EUROPE ON THE BRINK — ROCKEFELLER WAITING WITH NET

May 31 (IPS) — Western Europe's economy — including that of "economic miracle" country West Germany — is resting on a hair-trigger of tight credit, which could throw the continent into open depression starting at any moment.

Individually, the economies of West Germany, France, Italy and Great Britain are on the firing line, due to the cumulative effects of Rockefeller's oil hoax. Collectively, the European economy has been set up by the Rockefeller banking machine to be broken down and re-assembled, starting with the June 20 meeting of the Committee of Twenty industrial nations in Washington.

Most importantly, these Rockefeller-rigged crises are in the hands of a completely Rockefeller-controlled band of Judases in Europe. Between Callaghan in Britain, Giscard in France, Schmidt in West Germany, and Ugo La Malfa in Italy some political policy has to be devised over the next few days. Rockefeller has created a leaderless group, provided it with the controlled environment of economic collapse, and sat back to wait.

Unless controlled by their domestic left wings, the Rockefeller leadership, particularly Giscard and Schmidt, will try to politically manage the wreckage of the European Economic Community. The wreckage will soon begin to look like this:

- A wave of bankruptcies and layoffs, concentrating on the capital goods, textiles, and construction industries, in West Germany.
- The threat of national bankruptcy, held off by steel-trap import controls, in France.
- Utter devastation of the currencies and credit systems of Great Britain and Italy.

The Alternative

As IPS reported last week, David Rockefeller's worst headache is European gold holdings, worth upwards of $80 billion at the free market price. European governments can hatch a "golden snake" currency system, using their gold reserves to boost trade with the gold-rich Soviet Union, and maintain real production levels against the credit collapse.

One central theme runs through the current Rockefeller maneuvers — abort European efforts to create the "golden snake" and force the EEC governments to trade off their gold reserves for paper.

If France, Italy, and Britain see the sheriff at the door, Rocky reasons, they will take the best cash offer available. This will probably take the form of an agreement in which the Rockefeller-controlled International Monetary Fund (IMF) buys up European gold in return for its "paper gold," Special Drawing Rights (SDR's).

And Rockefeller man Helmut Schmidt, West German Chancellor, will lead the debt-strapped Europeans into the IMF trap — over the dead bodies of German workers.

Once a capitalist panic begins in earnest, all forms of capitalist paper will plummet in value against the assets of the *real economy,* including gold. The Europeans, according to Rockefeller's game plan, will be left holding a paper bag.

Wrecker Schmidt

West Germany, with over $32 billion in gold and currency reserves, cannot be brought into line by a frontal assault from the Rockefeller financier interests.

Instead, the game-plan calls for Helmut Schmidt to act as a Rockefeller *control agent,* aiding Rockefeller's effort to collapse the European economy into his banking empire.

But Schmidt, a hatchetman with no standing among the members and trade-union supporters of his own Social Democratic Party (SPD), has his hands tied — unless he can sow terror and confusion among his own base.

IPS has determined that Schmidt's version of "Operation Chaos and Confusion" involves wrecking the German economy by the quickest means possible.

Starting in February, then Finance Minister Schmidt engineered the collapse of the West German market for long-term credit (bonds) by flooding the market with government "debt certificates" (*Schuldscheine*).

By selling government paper with an 11 per cent interest rate to big banks and financial institutions, Schmidt led German capitalists to dump their holdings of industrial bonds in favor of his "debt certificates." At the time, industrial bonds paid little more than 10 per cent, compared to the government-guaranteed 11 per cent paper.

As a result, German companies raised an insignificant one and a half billion Deutschmarks on the bond market during February and March. During the same months in 1973, they had raised five times as much.

Banks' direct lending to companies, meanwhile, dropped by a full forty per cent during last year, as a result of German central bank tight-credit policies. Karl Klasen, President of the Bundesbank (Germany's Federal Reserve), is a long-time Schmidt associate.

With doors slamming on all sides, German companies, which have suffered from meagre credit lines since World War II, were left with only one source of new cash. They fiddled with their trade accounts at the big German banks, borrowing more from overseas customers than was necessary for normal financing of trade.

