

## SPECIAL REPORT

# Translation of L'Europeo Article on Lockheed Scandals

**March 40 (IPS) — The following is a complete translation of an article on the Lockheed scandals appearing in the March 19 issue of the Italian weekly, L'Europeo by Corrado Incerti entitled "Behind the Scandals, There is a Friend of Agnelli — David Rockefeller."**

The scandal of the multinational kickbacks which reached politicians and figures of power in every corner of the western world are a multiple-warhead missile of an occult and violent "war of the banks," which for some time has been violently shaking the United States and the countries linked to it.

These strategic missiles depart from one headquarters, the banking empire of the Rockefellers. They are run by general staffs linked to the headquarters and to its operating center, Wall Street (the various Senate and House committees), which in turn are using agents within the countries being hit. Their objective is the victory of the world's banking establishment, which has been subjected to heavy accusations by part of the U.S. Congress. They intend to create in the affected countries (and at home) political situations favorable to such a victory.

This truth is slowly coming out in America. We shall try to explain it on the basis of leaks which are here and there appearing in specialized U.S. journals and documents which are just now arriving from beyond the Atlantic. This truth is clamorously confirmed by two declarations on Lockheed (by Robert Haack and Roderick Hills) which we are publishing in this issue of Europeo.

Besides, this was already anticipated by Giovanni Agnelli, notoriously close to the Rockefeller financial power. Last Feb. 3, on the eve of the Lockheed scandal, just back from a trip to the United States, Agnelli told Corriere della Sera: "We can't expect much aid, because of the present situation of the United States where the banks are under fire from young and energetic Congressmen. What is perhaps lacking in Italy, too often, is an in-depth knowledge of the American scene."

Let us therefore deepen our knowledge. Starting from a premise. Considering as sacrosanct the fact that public opinion is informed on the scandals, it is not an accident that in Italy it was Europeo who published the documents of the Church report on Lockheed. All the more reason, then, for public opinion to know why and how the scandals are all exploding at once, who is manipulating them, and what are their objectives. It is not right to deceive (the public) with moralizing fireworks and then leave it in the dark on the strategy behind these fires. As in the Watergate case, if it was right to let the guilty fall (Nixon), it was also correct to know who had created and manipulated the scandal to make them fall.

### The Lockheed Maneuver

The multinational scandals have one common element

which is striking. All of the protagonist companies, who have confessed they paid kickbacks, are loaded with debts due to the Wall Street banks controlled by Rockefeller. It is through these debts that the banking establishment has become (or is becoming) the owner of these multinationals.

To be precise, let us recall that also in Italy the proposal to reduce the enormous debts of industries towards the banks by substituting these debts with shares in the banks themselves, has already been advanced. It's no accident that the proposal came from circles around Agnelli.

Returning to America, we then note that the multinationals of the scandal were at the mercy of the banks. The Lockheed case is outstanding.

In 1970-71 the California corporation was on the brink of bankruptcy. That is proved, among other things, by the internal documents of the Church report. To save it, the banks intervened: with the federal guarantee of the Emergency Loan Board (Arthur Burns and the present Treasury Secretary William Simon, two giants of the banking establishment), New York credit institutions granted \$250 million in loans to Lockheed. However, these institutions put a man behind the company. As he himself confirms...in the statement which we publish here separately the man is Robert Haack, who is resigning for just this reason from the presidency of the New York Stock Market. With Haack began the assault on the corporations.

In March of last year, Lockheed was once again on the brink of bankruptcy. The total debts on the books added up to \$595 million, or more than 400 billion lira. Once again, the banking establishment intervened and (this is the news which is coming through just now) a consortium of twenty-four banks refinanced the debts of the corporation. Lockheed once again had to pay back \$195 million, which were not covered by guarantees. Burns and Simon, acting for the Federal Government, provided the guarantees. Not only that; the plan provided for the transformation, over a ten year period, of the debts into preferred stocks, with voting rights. That is, total control of the corporation by the banks.

And who heads up the 24 banks of the "Rescue Operation?" The main controlling bank is Bankers Trust of New York. This is a shadow-bank of the Rockefeller family, who have interlocking interests in IBM (two directors and a pension fund in common) and in Mobil Oil (one director, two pension funds in common).

