

KEY POLITICAL TEST FOR ROCKEFELLERS' FORCES  
LOOMS ON U.S. BATTLEGROUND

Jan. 1 (IPS)--The Rockefeller financier faction has painted itself into a corner on the U.S. political front. By providing last-minute financial aid to France and Italy last week in order to avoid a general detonation of European credit and a confrontation with the European communist movement, they have relocated the breaking point of the world economic crisis to the United States and the dollar sector of the world economy.

There is far too little circulating capital--petrodollar or other--to cover 1975's huge refinancing needs among the different sectors of the world capitalist economy. This is a direct consequence of the failure of Rockefeller's plans to raise the rate of their looting of working-class income through a renewed oil hoax.

A major oil price hike, projected by Rockefeller planners, was intended to be the equivalent of a new 1 per cent income tax on the working class of the advanced sector, flowing directly to Rockefeller banks through the petrodollar circuit. Apart from the medium-term consequences of delaying the Mideast war gameplan and the stalling of the slave-labor development strategy, the minute-to-minute crisis confronting the Rockefellers stems from their inability to gouge further income from the working class.

Under Threats of Total Collapse

This week, the European credit system would have gone under, except for the Shah of Iran's surprise loan of \$1 billion to Italy and \$1.2 billion to France. But the diversion of the Shah's December oil payments to Europe, away from their normal route to the U.S. banking system, produced an immediate credit squeeze in the dollar sector of world credit.

Two immediate threats compelled the Rockefellers to bail out Europe first and consider their own problems afterwards.

First, the December monthly oil bill from France and Italy, which came due Dec. 20, could have been paid by these near-bankrupt countries only at the direct expense of other imports, principally from West Germany. Whether this took the form of a breakdown of credit to importers, as foreign exchange reserves were taken up by oil imports, or the form of government-installed controls on imports, which Italy has already used, is immaterial. The short-term result would have been a shutdown of West Germany's export market, which absorbs a full quarter of her industrial output. In November, West German imports fell a full 8 per cent from the previous month as a result of other European countries' financial bind. Any further collapse of West German foreign trade, as the West German press has warned hysterically, would mean a return to 1931 levels in the heartland of European industry.

From the standpoint of the Rockefeller planners at the Tri-lateral Commission, a rough comparison of the potential fighting strength of the European communist movement and the miserable condition of their discredited European stooges Helmut Schmidt, Valery Giscard d'Estaing, and Aldo Moro was sufficient to force a decision: anything, absolutely anything must be done to buy time in Europe, rather than face the political consequences of mass unemployment.

### Bailing Out the Third World

Apart from the Shah's Christmas package for Europe, leading capitalist financial institutions diverted an undetermined amount of loan money to Third World countries on the verge of debt default. This included a \$200 million credit to South Korea from the Rockefeller-controlled First National City Bank.

But New York banks, which normally take back in deposits the entire sum of U.S. oil payments, as well as a portion of the European and Japanese bill, suffered a \$3 billion drop in corporate accounts as a result. To maintain their credit lines to Chrysler and similar depression victims, the Rockefeller banks were compelled to choke off funds going to government debt and dealers who handle government securities.

Again the Federal government, which will be short about \$35 billion in taxes during the next 12 months, could not be left in the lurch. To meet government needs, the Federal Reserve printed enough dollars to purchase government securities, raising its holdings of government debt to an all-time record.

Financing government spending through the printing press is the precise means of achieving Weimar-style inflation.

This form of buck-passing will shortly leave David Rockefeller in a position where he cannot sell his soul to the devil because he has already foreclosed on hell.

Momentarily, the result of David Rockefeller's sudden generosity is to lay the accumulated weakness of the world monetary system at the doorstep of his brother Nelson.

The new Rockefeller administration has only one task awaiting Nelson's return from Puerto Rico: to accelerate the looting of U.S. workers' incomes. Anything else leads directly to about 30 per cent unemployment or a 100 per cent annual rate of inflation.

### Process of Circulation Clogged

Contrary to the Rockefeller faction's hopes, the situation is so grave that they cannot sit back and hope something will come up. About \$300 billion worth of manufacturers' and retailers' inventories are now hopelessly clogged in the capitalist circulation process. An equal volume of short-term bank credit, in futile

anticipation of sale, keeps this avalanche suspended in midair.

