

BIS tries 'panic' blackmail to force bail-out of IMF

by Graham Lowry

Financial forces directed by the Swiss-based Bank for International Settlements (BIS) rang in the New Year by attempting a dangerous "controlled financial panic" aimed at forcing Congress and the Reagan administration to impose more extreme levels of austerity and push the United States into irreversible depression. On top of a propaganda scare launched with the "debt bomb" cover story of the Jan. 10 issue of *Time* magazine, Secretary of State George Shultz, under orders relayed through Morgan Guaranty in New York, is directing a campaign against the President and Congress, threatening that unless the U.S. government bails out the International Monetary Fund and the major commercial banks, and slashes domestic spending by another \$30 billion, a worldwide financial collapse will ensue.

Thus the same lunatics whose international economic policy has pushed the world economy to the edge of the abyss are now stepping forward to use that fact to terrorize whole nations into accepting a global austerity regime, risking a global blowout at the same time. A major target of the BIS terror campaign is the U.S. Congress, which, with an eye to its depression-wracked constituents, is in no mood to gut necessary government programs already cut to the bone.

Boosting the corruption of Congress

Time magazine adviser and Morgan Guaranty's chief economist Rimmer de Vries, who had a major hand in the "debt bomb" issue, told a journalist recently that the purpose of the cover story was to "corrupt Congress." Congress "will have to be responsible for the IMF expansion in the final analysis," de Vries said, because it "is only concerned to listen to public opinion. . . . The point is, we have our own

way of corrupting the Congress . . . corruption by the corruption of public opinion" (see *Economics*).

Such "corruption" of Congress, which de Vries boasted had already succeeded in the case of House Banking Committee chairman Fernand St. Germain, is designed to force Congress to accept a budget resolution requiring massive cuts in defense spending, the domestic budget, and entitlements, as well as increased taxes and a major boost in the authorization for the IMF. Some Banking Committee sources report that an "off-budget" bailout fund of \$30-50 billion has already been set aside for the major New York commercial banks. The regional and smaller banks will be allowed to fail, and in the crisis Congress is expected to follow BIS orders with no questions asked.

To further intimidate Congress, that bastion of foreign interests known as the Senate Foreign Relations Committee will hold three hearings over the month on the international debt crisis, "rigged," as one staffer put it, to break any congressional resistance with testimony on "what will happen if we go over the edge." To be conducted by Sen. Charles Mathias in his International Economic Policy subcommittee, the hearings, set for Jan. 10, Jan. 19, and Feb. 1, will provide a propaganda mill for a host of oligarchical policy makers, including none other than Morgan's Rimmer de Vries. Former Treasury Secretaries Henry Fowler, William Simon, Michael Blumenthal, and G. William Miller, all previous overseers of the "controlled disintegration" of the U.S. economy, are slated to testify, as is Lane Kirkland's favorite "economist," Felix Rohatyn, the Big MAC ravager of New York City who last fall defined the IMF in congressional testimony as "a global Big MAC."



Lazard Frères banker Felix Rohatyn, who destroyed New York City, now takes aim at the nation on behalf of the BIS.

Additional witnesses scheduled include Robert Hormats, late of the State Department and one of Henry Kissinger's "young boy" network, and John Heimann, the former Comptroller of the Currency.

Overseas Development Council president John Sewell, another scheduled witness, recently stressed the need to "explain to the American people how important it is to keep the present system going," while one of his cohorts emphasized to a reporter that "by putting out the word that there is a crisis out there, the White House and the Congress will be forced to deal with it." The committee will also hear from William Ogden of Chase Manhattan, the man who organized the two meetings of the so-called "Ditchley Group" of top banks.

Overcoming the populism

The "surrender or else" message that the Mathias hearings are to deliver—while the Senate and House are officially in recess awaiting the President's State of the Union address at the end of the month—will go out to an American population that BIS agents on Capitol Hill uneasily note is in a "populist" mood. In the words of one Senate Foreign Relations staffer, "The perception in Congress of the international economic situation is negative. People see profiteering American banks and anti-American Third World countries." To shift that mood to one of blind desperation opening the way for the BIS, "the hearings are rigged to get us from here to there."

Mere populist sentiment against the banks is not seen by the Shultz and Wall Street crowd as an insurmountable obstacle. A number of congressional offices that have opposed funding increases for the IMF in the past have indicated

recently that they might accept IMF demands if stricter conditions were imposed on lending to the Third World by the major New York banks. But that is precisely the policy that the Swiss and British financial oligarchs want to impose.

The Democratic congressional leadership, moreover, is signaling that at most it will simply hold up approval for the IMF increase until the administration concedes to major defense cuts and a cosmetic salvaging of some social programs, a deal worked out with the likes of Morgan Guaranty. In a recent discussion, de Vries said confidently, "Look at St. Germain. He doesn't want to look at new money for the IMF. Too bad. His public is complaining that there is all this unemployment in Detroit. So why should the U.S. government give money to bail out Brazil? He's too worried about that. So we have to make deals. That's what St. Germain was talking about two weeks ago, when he said certain things have to be done on the domestic economy. . . ."

St. Germain virtually signed such a deal with a letter to the *Washington Post* Jan. 5, bemoaning "record budget deficits, high unemployment and people literally standing in soup lines." While noting that "current IMF operations do constitute bailouts in many situations," St. Germain added that "such bailouts may serve a public purpose under certain circumstances. I have consistently supported the IMF in votes spanning 22 years on this committee."

Capitol Hill sources report that liberals and conservatives alike will also engage in another game that will not direct opposition to funding the IMF, but to which countries the IMF lends money. Members of the Black Caucus, for example, will reportedly seek riders to the IMF authorization banning any loans to South Africa, while "conservative" Rep. Jack Kemp (R-N. Y.), one of the BIS's favorite mouthpieces, will target India with a cutoff of lending.

At the same time that Congress is to undergo such misdirection and a BIS scare campaign, George Shultz, Treasury Secretary Don Regan, and Budget Director David Stockman, with backing from the Senate GOP leadership, have been threatening Reagan with the specter of financial collapse unless he makes further onerous budget reductions as the BIS and Federal Reserve chairman Paul Volcker have demanded. The pressure on the President is intense, and in his televised press conference Jan. 5, he showed the signs that he is close to capitulation on not only budgetary austerity but on bailing out the major banks at the expense of the U.S. economy and the country's

Asked what steps he was taking to deal with "any danger to the banking system" as a result of the international debt crisis, Reagan replied, "We have been taking a number of steps with regard to the International Monetary Fund that are available for bailouts and so forth. Increase the contributions to those . . . I'm inclined to believe that we're going to come through this all right." But he concluded by echoing the BIS line designed to enforce the complete subjugation of the U.S. economy, saying, "If there was widespread default, there would, of course, be some very severe financial problems."