

Exclusive Interview

New York Banker Predicts Currency Crisis Next Week

July 30 (NSIPS) — In an interview today, the deputy director of foreign exchange at a major New York commercial bank predicted a general European currency crisis by early next week. Excerpts from the interview follow:

NSIPS: Was selling heavy today on the weaker European currencies and will the Bundesbank (the West German central bank) continue support?

A: The market was very queazy today. The pressure has been building up against the Belgian, the Dutch, the pound and the French franc since yesterday, although the franc was stable today. But I expect a lot of pressure on the franc by next week and a general European crisis possibly by Monday or sometime next week. The Bundesbank has been supporting them all, trying to hold the snake (the floating gold-based currency arrangement among West European nations - ed.) together They spent maybe a few hundred million deuchemarks between yesterday and today. So far the Germans are trying to keep up the support. They have elections coming up and generally don't want to upvalue, but we're betting on a realignment — it could be forced by the market. The commercial banks, the multis want to get in there and push, by September at the latest. The Bundesbank won't continue supporting these currencies that long.

NSIPS: Isn't this an attempt to kick the Europeans on the gold issue while they're down? Don't you expect some French-Swiss counterattack or reaction to the U.S.-German dumping on the political level?

A: Yes, this could be such an attempt. But we don't expect any such reaction. What can they do?

NSIPS: The French, particularly the Gaullists may well back up the Italians on a debt moratorium or default themselves in political retaliation.

A: Yes, I've heard those rumors, it's all political. Sure, we can't hit them all at once. Besides, we could be killed by carrying charges (that is, high interest rates paid to borrow money to dump when the realignment occurs, if the realignment doesn't happen - ed.) like we were last March. So we'll do it little by little, in dribs and drabs, but it's got to happen.

NSIPS Exclusive Report

Ford Republicans Clear Way For Dismantling Bermuda Triangle Conspiracy

July 31 (NSIPS) — President Gerald Ford and his "increased production without inflation" Republican base inside and outside the government have initiated significant tactical moves during the past few weeks to clear the way for an attack at the life-blood of Nelson Rockefeller's insurrectionary apparatus — the Bermuda Triangle Banking Conspiracy.

The most recent of such moves was Ford's nomination last week of a former auditor of Rockefeller-controlled Chase Manhattan and Citibank, Samuel Shirk, as his replacement for "watergated" Comptroller of the Currency James Smith. Shirk not only possesses damning evidence on the fraudulent book-keeping methods of the flagships of Rockefeller's international financial empire from his days as bank auditor for the accounting firm of Peat, Marwick and Mitchell. His appointment comes when the predominantly Republican Party-oriented national accountants' associations are on the warpath against banks with grossly bloated assets on their books. The accountants' associations say that they are merely protecting themselves from lawsuits by depositors and investors arising out of the expected failures of banks whose books accounting companies have certified.

Just prior to this, the Securities and Exchange Commission (SEC), which is headed by a pro-Ford, Nixon appointee, had proposed legislation that will give federal courts expanded powers to subpoena the "offshore" fraudulent books of Eurodollar market banks when violations of U.S. securities laws by these mainly New York-based banks are suspected. Also, the SEC forcefully pushed for adoption of new accounting techniques favorable to industry and disastrous for banks that do a lot of rolling over of credits — the New York banks. Under the new accounting techniques the banks will have to devalue their assets based on "realistic" loan collectability expectations. Chase Manhattan, Citibank, and other banks which have 75 per cent or more of their assets in uncollectable loans to Third World countries and real estate and other boondoggles would be wiped out by this criterion.

While these measures indicate the direction Ford and his industry-based supporters are headed, these forces do not plan a full-fledged, ruthless attack on the Eurodollar market swindle until after the November elections. The accountants' associations, meanwhile, are tinkering with the idea of adoption of the new accounting proposal by December. Without immediate use of these potentially lethal tools, the aforementioned measures are merely "tipoffs" for a counterattack by New York bankers and their Congressional cronies.

This is precisely what is happening. Both Rep. Benjamin Rosenthal (D-N.Y.), chairman of the House subcommittee on consumer and monetary affairs of the government operations committee, and Senate banking committee chairman William Proxmire (D-Wis.) have raised a public outcry at Shirk's nomination. Wall Street bankers have barraged the accountants' association with mail and blackmail. Citibank chairman Walter B. Wriston and Chase Manhattan chairman David Rockefeller have threatened to pull the plug on the U.S. economy. Rosenthal aides have said that his committee hearing originally planned for the watergating of Ford-Nixon appointed heads of federal regulatory agencies such as the SEC, Comptroller of the Currency, and Internal Revenue Service, would be expanded to "specific, individual culprits" who have utilized the international banks' "offshore" networks. These would no doubt include corporations and labor unions.

Popping the Bubble

As the examples of Peru, Argentina, and Mexico prove, it is the height of folly to threaten sanctions against the New York banks and leave it at that. The measures are on the table to dismantle the Rockefeller Conspiracy:

1) The SEC has proposed legislation to expand the subpoena powers of U.S. federal courts in cases involving violations of U.S. securities laws by "offshore" banks protected by "secrecy laws." Last month Chairman Hills, testifying before the Rosenthal committee, had proposed the annulment of 1975 restrictions that barred the SEC from carrying out administrative proceedings against "individual entities" that violated U.S. securities laws — much to Senator Harrison Williams' (D-N.J.) consternation. Both these bills, according to an SEC spokesman, will help puncture the wall of secrecy surrounding New York banks' Caribbean operations, a wall which Federal Reserve Board chairman Arthur Burns, Senate Banking Committee chairman Proxmire and House Banking Committee chairman Henry Reuss (D-Wis) have zealously guarded.

2) The Financial Accounting Standards Board, the national association responsible for fair accounting practices by banks and other financial corporations, is now conducting public hearings for adoption of American Institute of Certified Public Accountants and SEC-proposed "current value" or "replacement cost" accounting method instead of the old "historic value" technique.

3) SEC Chairman Hills, in a New York Times interview yesterday, blasted bank-financed "options trading" swindle that has fueled hyperinflationary speculation in commodities. Said Hills, "I'd like to get some of the horse-betting money on stocks (corporate equity capital — ed.)."