

# West Germans, Japanese Shoot Down Rockefeller Nazi Finance Scheme

WASHINGTON, D.C., June 4 (IPS) — International Monetary Fund sources confirmed today that Western European industrial nations and Japan shot down a Rockefeller-inspired proposal for an international Schachtian financial structure, based on the IMF's funny-money Special Drawing Right (SDR).

According to the sources, the British delegation, answering to NATO agent British Chancellor of the Exchequer Dennis Healey, failed today to push a plan to make the SDR an international reserve currency through the Executive Board of the International Monetary Fund, in preparation for next week's IMF meeting in Paris. Due to stiff opposition from West Germany's and Japan's delegations, the sources said, the scheme has been dropped and will not show up on the Fund's agenda next week in Paris.

The British scheme would have amended the Articles of Agreement of the IMF to permit central banks as well as commercial banks to use Special Drawing Rights as a reserve for the issue of further credit in their own national currencies. This plan, which would attempt to "solve" the liquidity crisis of the world dollar sector of credit through hyper-inflationary credit expansion, would be accompanied by full-scale militarization of the economies of Western Europe and other industrial countries. But West German financial circles, in particular, launched a barrage of opposition to the Rockefeller hyper-inflation program, and their delegates to the International Monetary Fund shoveled it under late this afternoon.

## No Policy

As of today, the Rockefeller financier faction will appear at the Paris meeting with no cards to play. The SDR scheme floated

unsuccessfully by the British this week represented a last-ditch ploy to "come up with something" in the monetary field. At last week's meeting of the Organization for Economic Cooperation and Development in Paris, David Rockefeller's closest friend on the European continent, West German Chancellor Helmut Schmidt, demanded that the United States take some action to counter the "worst economic crisis in thirty years." But West German financier-industrialists, who remember the bushel-baskets of paper money the last time monetary authorities sought to solve financial problems with the printing press, balked at Rockefeller's "solution."

While the IMF Executive Board debated the question behind closed doors this week, selected conduits like Larry Viet, chief economist of Brown Brothers Harriman, put out the line that "governments are now intensively discussing" the use of the SDR as a reserve instrument. But Yale Professor Robert Triffin, one of the key financial specialists behind the Marshall Plan during the 1940s, laid out the scenario in frank terms in an interview with IPS.

According to Triffin, the collapse of currencies, the dollar in particular, would force central banks to step in and direct trade financing themselves, since ordinary commercial banks could not guarantee payment in dollars whose value was subject to daily fluctuations of several percentage points. This, Triffin added, would compel governments and central banks to become economic dictators, along the lines that banker Robert Roosa and Leonard ("Fascism with a Human Face") Woodcock have proposed for the U.S. Sector.

"Western Europe abandoned the European Payments Union in 1958," Triffin said, "and they have

regretted it ever since." The European Payments Union was the financial agency of occupied Europe, doling out trade finance on the basis of working-class wage levels worse than those under Hitler.

According to the financier-turned-professor, the leading exponents of this arrangement would be French President Giscard — touted this week as a "world leader" by every U.S. rag from Business Week to the U.S. News and World Report — his finance minister, Fourcade, and pro-Chinese Belgian Prime Minister Leo Tindemans.

## Costly Denomination

Triffin claimed that this arrangement would come into being through the use of the Special Drawing Right as a "numeraire," or accounting device, for pricing contracts in international trade. That is, creditors in world commerce would specify payment in SDRs — calculated as the average of 16 international currencies — rather than in dollars, to protect the value of their contracts against the collapsing value of the dollar.

Already, the International Air Transport Association, the world organization of major airlines, prices tickets in international travel in Special Drawing Rights, and the newly-opened Suez Canal calculates its tolls by the same mechanism. Among a half-dozen other accounting devices, the SDR is under consideration by several members of the Organization of Petroleum Exporting Countries (OPEC) as a means of protecting their oil revenues against the drop in the dollar's value, which has already cost them more than 10 per cent of their real total earnings since last November.

But U.S. Undersecretary of State Thomas Enders, one of the American officials most hated

abroad, told IPS that the OPEC countries would "definitely" adopt the SDR as a payment calculator at their June 9 meeting in Gabon — in the same way he predicted that OPEC would "definitely" raise oil prices (see article page 1). Triffin agreed, claiming that this would force Europe back to the occupation economics of the 1940s.

A worthless dollar floating against an SDR numeraire is pure financial absurdity: no firm with payments obligations in international trade would be able to determine in advance how much it would owe when a contract came due, and no bank would be able to discount bills of exchange denominated in SDR's without protecting its own side through astronomical rates of interest. The short-term effect would be to shut down international trade, Triffin argued, unless central banks stepped in to manage trade directly.

Using the proliferation of the SDR numeraire as a "foot-in-the-door," the British proposal at the IMF this week planned to distribute SDR reserves to central banks, ordinary commercial banks, and to the Bank for International Settlements, the Basle, Switzerland-based "central bank for central banks" in Europe.

The effect of this plan would be to flood the international capital

market with a form of paper backed up by absolutely nothing, the short road to Weimar-style inflation. Currencies are normally valued by the output of the economies they represent, or, more precisely, by the rate of return in new investments in those economies. During a period of depression, the value of every currency comes into question, to the extent that outstanding debt denominated in that currency cannot be paid out of falling real output. For this reason the dollar and the British pound have taken the worst beatings during the months of currency turbulence.

As a remedy, the Rockefeller group suggests (through their British stooges) extending present dollar and related debts by pumping bank reserves full of International Monetary Fund funny-money. It is the equivalent of basing an economy on the general acceptability of bad checks. This is the precise equivalent of Hjalmar Schacht's circulation of 10 billion Reichmarks' worth of "Mefo-Bills" during the Hitler era. SDR reserves would be distributed to the central banks of regional fascist chieftains in Europe, to bankroll fascist economic ventures at home.

While the British IMF delegation floated plans to deal with the international monetary side of the process, Italian central banker

Guido Carli argued for the rebuilding of Hjalmar Schacht's Nazi financial machine in his own country as a paradigm for the rest of Europe, in the just-published 1974 Annual Report of the Bank of Italy. Carli, a specialist in NATO's anti-Soviet economic warfare operations since the 1950s, author of NATO's first claim to competence in economic policy in 1958, lived up to his fascist credentials this week with a financing scheme that followed Schacht's instructions to the letter. The Bank of Italy would issue short-term bonds which banks would be legally compelled to purchase; it would use these funds to convert the debt of industrial companies to the banking system, a pile of uncollectable paper during a period of industrial collapse, into outright ownership by a government agency. The agency would probably turn out to be the IRI, Mussolini's state industrial holding company. This financial muscle, Carli emphasized, would give a single fascist agency dictatorial say over almost all Italian economic life.

In a related maneuver, the Bank of England, the key proponent of SDR hyper-inflation, announced this week that it was preparing a new "economic forecasting model" better equipped than its present one to analyze "fast rates of increase in the money supply."