how Lazard et al. could succeed in duping the entire West German banking community into dropping aggressive support of the EMS without reviewing certain kinds of "dirty laundry" about international relations between bankers.

It is clear that Lazard has been able to push this operation as far as it has gone because numerous "powerful" U.S. business leaders indeed support the sort of policy which the North American Common Market represents.

For example, David Rockefeller, whose leadership is belittled elsewhere, is known to have a very good reputation and massive respect throughout West German business layers. It is also known that at least 50 percent of Exxon Corporation's Rockefeller-run leadership has opted for the incompetent North American Common Market proposal.

West German bankers who accept Rockefeller's word on what is "preferred" U.S. economic policy and business opportunities should start using their own information to evaluate Rockefeller's qualifications to set the pace for U.S. national policy decisions.

For example, it is well known to the West German leaders concerned that for no fewer than 20 years, Rockefeller has had an obsessive and pathetic adoration for Count Otto von Habsburg, the deranged Austrian citizen who was recently rejected as a West German candidate for the European Parliament because of his announced intent to resurrect the Habsburg Empire. In West Germany, Habsburg's closest associate is neo-Nazi Franz Josef Strauss, a leading opponent of the EMS.

The policies the bankers are defending

In acceding to NATO and World Bank pressure not to break with the International Monetary Fund, West Germany's bankers have traded the development-oriented policies of the murdered Jürgen Ponto for systematic looting policies which have ruined countless developing sector economies in order to line the pockets of the same Rothschild-linked financial interests which are opposing the European Monetary System in the German financial community.

A case in point is Zaire, where *Le Figaro* correspondent Jean-Marc Kalfleche revealed in the March 16 and 17 issues of that publication, the role of IMF overseer Erwin Blumenthal (a West German, and the first IMF official to take direct control over a bankrupt country's finances) is to insure that the Belgian-Rothschild Union Miniere mining corporation continues to be able to siphon off revenues from the Zairean treasury.

Kalfleche charges that "hundreds of millions of dollars (has failed) to appear in the coffers of the state," and that "Zairean and European interests — essentially Belgian, it must be said — would be significantly affected if one cut off this hemorrhage." The IMF-Union Miniere milking operation, reports Kalfleche, deprives Zaire of between $200 and $500 million a year, "the second figure appearing more reasonable than the first, according to numerous experts." The latter figure is also greater than Zaire's current or estimated future debt service for any year. Part of the loss stems from Union Miniere's monopoly on marketing of Zaire's copper, and their prepayment for copper for which they get what Kalfleche calls a "usurious" discount. Union Miniere's Zairean partners also get a cut, with which they speculate on the black market in currency in Kinshasa.

But the tragedy of bankrupt Zaire goes beyond the IMF's current milking operation. Zaire, which now labors under IMF overseer Blumenthal to curb "profligacy" and ensure that it meets its foreign debt schedule even at the cost of starvation of elements of its population, in a case of a promising economy which was ruined in the years following independence in 1960, by following economic policies designed and guaranteed by the IMF itself, for the benefit of Union Miniere and related financial interests.

In 1970, for example, the country's foreign public-sector debt was $310.6 million; by 1974 it was quadruple that, $1.3 billion, and is now around $3 billion. In 1974, however, the price of copper, Zaire's principal product, fell through the floor, leaving the nation with no means to repay.

At the same time, Zaire's formerly thriving commercial agricultural sector and its embryonic manufacturing sector have both collapsed, as has the country's infrastructure. At independence, the country had 80,000 miles of usable roads; it now has 12,000. Between settler-run plantations and smallholder farming, the country used to produce a surplus of food, but between 1970 and 1977, agricultural production increased a paltry 3 percent, for a *per capita drop* of 16 percent. In the last two years, the situation has worsened immeasurably — 1977's Gross Domestic Product declined 2 percent from 1976, and for 1978, the most optimistic expectation is that the decline may level off. Food inflation in the cities is now around 200 percent a year, with the poorest denizen's paying a month's wages for a week's supply of maize meal.

The IMF's latest "recovery" plan has compounded Zaire's difficulties. With its functionary Blumenthal in the key position in the Banque du Zaire, the IMF is trying to institute the following regimen: 30 percent of all foreign exchange receipts are to be transmitted automatically to the Banque du Zaire for deposit in an account in the Bank for International Settlements to pay back the overseas debt. Thirty-five percent may then be allocated to raw materials, spare parts, maintenance and the like; 33 percent to food and pharmaceuticals; 25 percent to services and other invisibles; 2 percent (two) to fuel both for electrical generation and transport; and 5 percent otherwise. The fuel allocation is a particularly murderous decree. Zaire's domestic food production has collapsed almost exclusively because of a lack of transport to get food to market, forcing peasants back to subsistence farming and leaving the cities dependent on imported food; the fuel allocation not only further exacerbates the domestic situation, it almost guarantees that what food is imported will not be transported to the onsumer.

— *Peter Buck*