To the extent that bankers apply transfusions of credit piecemeal, their muddling efforts will be overswept by a new wave of loan defaults. No sooner does a corporation set up a bank credit line than its customers default, threatening to send it under once again. It is no use bankrolling capitalist A; it is also necessary to lend money to capitalist B, who is in debt to capitalist A, and capitalist C, who owes money to capitalist B, and so on.

This problem shows up in the last week's banking figures: despite urgent credit provisions to victims of the collapse, such as a \$400 million credit line to Chrysler, the total size of the U.S. banking system decreased!

But the two options which this newspaper has previously identified have unpleasant political consequences. The first is a new adventure in the Mideast, where the Rockefellers keep turning down the heat before the pot boils over, with the objective of a new oil hoax. Will workers buy this the second time around? The second is a return to late-1960s and higher levels of military spending, making the government the biggest customer of industry. But to finance these purchases, Fang requires both wage controls and higher taxes. Will workers swallow this? At this point, both options would demonstrate to the Soviet Union that it has little to lose by giving up detente, and destroying what remains of the Rockefeller-controlled environment in international politics.

Workers' opposition to slave labor--which the capitalist class "discovered" during last fall's ground-testing hearings on the Mondale NERA bill--killed the "Project Independence" scheme for the moment, as Chase Manhattan's Energy Division admitted in an exclusive IPS interview last month.

The same opposition has sent Administration economic spokesmen into a psychotic fit--leaking one harebrained proposal after another, proposed tax cuts, tax increases, reflation, deflation, and so on, in dizzying succession. Yesterday, an Administration proposal for a \$3-a-barrel tax on imported and newly-produced crude oil found its way into the front pages of afternoon newspapers, but vanished without a trace from morning editions today. The President's Council of Economic Advisors is beating the drums for a "stimulatory" tax cut, while an Ad Hoc Citizens group composed of the Chase Board of Directors and the New York Times demands a "strong energy policy," revving up the slave-labor plans, impossible without a tax increase.

This manic search for a gimmick which will "take" has left the Rockefeller forces without a policy--and left the question of policy to the workers themselves.

Contrary to their own estimation, the Rockefeller gang has not made the working class the arbiter of policy by default. The transfer of initiative has come about by diabolical plan. Out of

the policy chaos, the success of one program will determine the next few months of economic history: the U.S. Labor Party's proposal for a debt moratorium in defense of agriculture, industry, and public services.

#### PRESS BUILDS UP IMAGE OF LAZY WORKERS

Jan. 1 (IPS)--The reactionary press has begun a campaign to blame laid-off workers for machinery breakdowns, budget deficits, and even their own layoffs. Addressing this poison to the paranoid hysteria taking hold of the middle class, the Wall Street Journal and sundry lesser sheets across the country have been calculatedly depicting workers as "working less--but working harder at appearing to be working harder." Supposedly workers desire layoffs and then defraud the public when they suffer them.

Such propaganda is a foot-in-the-door for programs to force "the laggards" to work, similar to those used in Nazi Germany. Amidst a propaganda barrage about "traitorous lazy workers who sabotage the nation's economy," German workers who could not keep up with the killing production schedules were singled out by factory kapos for shipment to labor camps.

#### The Barrage

The Wall Street Journal last week had a front-page feature on "job insecurity" with quotes from a worker (discovered by an enterprising reporter somewhere in Pennsylvania) who feels his company "screwed him" by not laying him off! "And so," they write, "with widely varying degrees of concern, many American workers are greeting the prospect of extended layoffs." The article goes on to quote Professor David Sirota from the Wharton School of Management on workers throwing sand into the machine of another, "more productive" worker.

The myth of the shirking workmen was also put into circulation in various parts of the South. Old-line anti-communist columnist Victor Reisel recently produced a column in the Birmingham News which contrasts the collapse of industry to the growth of the "phony ID-card industry," proceeding to spin a tale of all sorts of ineligible loafers fraudulently obtaining unemployment and welfare benefits through forged papers. The fantasy-ridden Reisel appropriately refers to the proffered views of Nelson Rockefeller's own welfare cops in New York State, Robert Carlson and George Berlinger, who have publicly lied that their state could balance its budget if all the fraudulent benefits were returned.

The same pattern of myth-making was established in the Charlotte Observer, which featured a Christmas editorial by Professor M. Moore of the Georgia Institute of Technology. Moore scribbled out the enlightening claim that astronomical unemployment figures throughout the textile belt were actually "distorted," because most have lost their jobs due to their own "misbehavior."