

## U.S. POLITICAL NEWSLETTER

# Chicago Rebukes Wall Street As It Seaches For Policy

In his annual report to his stockholders, First National of Chicago Board Chairman A. Robert Abboud stressed that the nation's banks had better realize that an expansion of credit for production and to maintain necessary services is the only way to produce an economic recovery. In the 1930s depression, the board chairman stated, the banks had learned that a policy of foreclosures and bankruptcies destroyed jobs and crippled production. "Expansion-not liquidation," he said, "is the way to stimulate recovery" — even if it means that the banks must suffer a temporary loss of profits.

The Abboud report, issued one day after leading Wall Street debt collector and former Undersecretary of State George Ball left town after being battered by Chicago financiers and industrialists represents a major policy rebuke to Wall Street.

Ball, who is regarded in financial circles as a hatchetman, was dispatched to the Windy City by Wall Street after a previous deployment which included Senators Frank Church (D-Idaho) and William Proxmire (D-Wisc), the two leading orchestrators of the Congressional corporate and financial Watergating operations, had failed to hold Chicago in check. The fear of Harriman-Ball people, as expressed recently by representatives of their Chicago allies, the Marshall Field interests, is that industrialists and financiers will form the nucleus of a faction who will break completely from Wall Street's control. While this emerging faction has yet to come to terms with the question of debt moratoria and the need for an International Development Bank, the Abboud policy statement and subsequent deployments indicate that they are moving slowly towards such tactical initiatives. This is the message that Ball has taken back to New York with him along with a badly bruised ego.

Hatchetman Ball attempted to handle the Chicagoans as he is wont to treat the Third World — with arrogance, disdain and threats. As the featured speaker at a Chicago Council of Foreign Relations event March 1 Ball called for the implementation of Atlanticist policy — fascism and an end to détente. The Italian Communist Party (PCI) should participate in the government to carry out corporatist policy in Italy. He made no mistake about what he meant, reporting that he agreed with an "Italian friend" who told him that "If we hadn't tried fascism before in Italy, we would try it now." He went on to identify fascism as the only solution to the current economic crisis and labelled détente as being responsible for the emergence of a dangerous "Leninist" policy in Moscow.

In an obvious rebuke to Ball and the policy he represents, no one within Chicago's top circle showed up for his speech. Earlier in the day, only two of Chicago's "Top Twenty" — Stu Ball, George's brother and the self-proclaimed fascist

Alexander Haymeyer of Marshall Field showed up for an exclusive pre-meeting with the Wall Street banker.

The next day several of Chicago's elite showed up to pay the visitor from Wall Street their respects. The city's leading financiers, the chief executives of Continental Illinois, First National, Northern Trust and the Chicago Fed, however, were conspicuously absent. A spokesman for Chicago Northern later told representatives of the U.S. Labor Party that they did not really have time to waste attending Ball's speeches or meetings. "We had better things to do," he said disdainfully.

While Ball was calling for fascism and an end to détente on March 1, 250 of Chicago's leading bankers were meeting out at O'Hare airport to design a national counter-strategy to Harriman-Ball congressional lackeys' fascist banking reorganization schemes. The banking officials who skipped the Ball affair the next day were meeting with representatives of the Swiss Banking Corporation in what informed sources described as the opening foray of a Chicago-initiated move to tighten their ties with the anti-Wall Street Swiss.

Meanwhile, Chicago business layers were systematically deployed on a global scale. Brooks McCormack of International Harvester is now touring the East Bloc, while Continental Illinois chairman John Anderson is in Western Europe. Two leading officials from Sears Roebuck were in Mexico City and on a Tokyo-Moscow trip.

Wide recognition by Chicago layers that "the upswing" is nothing but a lie peddled by Wall Street is in part behind Chicago's deployment and its rebuff of Ball. The trade oriented and production-based Chicago factions have absolutely nothing to gain and everything to lose by following Wall Street's insane policy directives.

An executive at the West German Kommerzbank's Chicago division reported this week that "while the media plays up the Commerce (Department) report to prove that there is an upswing, my discussions with my industrial and banking clients in Chicago prove the opposite. No one believes it. The immediate situation is only the tip of the iceberg. The Third World is bankrupt and this is not due to OPEC oil prices but to the manner in which American commercial banks operate. The papering-over of balance of payments deficits and continuous debt refinancing must stop. We must instead invest in massive production." However, when asked what he would do about the enormous debt overhang problem, the spokesman replied, "My brain is too small for such questions."

In the closest that Abboud came to "dealing" with the debt question in his report, he wrote, "It would have been unfortunate if the banks had moved precipitously to recoup loans by forcing troubled borrowers to liquidate assets. . .

The result of such a policy could have triggered a depression." He concludes that banks must work closely with their debtors — but refuses to say how.

In a meeting Friday with an executive from a leading Chicago firm, recently returned from a junket to a pro-development country, both debt moratoria and the IDB were a central focus. He reported, "It seems to me that the major issue is really a political one, which would have to be settled in some way, both in the political arena and in some form of actual negotiations, and that would be exactly what portions of the debt would have to be placed in moratoria and what portions financial institutions would seek to maintain out of

moratoria." Hinting at his firm's willingness to sit down and negotiate, he will be putting together a meeting of chief executives for next week to discuss the specifics of the IDB.

According to one Chicago supporter of expanded world trade, Chicago is now seriously beginning to "grope for a policy alternative" to the fascist austerity of Wall Street and its representatives like George Ball. With a chaotic world economic collapse already developing — perhaps no more than a week or two away — such layers have little time for the delusion that such a policy exists short of the IDB and general debt moratoria.