

International Monetary Fund pressures for an outright devaluation of the pound sterling — other policymakers seem to be merely trying to tread water in an increasingly turbulent sea. Japan — whose industrial growth slowed significantly last month — may soon follow West Germany in having nothing to show for its combination of

printing-press activation and compromise currency appreciation but the kind of reduced surpluses that some West Germans pretend make a contribution to world economic recovery. When each sector slides toward bankruptcy, the allocation of relative surpluses and deficits may become a bitter question, but remains a ludicrous one.

Rockefeller Missing At Inter'l Monetary Conference

BANKING

For the first time, the New York banks were almost completely excluded from a key meeting of the world's major private commercial bankers. This cordon sanitaire against the Rockefellers has been built up by their international colleagues at the 24th International Monetary Conference (IMC) meeting — a private-sector counterpart to the International Monetary Fund (IMF) — now taking place in Tokyo. But the general approach of these financial forces to the economic crisis still remains incompetent: while they are opposed to a bailout of the Rockefeller banks, they expect to maintain all their own financial holdings and avoid a debt moratorium through a reinforcement of the IMF and World Bank, orienting those institutions toward cheap, long-term credit, which in itself can only trigger an hyperinflationary crash.

The major topic of the Tokyo discussions will be the "possibility that some of the world's lesser developed countries may default on their massive debts to commercial banking institutions," according to the May 23 *Journal of Commerce*. Informed sources report a "high concern about the LDC's bad loans," notably for the European banking community. Japan's leading bankers, less exposed than their Western counterparts, are in a position to act more independently and stress that this is the first IMC meeting to be held in Asia.

The Conference is the pet project of Bank of America President Q.W. Clausen, and the list of attendants reads like an international summary of all non-Rockefeller interests: Japanese bankers and officials, British-Rothschild forces such as representatives of Barclays, Standard Chartered, the Hong Kong financial community, U.S. West Coast banks, most of the leading European bankers together with governors of the West European central banks and René Larre, head of the Bank for International Settlements (BIS) — the clearinghouse of Europe's central bankers.

Among the guest speakers is British Petroleum (BP) Chairman David Steel. The Rothschild-controlled British oil companies BP and Shell decided to side with other public-sector European companies against Rockefeller interference in Europe through Exxon and other "oil multinationals." Contributions of traditional British outlets like the *Far East Economic Review* Oxford University are also expected.

But despite the obvious importance of the conference, Rockefeller's Federal Reserve Chairman Arthur Burns decided at the last minute not to go, as did Citibank Chairman Walter Wriston. Reached for comment, a senior Vice President at Citibank admitted the "primary importance of the gathering," and acknowledged that West European and Japanese interests were controlling it together with the "West Coast banks, which are undoubtedly much better represented than the East Coast banking community."

The Citibank official also pointed out that Bank of America's Clausen was very preoccupied by the need to insure that sufficient long-term credit is available by 1978 for sound development projects and not for servicing and repayment of existing external debt — a view directly in conflict with that of the Rockefellers. Finally, the Citibank representative implied that his own bank is planning to join the anti-Rockefeller bandwagon with the declaration that the "head of our organization in Japan follows the meeting and we are ready to react if something important comes out of it."

No Alternative

Clinging to their own bankrupt financial assets, the bankers' state of mind is one of terror that "any attempt to write off Third World loans would start a world financial depression," as accurately stated by the Japanese financial daily *Nikkei*.

Bank for International Settlements head René Larre expressed the intellectual confusion in a speech in Tokyo where he admitted that IMF resources are inadequate to bail out the banks, even if a new "special fund" is set up in the near future. Therefore, Larre recommends, the IMF should borrow directly from the private banks. Such a vicious circle did not meet an enthusiastic response, neither from IMF officials nor from private bankers. Some attendants commented that such a scheme would destroy the chances of the IMF ever getting money from Saudi Arabia.

Other proposals included the transformation of the IMF and the World Bank into a single long-term lending institution, to promote "projects" in the Third World without cancelling the Third World debts, along the line advanced in the U.S. by circles linked to Averell Harriman.

Refusing to freeze part of their financial holdings, plan the proper bankruptcy proceedings, and endorse an International Development Bank-type of institution based upon the principle of hard commodity only credit issuance, the bankers are left with no visible alternative.

