

political economy

Bankers Declare Class War

NEW YORK, Sept. 12 (IPS) — "There must be economic war until 1985. The only thing that can prevent this is a rebellion by the working class against their decreasing share of the social product."

Behind this battle cry, issued by the Swiss bankers' daily *Neue Zuercher Zeitung*, the top layers of the capitalist class are preparing to withstand a collapse of the international credit markets — deferred from July — by launching a 1934-style assault on workers' living standards throughout the advanced sector.

Back-to-back meetings of the capitalists' leading bodies, starting with last week's Siena meeting on the "Chileanization" of Italy and Great Britain and culminating in the annual meeting of the International Monetary Fund on September 30, are slapping the Rockefeller family's discipline upon the ranks of the bourgeoisie. No hesitation, no considerations for "national interests" are to be tolerated: no banker or finance minister who strays from his battle station will endure the storms of the next weeks. Not a penny will go to back up one hundred billion dollars of speculators' money in the international market. The eighty billion dollars squeezed out of the hides of the world's workers through the oil hoax is earmarked, every penny, for building the pyramids of Rockefeller's Fourth Reich.

"The conflict of goals," writes the *Neue Zuercher Zeitung*, the pack-leader of the CIA press, "between the workers' demands for securing their future and their children's, and the demands of (the capitalist class), must quickly gain intensity."

Rockefeller's Mobilization Schedule

Member nations of the Organization of Petroleum Exporting Countries meet today in Vienna to "ratify" production cutbacks of 20 per cent already enforced at Persian Gulf pumping stations by the Rockefeller oil cartels, and to push the price of crude oil upwards by 14 per cent over and above the quadrupling of oil prices last winter.

While the CIA press creates an atmosphere of hysteria around the "new oil crisis," virtually the same group of men, Rockefeller's hitmen in central banks and finance ministries, have been closeted daily, hammering out the precise implementation of this second and more vicious round of attacks on workers' living standards.

Sept. 1 — Under the baton of Chase Manhattan's Eugene Birnbaum, braintrusters and bankers meet near

Siena to discuss the Chilean road prepared for Italy and Great Britain, as IPS revealed in an exclusive last week. In addition, the Siena affair boosts David Rockefeller's long-standing proposal to use the European Bank for International Settlements as a cover to "recycle" the Arab oil loot out of the shaky financial markets directly into Rockefeller's pyramids.

Sept. 2 — The Commission of the European Economic Community kicks off an 800 billion dollar "Regional Fund," designed to recycle workers from the "overpopulated" industrial belt into "development projects" in the backwaters of the continent.

Sept. 4 — West German finance minister Hans Apel announces a new "bank stability" program, to shovel busted banks into the jaws of the West German Reconstruction Bank — the same institution that dispensed Marshall Plan money in the 1940s for Rocky's German "economic miracle." Other Apel measures include demands for a *de facto* rollback in bank lending, and an effective cutoff of the import-export activity of smaller German banks. (At a press conference today, German Federal Bank president Karl Klasen shook his head and muttered "We have done all we can do," when an IPS reporter asked his opinion of the economic warfare demands of the *Neue Zuercher Zeitung*, British finance minister Denis Healy, and Ford economist Alan Greenspan.)

Sept. 8 — Finance ministers of the Big Five industrial countries meet secretly outside Paris. Representing the gathering, French Finance Minister Fourcade bluntly told reporters that all decisions concerning the world economy would be dictated by himself and his colleagues: Treasury Secretary William Simon of the U.S., West Germany's Apel, Denis Healy of Great Britain, and whatever Japanese representative has the temerity to leave the island. Guido Carli, Italy's Central Bank chief, also joined the meeting, presumably in a consultative capacity.

The conclusions of the meeting? Again, *Die Welt* reported, chuck the shaky markets in favor of a single recycling bank, the Bank for International Settlements.

Sept. 9 — Central Bank chiefs meet at the Bank for International Settlements to discuss... "the topics of discussion among the finance ministers," according to the official press release. Conference sources told reporters that the control of banks' operations within

their own countries and internationally was the lead topic. Apel's "strangulation corset" for banks, as it was described by a German financial daily, was the central bankers' working model.