During 1973 German companies raised about 15 billion Deutschmarks this way, according to Bundesbank estimates.

But this back-door credit source depends on the free circulation of bills of exchange, the credit instrument used for international trade. Exporting companies must be able to discount these bills at banks, and the banks must be able to rediscount the bills at the central banks.

Starting June 1, the Bundesbank will cut the amount of this paper to be cashed in by 25 per cent — shutting the whole circulation process down.

Because German companies depend on this process for most of their credit, Schmidt's closing of re-discount facilities, called an "anti-inflation" move, is a slice at the jugular.

IPS reporters explained this bit of sabotage to the local representative of a top West German bank. Said the banker, "That's very bad. I didn't understand that before.... We are going to have a depression among banks all over the world."

In Germany, the German banking association lodged a strong protest with the government after the 25 per cent slice from the top was announced by Bundesbank officials.

Within days, a credit crunch will hit the crucial German capital goods sector, which relies heavily on this form of trade financing. IG Metall, the giant metalworkers' union and the backbone of German labor, will be shaken by layoffs.

France

France has traditionally held on to its considerable gold reserves with the tenacity of a peasant who buries a sockful of gold coins in his cabbage patch.

To shake the yellow metal out of French hands, IPS believes, the Rockefeller interests have devised a small financial earthquake.

Due to the oil hoax, France will run a balance-of-payments deficit of about $3.5 billion during 1974. To avoid selling its gold to meet the balance, the French government has borrowed more than $1.5 billion on the international dollar market.

But most of this money was put together by the three big nationalized French banks, after the dominant U.S. banking interests refused to lend to the French government. In turn, these state-owned banks borrowed the money from the Arabs, in the form of seven-to-thirty-day deposits, which could be withdrawn at any moment.

Most of this money probably reached France through the UBAF (Union of Arab and French Banks) group, in which Credit Lyonnais has a share.

In other words, the French treasury is indirectly in hock to the Arabs, who can pull their money out at any moment. The occasion for a run on the state-owned banks, which is a run on the French treasury itself, is the world financial panic which can go off at any moment during the next 60 days.

When this happens France will have two choices. The first is to close up the country tight as a clam, with a ban on imports. The second is to sell gold.

Italian Collapse

If France were beaten to its knees, the nation would resemble the Italian situation as of the last month. Italian central banker Rinaldo Ossola last week "independently" put forward the gold-for-SDR's plan, after the Rockefeller banks cut off Italy's international credit. Italy, with an economy one-tenth the size of the American economy, is now running a payments deficit at a rate of $14 billion a year.

Highly reliable sources in the international financial community have identified the shutoff of Italian credit as a political move, designed to bring the country into Rockefeller's international orbit.

Last month, Italy was the first European country to opt for trade restrictions, in a desperate effort to hold off national bankruptcy.

Rockefeller colony Great Britain, which is economically no better off than Italy, has continued to draw massive funds from Rockefeller banks.

Gold-SDR Plan

International Monetary Fund insiders this week confirmed IPS' exposure of Rockefeller's "gold for paper" swindle, adding that all negotiations between nations around "monetary reform" are now centering around the gold issue.

The plan scheduled to be shoved down European throats at the June 20 meeting will probably look like this. In return for dubious IMF Special Drawing Rights, the Europeans will hand over their 500 million ounces of monetary gold. The IMF will then use the gold as backing for a further SDR issue to underdeveloped countries in Asia, Africa, and Latin America.

This SDR handout is designed to prevent massive defaults on international loans by third world countries, who now bear a double burden of $8-$10 billion in increased oil prices, and over $8 billion in annual debt service to international banks.

Rockefeller spokesmen in the U.S. Treasury Department have pushed this SDR scheme for the last year. According to highly reliable sources, international monetary authorities are aware that large sections of the third world *will go bankrupt in the next few months* unless their debt is renegotiated.

Since Italy has reacted to the "controlled aversive environment" set up by the conspirators by fielding a Rockefeller gold-for-paper plan "independently," the entire operation can be transacted as a compromise between the "Italian plan" and the old "American plan."