

Under such conditions, Rockefeller's refinancing gimmicks are predestined to fail. The idling of the advanced sector's industrial capacity only undermines the ability of the entire world economy to pay its debt. This truth was brought home with a vengeance on Friday when the Federal Reserve and Swiss banks were forced to intervene massively to prevent a collapse of the dollar, despite the heavy seasonal demand for dollars to repay debts and the aforementioned credit cut-off to the advanced sector. Foreign exchange traders reported on Friday that the confidence in the Euro-dollar market has been irrevocably shaken and investors are rushing into Swiss francs instead. Although the New York banks and their London subsidiaries have attempted to rig the foreign exchange markets by simply refusing to carry out "speculative" transactions -- effectively curbing currency trading -- a dollar collapse is now on.

To fill out this picture, Loeb Rhoades analysts have issued a study on the exposure of New York banks in the Euro-dollar market. They conclude: "We view the purchase of shares of these large (new York) banks as an ACT OF FAITH." The analysts estimate that the five largest N.Y. banks have an average 52 billion in foreign loans outstanding, and will be unable to survive the inevitable debt defaults and moratoria resulting from the collapse of world trade.

Other sources estimate that Chase Manhattan, Marine Midland, Bankers Trust, and Chemical have bad loans ranging from 50 to 70 per cent of their outstanding assets.

Federal Reserve Chairman Arthur F. Burns has notified the New York banks that they cannot survive beyond January 1976 via Fed Funds alone, and hence would have to raise equity capital early next year. Bankers Trust and Chemical Bank, both of New York, tried it earlier this year under much better circumstances, and were totally unsuccessful.

As one top New York bank analysts put it: "Can you imagine Marine Midland being able to sell equity?" adding, "It's a terrifying prospect!"

IDB MUST BE IMPLEMENTED NOW: LAROUCHE

Speaking at a press conference in Bonn, West Germany this week, U.S. Labor Party Presidential candidate Lyndon H. LaRouche, Jr., warned that "if nothing is done to implement the International Development Bank, the center piece of a new world economic order, then a third world war and nuclear annihilation of the human race is likely in a matter of weeks."

Mr. LaRouche indicated that the IDB is "precisely the mechanism necessary to provide orderly bankruptcy proceedings... The can no longer be any question of the bankruptcy of the capitalist system, the question is what form will it take."

"Should the upcoming North-South talks not produce the required explicit discussion of debt moratoria and the IDB," Mr. LaRouche stated, "then I advise the Soviets to go ahead and push (a proffer) a transfer ruble. The risk involved (to the Soviets) was minor compared to the imminent danger of a third world war."

Mr. LaRouche has been in Europe since last week for meetings on the IDB with socialist leaders and representatives of Third World governments.