Sept. 9 — Italian Finance Minister Colombo told a financial reporter, "Strictly national policies must be excluded, if a return to the great depression is to be avoided." Colombo referred to the upcoming meeting of the International Monetary Fund for a solution to the problem of "recycling oil dollars" (read: recycling your family). Colombo suggested that the new European "development" bank should consider investments in the impoverished Italian south!

Sept. 10 — *Neue Zuercher Zeitung* prints the call to class warfare cited above. It said, "The most probable development is a very considerable lowering of oil imports without any corresponding substitution. If this leads to grave political changes, developments are only possible if they lead to a 'Chinese' standard of living which would make oil imports as well as oil substitutions almost superfluous." Are you listening Gerald Ford, Olaf Palme, Franz-Joseph Strauss? Immediately, the *Neue Zuercher Zeitung* demands are echoed by Denis Healy, the British Finance Minister, and Alan Greenspan of Ford's junkyard of economists.

Sept. 12 — As noted, OPEC ministers meet in Vienna to give the second oil hoax a big sendoff.

Sept. 16 — Finance Ministers of the European Economic Community meet to discuss the possibility of borrowing several billion dollars from the Arabs...to finance European recycling via the Bank for International Settlements.

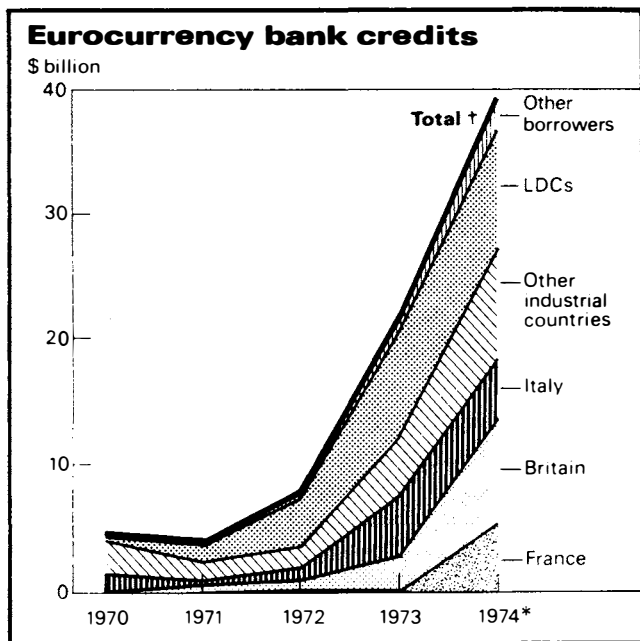
Sept. 30 — Every capitalist country will be represented at the annual meeting of the International Monetary Fund, to have the decisions of the previous round of meetings shoved down their throats by their senior partners.

This timetable excludes further conferences on the same lines staged by the American Bankers Association, Stephen Bechtel's Conference Board, and other Rockefeller covens.

Who but an idiot can object to the idea of conspiracy? This sickening daisy-chain of secret meetings doesn't deserve the term conspiracy; it is open battle maneuvers by the capitalist class with trumpets blaring,

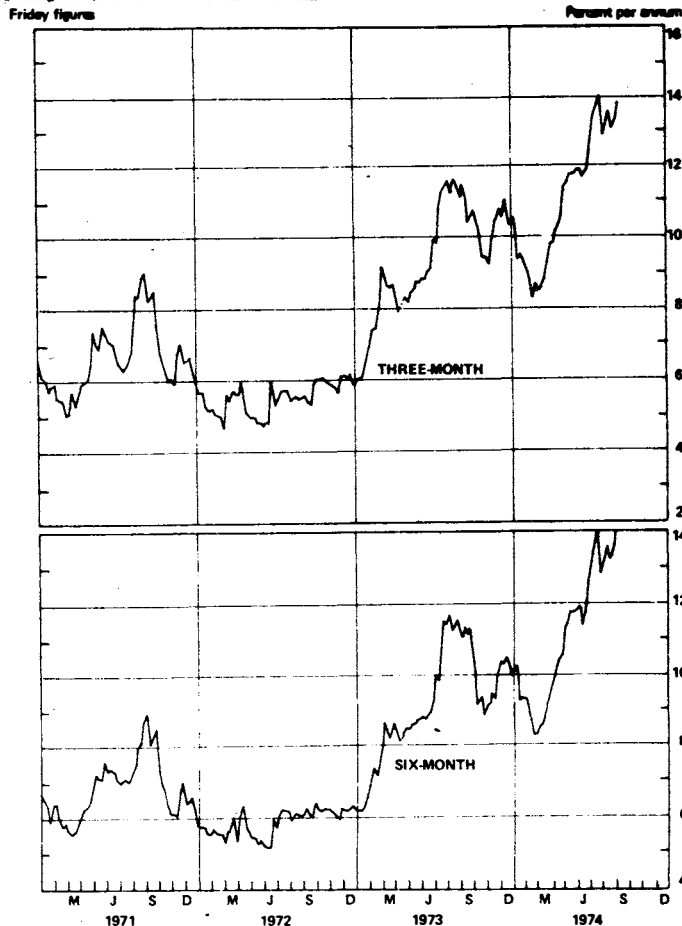
"How to Survive In..."

