

New York banking group. Healey is hated by most European officials, more so than even U.S. Treasury Secretary Blumenthal. A special worry is European Economic Community commission chairman Roy Jenkins, a Healey cofactionalist in British and European politics. "Isn't it ironic that Jenkins, of all people, has proposed a common European currency?" asked one European central bank chief. "What he wants is a common currency that the City of London will use to control Europe." Even more emphatically, there is general acceptance among French, West German, and Belgian — as well as Arab — officials that Healey and Jenkins are implicated in terrorism against their efforts to break with the dollar, including the July 29 murder of West German banker Jürgen Ponto.

The French, in particular, are anxious to establish closer economic and financial ties with the Soviets and with Eastern Europe, but thus far have not succeeded in breaking through on the most important issues. France's central bank conducted negotiations on the subject of European use of the Comecon's transferable ruble in Moscow two months ago, which yielded no significant results. France's perception is that the now-dominant Soviet faction blocked this development, but that other forces in the Soviet Union and in the East Bloc, especially the Hungarians, are anxious to proceed with the T-ruble.

However, European officials are unanimous that

nothing can be done before the "British problem" is cleared up. There are strong indications — from cautious suggestions by senior officials — that some of the continental financial authorities are prepared to take some action on it. The most recent tremors in the London market and the sudden appearance of intermittent pressure against the pound sterling last week may have been encouraged by some of the Europeans, who want to cut down Britain's political influence in Europe. The perception of some top Europeans is that a financial disaster in the City of London would have a more than salutary effect in reducing the influence of Healey and Jenkins, and that they are taking certain actions to encourage this.

More broadly, the more aggressive European proponents believed that a return of instability for the dollar and pound would open up political space for their efforts, and prompt the vacillating elements of the European governments to take stronger action against the dollar.

Also available from EIR are extracts from an IMF publication, "The LDC's and Stable Exchange Rates," by Sir Arthur Lewis. City of London bankers have indicated that the views expressed in Lewis's paper are representative of their own policy-orientation.

International Press Slams IMF Austerity, Reflation

The following excerpts from last week's international press serve as a barometer of opposition to the continuation of International Monetary Fund-World Bank zero-growth:

The Wall Street Journal, Sept. 26, "The Witteveen Facility":

...The plain fact is, the IMF is among the chief sources of the planet's economic problems and it shows no sign of reforming.

The main topic of mischief this week no doubt will be the care and feeding of the Witteveen Facility, named after its creator, Johannes Witteveen, the IMF chairman. What is the Witteveen Facility? First we will tell you the problem the W-F seeks to correct.

Over the past 25 years, a lot of poor countries around the world came to the IMF and asked what they had to do to get ahead. The IMF advised them to borrow lots of money in the world's capital markets — the big New York and London banks, mainly — and use this capital to build "infrastructure." Dutifully, the little countries did so, but this has not proved the key to development.

So today, throughout the Third World, there is an abundance of rusting infrastructure, creaky steel mills, potholed roads. The cumulative debt now ranges around \$200 billion, and the little countries have had to jack up their taxes to pay the debt service. From time to time a team of IMF economists drops by to recommend "austerity," mostly meaning higher taxes. By now the

little countries have raised taxes on their miserable citizens to levels that can only be called "grinding." How can they now be further squeezed so the banks can be paid off?

Enter, the Witteveen Facility. The industrial countries should put \$5.2 billion into the W-F, and the Arab oil sheiks will put up \$4.8 billion. American taxpayers, in other words, will be asked to cough up a few billion for the IMF to loan to the poor countries so that they can pay off the banks.

This indirect approach is necessary in order to fool the taxpayers into thinking they are really helping the poor. Imagine the flap if the problem were solved honestly and directly: The Bankers Relief Act of 1977. How much more heartwarming it is to hear Sen. Jacob Javits, who represents Manhattan, including lower Manhattan, warning that there will be an economic collapse unless we bail out the Third World (banks).

We doubt that such terrible things will happen if we fail to bail out the banks, though the big banks with the most infrastructure loans will no longer be quite so big unless they and the IMF can figure out another way to salvage their loans. We note that their problems can be solved by economic growth in the Third World, and see no reason why the IMF economists couldn't tell the little countries that what they need is not infrastructure but lower taxes, lower government expenditure, lower taxes, freer markets and lower taxes.

