

Rockefeller's social fascists. Not only had the Swedish Social Democratic press campaigned for the devaluations for months, but the party organ Arbetet leaked word of this weekend's action before it was formally announced. Both Norwegian and Danish officials complained that the Swedes had forced them to make the devaluations against their will. (Due to the close integration of the Scandinavian economies, Norway and Denmark would lose their export markets if they did not make comparable devaluations.)

The West German Bundesbank was, nevertheless, complicit. During the week leading up to the devaluations, the Bundesbank refused to intervene in support of the Swedish krona, despite a huge 6-7 billion kroner capital flight out of Sweden. The Swedish central bank was forced to borrow dollars to conduct its own support operations.

The Bundesbank's miserable "laissez faire" stance — whether by design or by default — has set the stage for the political hegemony of the faction around Social Democratic party head Willy Brandt within West Germany, and the implementation of "antidepression" reflationary measures based on mass slave labor public works. This is in sharp contradistinction to Chancellor Schmidt's perspective of recovery through high-technology exports to the Third World.

Furthermore, Sweden's breakaway could lead to the total dissolution of the European joint float — popularly known as the "snake" — which was set up after August, 1971 in order to protect Europe's economy from the instability created by the floating dollar. Reflecting the viewpoint of the Citibank-allied London clearinghouse banks, the London Times warned that "probably this marks the beginning of a slow end for one of the last remaining fixed exchange rate areas in the world monetary system. Sweden's departure shows that the snake is no longer capable of functioning as a hard currency zone in Europe."

Sweden could enter a vicious circle of devaluation and inflation, the Times continued, where every devaluation leads to an inflationary surge in import costs leading to still another devaluation. The Swedish currency would eventually pull the Norwegian and Danish currencies out of the snake, and threaten the Austrian shilling as well.

Portuguese Model

With this last remaining buffer — "the snake" — removed, the rest of Europe would be subjected to the kind of "scorched earth" treatment that Portugal has suffered from the IMF. As part of a "deflationary" package which Portuguese Prime Minister and Brandt ally Mario Soares negotiated with the IMF last week in exchange for a trifling \$49 million loan, Portugal will put up \$5 million of its gold reserves as collateral and allow its currency to "float downward" by at least one percent each month, with devastating effects on Portuguese living standards.

Chase's efforts to fully impose the Portuguese model on Peru, Turkey, and other Third World "debt dominoes" have so far failed, in part due to recognition by other banking factions that unlimited austerity only destroys these countries' abilities to repay debts over the long-term. (Peru, page 8). Representing the saner factional viewpoint, Financial Times Latin American correspondent O'Shaughnessy in an Aug. 30 column warned that the IMF and international banks are demanding too much austerity from Peru. Citing a "London clearing banker" as his source, O'Shaughnessy noted that the IMF's conditions can lead to government with "unattractive repressive characteristics," leaving the Peruvian military no choice but to default or implement the IMF's will with bayonets. Several other Third World countries face similar predicaments, he concludes.

— Alice Roth

LaRouche:

Bring It Down On September Fifteenth

The following statement was issued on August 28, 1977 by Lyndon H. LaRouche, Jr., U.S. Labor Party Chairman and presidential candidate.

Let us agree to pull down this bankrupt old monetary system on September 15, 1977. Let us also agree that we agree to protect the following key commercial banks and to take governmental action to prevent chain-reaction from spreading among banking institutions generally as Chase Manhattan goes into its long overdue collapse.

The key banks and their associates to be energetically and absolutely defended must be:

In the USA:

- Citicorp
- Morgan Guaranty
- Manufacturers Hanover

- First Continental Illinois
- Bank of America

plus key Texas banks and regional banking systems.

Let fall into financial reorganization:

- Chase Manhattan Bank
- Bankers Trust
- Chemical
- Irving Trust
- Lehman Brothers
- Lazard Freres

In the BRD:

All the key commercial banks, which are otherwise inherently defensible in any case, led by the:

- Deutsche Bank
- Dresdener Bank

In the United Kingdom:

Barclays Bank
Lloyd's Bank
Hambros Group

and their allies against the Chase-Lazard combinations.

In *France* and *Belgium*, there is no need for me to provide an indication that arrangements are already in place. In *Italy*, let Cappon of IMI pull together a list which excludes Cuccia's Mediobanca. Continue the pattern indicated for other countries. Key *Japanese* bankers and industrialists already have developed the necessary policies.

I openly propose cooperation by the Baron Edmund de Rothschild of France and Lambert of Belgium, on grounds of their perception of reality and of the competence of my analysis to ensure that the line is drawn hard against David Rockefeller and Lazard Freres in the problem. I propose that Parisbas openly cooperate with me to assist in this process, on the basis of my knowledge of the intelligence and competence of key officials of that bank. I also propose that we collectively honor the valuable Jacques Rueff for his contributions on the date of September 15.

Governments must be advised of the commitment of we, the wise ones, to this September 15 date. Governments must act on or before September 15 to enact emergency freezing legislation which enables we wise ones to assemble and sort out the reorganization of international credit.

I propose that President Valery Giscard d'Estaing of France be invited to designate the place and circumstances of an international meeting of we wise ones to begin on either September 15th or 18th to establish a new gold-based international monetary system.

No one should be concerned about a collapse of the USA dollar. The USA economy is still fundamentally strong. Following any short-term temporary collapse of the dollar, it can be brought back quickly such that all temporarily frozen dollar holdings can be soon converted into hard-commodity bills of exchange for U.S. exports of capital goods and agricultural products.

Again, everything is as well-situated in place for a monetary shock as it could possibly be situated at this time. Key commercial banks have acted in a useful way. What is needed is agreement on a date preceding October 10, 1977, on which we let the excessively leveraged fall into financial reorganization in order to save the viable from a chain-reaction panic. Government action is needed, of course. Government action requires international agreement among key commercial banks on a date of planned collapse — in order to avoid a ragged, unplanned chain-reaction collapse.

Let us therefore agree on September 15 as "Jacques Rueff" day and bring the world out of this unprofitable agony.