Under such circumstances, all the non-Rockefeller banks have no other choice than to engage themselves even more deeply into Third World financing, which amounts to a bailout of the New York banks! Part of their motivation is the drastic fall in the profitability of domestic lending and the general reduction of bank spreads by half from the fourth quarter of 1976 to the first quarter of 1977, an evolution that the banks try to counter by making it up in volume. This speeds up the inflationary snowball at an ever-accelerating pace.

Thus the organizers of the Tokyo meeting — U.S. regional banks, West European and Japanese banks — are now throwing themselves into what they had tried to avoid up to now, "overexposure." Even such a cautious institution as Pittsburgh National, which a year ago would not have gone into LDC paper, now finds itself syndicating a \$150 million loan for Mexico in company with Chase Manhattan. This happens at a point where

Mexico would require at least \$4 billion to pay its debt service this year, according to Chase Manhattan. Bankers Trust comments that the country can raise \$1.4 billion at best.

Turkey Wild Card

In the middle of such a suicidal loan rush, news about Turkey's de facto debt moratorium sounds like a fire alarm. Turkish Central Bank officials tried to deny a general payments moratorium, but had to admit that "some payments have been delayed because of the country's foreign exchange problems." In fact, all import payments are being screened, and payments priorities are going to be decided daily up to the June 5 elections. Japanese sources indicate that this country's exporters are not being paid, while a *Reuters* dispatch has announced that the Ankara government has stopped all payments except for oil and arms.

Europeans Take Aim At Rocky's Oil Multis

SPECIAL REPORT

The EEC Energy Commission, prompted by the European state oil companies, met May 16 and implemented "full speed ahead" a study for government control of European oil markets which if successful "could be the end of Exxon, Mobil, and the other U.S. oil companies' European operations," a Wall Street oil analyst admitted last week. Similar moves are underway in Europe's chemicals industry, where Vice President Grandi of Italy's state-control Montedison chemical giant called yesterday for an EEC-controlled market for oil feedstocks used for petrochemicals.

For the first time, the British government and Britain's leading companies, British Petroleum, Royal Dutch-Shell, and Imperial Chemicals, are moving in full political support of the EEC studies, breaking openly with Exxon, Mobil, Texaco, and Socal, the Rockefeller-controlled oil multinationals.

The Exxon four meanwhile announced additional cuts of 20 percent in their June deliveries of Saudi Arabian oil yesterday, on top of 20 percent cuts in May shipments already announced. Exxon et al. hope to drum up an oil-embargo level shortage by claiming the fire at Saudi Arabia's Abqaiq oil field has forced 20 percent production cuts for the indefinite future.

But their efforts to touch off panic buying and soaring prices have flopped oil industry sources said, because the world's oil consumers know — despite Rocky — the Saudi government intends to have production back to normal by the end of May.

Prompted by five European state-owned oil companies, the EEC Energy Commission's ad hoc committee on marketing presented its study on chaotic European oil prices to the Energy Commission May 16. The commit-

tee, dubbed Euromart, ruled the current pricing system unacceptable. This move threatens the Exxon group's ability to dominate the market when and where they please at their prices. With European oil prices top secret (as they are internationally), speculation is rampant, making planning impossible.

The EEC Commission has decided "to go full speed ahead" on the initiative of Italy's ENI, West Germany's VEBA, France's ELF and CFP and Belgium's Petrogina, for price transparency of the refined oil products market according to reports published May 23 in an oil journal. This means open publishing of prices.

Significantly, the two-Rothschild-controlled "Seven Sister" multis, British Petroleum and Royal Dutch-Shell — which sat on the sidelines over the past several months as Europe's state oil companies maneuvered against Rockefeller — have now gone in support of the state oil companies position. "This means," complained one U.S. based analyst, that they are making a "long-term political agreement to stabilize European markets which would cream free markets — and the U.S. multis." In addition Shell proposed an extensive method to sample price quotations of oil companies which the EEC accepted.

More significantly, BP made a major proposal that the EEC governments create a market for long-term stable sales of refined oil products and according to some sources, crude oil as well. The vast bulk of oil and oil products is sold presently either "spot," meaning "grab it now while you can," at whatever price the buyer can be taken for, or under top-secret longer-term contracts between individual companies on widely differing terms.

The "price transparency" and BP long-term market proposals taken together would have to be favored and run by EEC governments, and would shift the price and profit terms of the entire European oil market to the advantage of the European companies, Wall Street analysts say. ENI's long-term oil-for-machinery deals with,