The Daily Telegraph, Sept. 26:

... Healey should examine his policies before he gets completely carried away by the excitement of his unaccustomed ranking as teacher's pet at the International Monetary Fund....We cannot be too often reminded that neither North Sea oil revenues, nor make-work programmes financed with those revenues, will do anything to secure a lasting improvement in our fortunes....any economic recovery boosted by "reflation" is going to be very shortlived. Mr. Healey would be well advised...to take the plaudits of his new-found IMF friends with a large pinch of salt....Boosting demand by increasing the government's deficit only debases the currency, leading to successively larger doses of unemployment."

Les Echos, Sept. 26:

Relaunching will again be the key word at the General Assembly of the International Monetary Fund, opening today in Washington. But if the industrialized countries are all aware of the problems they have to solve to get the world economy out of its slow asphyxiation, chances are they will only agree on band-aids. Obsessed by the problems of unemployment and the inflationary risk of a brutal boost, they will avoid dealing with the basic problems....There is, however, an explosive dossier which shows the scope of the economic challenges confronting the international community today in order to avoid scarcity: 40,000 billion dollars will have to be allocated between now and 2020 for the development of

energy resources. Dollars will not suffice. Such is the lesson of the Istanbul Conference (World Energy conference — ed.)

Münchener Merkur, Sept. 27:

Healey says that (the British and U.S. — ed.) \$25 billion deficit will help solve the economic problems of other countries, and that other countries should use this as an example. But there is not the slightest reason to follow this recommendation. America is no model for us, and Healey ought to know that...Precisely the same people who are now demanding that Bonn should get the runs instead of being constipated, only one year ago were bewailing the imminent ruin of national finances and were calling for extreme austerity.

The Financial Times, Sept. 29, "100 Finance Ministers Can Be Wrong":

There are people for whom the incitement to world "reflation" by the IMF — or more accurately its managing director, Dr. Johannes Witteveen — will clinch the argument. This applies to those who look at the IMF as a stage villain, taking a delight in the sufferings of his victim. For such people, it will be as if Baron Scarpia (the sadistic chief of police in Puccini's *Tosca*) has said that the torture had gone too far. Who then would want to argue to the contrary?...The real answer to Mssrs. Healey, Van Lennep of the OECD and the other demand expansionists is that the kind of boost they seek will not merely lead to a return of soaring inflation, but in the end will make unemployment worse...

Who Is Denis Healey?

When International Monetary Fund Director H. Johannes Witteveen paid tribute to the "really astonishing success" of Britain's economic stabilization policies over the past year, British Chancellor of the Exchequer Denis Healey "seemed barely able to contain his delight," according to the *Financial Times* of London. A man who thrives on praise from Wall Street and the City of London — whose interests he has served for well over 30 years — Healey was already concentrating on his next assignment for the Lazard-Rockefeller clique: to push a recalcitrant Europe into a destructive program of Schachtian hyperinflation.

In three short years as Chancellor of the Exchequer, Healey has succeeded in turning Britain into a "showcase of success" for IMF austerity policies by systematically gutting working class living standards, destroying the growth potential of industry and, most significantly, by cutting British Prime Minister James Callaghan off from his prodevelopment allies in Europe. It is largely due to Healey's monetarist pressure tactics — which have become the dominant motif in the British Cabinet since the death of Foreign Secretary Anthony Crosland last spring — that Callaghan has effectively renounced his former commitment to promoting Europe's industrial potential and has instead become a

virtual captive of the Lazard-London wrecking crew.

Healey never saw his role in purely domestic British terms. Put in charge of the Labour Party's tiny International Department in 1945 as an up-and-coming Member of Parliament, Healey immediately took on the task of reorganizing the Socialist International, which had then fallen into disuse. He did this with the help of Willy Brandt, another leading agent of British Intelligence whom Healey met in 1947. Healey was at that time London correspondent for the Norwegian Labour Party paper *Arbeider bladet*; Brandt was its German correspondent.

As part of his job of determining who were the "true democratic socialists" after World War II, Healey cultivated an extensive network of contacts in Eastern Europe — many of whom later turned up as British agents working to undermine Soviet influence. He appealed to Social Democrats in Hungary, Romania, Czechoslovakia, and Bulgaria to reject collaboration with the pro-Moscow Communist Parties of those countries, warning that by failing to do so, they "would have connived at their own destruction." In 1950, he helped draft the founding charter of the "new" Socialist International, used to this day as a tool of the Rockefellers to destabilize European governments that