The official representatives of the consortium of 24 banks is Lazard Freres under Felix Rohatyn, two of the giants of the Wall Street banking establishment. Lazard Freres of New York is the bank which ruined Sindona (linked to Chicago financial circles). Felix Rohatyn, who was the director of ITT at the time of the Chilean episode, is the man who invented the Municipal Assistance Corporation, the complex system by which the banking establishment is taking over the municipality of New York by sinking it up to

its neck in debts. Also present in the consortium are the Rothschilds, another long arm of the Rockefellers.

#### **The Lockheed Scandal**

It was with the bombshell of March 1975 that the kickback scandal took off. Let us follow the phases.

After March, the opposition against the bankers' control inside the corporations was subdued but still manifested itself. Lockheed President Daniel Haughton and his vice president Karl Kotchian attempted to mediate. The former told Business Week (May 26) that the entry of the banks helped to "clear the air" but meanwhile he attempted to keep the traditional apparatus of the corporation on its feet.

Once again the banking establishment intervened. The objective was to overturn the old management of the company. The strategy was to use the same method with other multinationals. The means was to spread the psychosis of scandal.

In that period, the Senate Church subcommittee (on multinational corporations — ed.) began (not accidentally) to be interested in Lockheed. The man who intervened most heavily, and who at present has gone back on the attack insisting that the guilty be named, is William Proxmire, chairman of the Banking Committee in the Senate, the man who directly controls the Lockheed debts for Congress. Proxmire is married to Elsie Rockefeller, the cousin of Nelson and David, of the family which controls First National City Bank, one of the most powerful institutions in the world. In the spring of 1975, Proxmire threatened to intervene to suspend the guarantees (and credits) to Lockheed. For him, the situation of the company was unsustainable.

Haughton and Kotchian felt the blow, but attempted a tug-of-war for a short time. Even in August, in fact, both were playing down the rumors which were already referring to pay-envelopes given by the corporation to politicians and men of power in half of the world. In September, the two were however forced to crumble. Without warning, the administrative board of the company blurted everything to the Church subcommittee. They blurted and they presented documents. The story of the exchanged envelopes arose in this situation.

That's how the Lockheed scandal exploded. Public opinion found out about it, not by chance, through the columns of the Wall Street Journal. Jerry Landauer, the Journal's Washington correspondent, recounted on Dec. the "strange" story of the kickbacks. This was a leak: the Church (Committee) report was to come out Feb. 4.

After that date, the conclusion of the episode already appeared obvious. The internal revolution at Lockheed had been completed. On last Feb. 13, Haughton and Kotchian resigned, a few days later three other managers of the old guard, Clutter, Folden and Osborn, were forced to resign. The corporation centralized all its operations abroad and officially promised, several times, that it would completely change its system. The period of corruption was over.

The man speaking for the company was Robert Haack, the new president (for less than a month), precisely the man whom the banks had pushed forward, in the previous years, to control Lockheed. With the nomination of Haack, who kept that armchair for one year, the time necessary to impose bankers' men in the key positions, the revolution inside Lockheed was a completed reality. With the scandal, the banks won their most difficult battle. It could be sworn that the transformation of the company's debts into preferred

stocks would not encounter any more obstacles.

#### **The Church Strategy**

In the entire affair the subcommittee for multinationals presided over by Frank Church played a key role. It is a part of the bigger Committee on Foreign Relations of the U.S. Senate. When Agnelli spoke of "energetic Congressmen who are firing on the banks," he referred to other Congressmen and other committees which are investigating the role of the banks in the country's economy and, definitively, in the economy of the Western world. He could not have been referring to Church and his boys, who objectively appear to favor the financial establishment.

On the contrary, in the U.S. Frank Church is considered a response to the investigations of other committees. Naturally, all of this keeps high and dry the personal honesty and the courage of Church. But courage was also needed to denounce the Watergate scandal and bring it to public opinion, and still, that scandal did not come about by chance. A brief rundown of the background of some members of the Church Committee helps clarify the point.

Frank Church, who will declare as a Democratic candidate for the White House, worked for the military secret services during the Second World War. "Who is Who in the CIA" published in East Germany in 1968, points him out as an agent. But the most interesting element is something else. From 1963 until 1973 Church was a high-level member of the Wall Street Council of Foreign Relations, which is a sort of Department of State of the banking establishments, whose director is none other than David Rockefeller. In fact, William Safire revealed on Jan. 26 in a New York Times editorial, significantly titled "All in the Family," that Church's Senate Committee on the Intelligence Agencies relies upon the law firm "Cravath, Swaine and Moore" for its legal consultations. The chief of this firm is the ex-Secretary of Defense Roswell Gilpatrick who is the official counselor of the Rockefellers. Therefore, Church, Safire wrote, operates "in the family."