Leading capitalist circles are no longer discussing the possibility of a depression, but how to survive it. Entitling its September issue "Survival: The Only Game In Town," one elite financial journal writes, "For anybody involved in international finance the next year is going to be extremely unpleasant It will be simply a question of keeping head above water."



* 1st half at annual rates
† includes communist countries
Source: Morgan Guaranty

Debt-strapped capitalists fought to put off loan repayments last July by borrowing three and six-month money, pushing interest rates to an insupportable 14 per cent on the Eurodollar market. This debt comes due this month, and the market will come down with it.



Echoing the Rockefeller and Co. proposal for fascist state economy (under various covers such as the Bank for International Settlements), the rag explains: "Prizes will go to institutions that can find a niche in the state's increasing functions...the state has become about the only source of risk capital...it is surely the most sensible policy to build bridges with the one source of funds that remains — governments. They, after all, can print the stuff."

As IPS reported last issue, approximately fifty billion dollars of three month debt comes due at the end of September: the crash deferred from July. The accompanying graph shows the borrowing bulge in three and six month Eurodollars starting in July, as debtors attempted to put off repayment of long-term debt coming due [see graph 2] in the second quarter. Japan's share alone is eight billion dollars within two or three weeks; Japanese bank spokesmen today told IPS that they did not yet know whether these loans could be re-financed for another swing round.

This week, the Euromarket collapse took its first victim, the small Cosmos Bank of Zurich. Innocent of any speculation — unlike Franklin National, Herstatt, and other recent casualties — the Cosmos Bank simply could not borrow three-month money, and had to shut its doors. As the London *Financial Times* warned, every "Eurobank" relies as heavily on regular doses of short-term money as did Cosmos.

The Eurodollar market, the international lending pool of dollars and other currencies held outside their home countries, is an unstable merry-go-round of short-term debt. Half of the market is composed of money on loan for one to seven days; only one-fifth [shown in graph 2] is medium and long-term credit. In turn, these bundles of money are lent and re-lent several times over, so that the

total volume of Eurocurrency loans reached the height of four-hundred billion dollars, although the "net size" of the market, after double-counting is deducted, is less than two-hundred billion dollars.

This great mass of fluff has two rickety legs: speculation in commodities, and speculation in international currencies. In the last two weeks, both of these have been kicked away. As reported, the credit squeeze has forced commodity speculators and users to dump their inventory on the market to obtain ready cash. Japan's copper dumping has driven the price down by 25 per cent in three weeks. But apart from the debt-strapped Japanese, one trader said, "No one has any use for the stuff; copper tubing for home construction is already down by half.

The World's Last Capitalist

In turn, the collapse of commodity market prices shuts off credit to third world countries who rely on copper, zinc, iron ore, and bauxite for their foreign exchange. The huge growth of the Eurodollar market from 1970 onwards was partially founded on the boom in these countries' trading accounts with London or Zurich banks. Having expanded like an accordion, the Eurodollar market will collapse the same way.

But the Rockefeller family is not concerned with its losses on the fringes of their empire. It intends to get through the "unpleasant surprises" of the next two months, in the words of the London *Financial Times*, emerging as the world's **last capitalist**. Backed by a fascist state looting machine as a source of "development" money, the Rockefellers can "print the stuff" — create all the paper money they need — provided there is not "rebellion of the working class against a "Chinese" standard of living.