Another member of the Church Committee is Jacob Javits, the Senator of New York. The American newspapers have written repeatedly that Javit's wife defends the oil interests of Rockefeller and those of the Shah of Iran. What is more significant is another piece of information: Javits is a New York banker and has long been on the Administration Board of the Greenwich Bank, one of the large banks that rotate around the Rockefeller financial interests.

A third member of the Senate committee is Charles Percy, the Illinois senator. Percy, a "self-made" millionaire, is married into the Rockefeller family. His daughter married John D. Rockefeller IV. Percy has an extraordinary background: when he was 48 years old he was already president of the Bell and Howard.

A fourth Committee member is Hugh Scott, the Senator from Pennsylvania. Scott was closely tied to one of the large Rockefeller bankers, Mellon, one of the owners of Gulf Oil, which today is administrated by a consortium of Rockefeller banks led by John McCloy, High Commissioner after the war in Germany and an ex-president of both the Chase Manhattan Bank (the most important bank of the Rockefeller empire) and of the World Bank.

Gulf Oil, and here also it is not coincidental, is one of the multinationals that has furnished documents on the illegal kickbacks abroad. McCloy himself, in a recent interview to the New York Times, spoke about the scandals. He said that

the political men implicated must be gotten rid of and that the leaders of the implicated enterprises must be replaced. In practice, he revealed the double strategy of the muck-rakers — both the political and the economic.

#### **The Strategy of the Scandals**

Lockheed and Gulf Oil are not the only corporations that are controlled by Rockefeller which have first corrupted and then exposed the scandals — “muckraking” as they say in America. There are others and that cannot be a coincidence. Exxon has in its own Board of Directors two directors of Chase Manhattan and one from First National. Northrop has a large part of its capital at the Chase. Boeing is in fact controlled by Chase which has 5.7 per cent of its stocks in privileged stocks.

These interrelationships show who has managed the scandals. Certainly behind the exposés there is the American “cultural revolution,” the fever of honesty, the civil conscience of many men, but there is also, and it is necessary to note, this inextricable interlock of holdings. There are also aims of a global scale. What are these aims?

We have talked about “the war of the banks.” In sum, this is the situation. Domestically, the banks have lent too much money to the multinationals; their strategy, therefore, is buying them and replacing the old owners. To go back to the credits. On the international level the New York banks have lent too much money to the Nations. In fact, a good part of this money is considered uncollectable; therefore the strategy (of the banks- ed.) is to force these countries to (adhere to- ed.) policies of violent austerity which make possible the repayment of the debts (without which there is the risk of the collapse of the entire dollar-based international financial system). Those politicians and those parties which through the scandals in some way become involved in such strategies would (also) be replaced.

It can not be an accident that the scandals are hitting

precisely those countries that are more indebted to the American banks: Italy (a few days ago Agnelli said at Milan that “our debts have soared to the astronomic amount of “16,000 billion” and that we are now “at the breaking point”); Indonesia (who has no reserves left); Turkey, Iran and Japan are now the most hard hit countries but imminent revelations will also pull into the fray Nigeria, Spain, Greece and South Africa, which are in the same conditions. The (West) Germany case may seem an exception, but it is no exception if one reflects on the fact that the revelations will hit Franz Josef Strauss, Schmidt’s rival who is closely linked to Rockefeller.

A few simple facts. First National (Citibank) granted Japan credits for \$4.5 billion — equal to 173 per cent of its own capital. Chase granted Japan and Italy credits for \$2.5 billion — equal to 171 per cent of the capital. If both banks do not recover (the loans), they go bankrupt. Already the American comptroller (of the currency- ed.) has included them in his “black list,” the news of which appeared Jan. 11 in the Washington Post.

This is therefore the behind-the-scenes background to the scandals. The same background hides behind the offensive against the lira and the threatened shortage of oil products. In order to stop repeated debt-moratorium requests (by the Manila Conference of the Third World -ed.) the creditor banks are on the offensive. The economic and political future of anyone who does not play along is at stake.

But how could one “go along?” A few days ago Gianni Agnelli reminded us of it at the Milan Stock Exchange: our standard of living is too much higher than our resources, it is now necessary to reduce consumption drastically, besides “we should arrive at a greater internationalization of our financial system.” This is the old theme of “less freedom, more technocracy.” The rescue of the American banks (will also come from) the hides of the Italians.