

tional banking crisis, but certainly not the only ones. As one well-informed British banker said in late May, "It is not so much the obvious but rather the unexpected that is likely to bring the whole thing down. Everyone is watching the obvious problems, but there are institutions and mechanisms that no one is in control of." Illustrating the case is the failure of Drysdale Government Securities, which went down May 18 owing \$320 million to other securities houses, a bill that will be paid by the Chase Manhattan Bank. The Federal Reserve, for all its ministrations to the near-panicked market, claims it was taken by surprise.

"You've got to have a pretty goddamned big amount of bonds to lose \$135 million just on the interest of the bonds," complained a knowledgeable Fed official, who had sat in on the emergency meetings with bankers. "This is like the *Crédit Suisse* affair in Chaisso [in 1974]. The question is, how did they do so much business with someone who's only been in the markets for four months? Somebody in the back room at Chase really blew it. How the hell did they establish that credit risk?"

Although the Fed is, after the fact, trying to present the case as a "well-ordered fire drill," in the words of one official, Chase was still unwilling to market either certificates of deposit or bankers acceptances as of deadline on May 20, three days after the news broke. The economist for one top British merchant bank explained, "Quite a fascinating relationship, Chase and Drysdale. Word is really going out that Chase Manhattan may be a bad risk, getting involved with a fly-by-night operation such as Drysdale."

The prospects

In this environment comes the endorsement of more austerity as a solution to out-of-control deficits in the Helsinki IMF communiqué. The meeting reversed an earlier IMF leaning toward easier credit access for the developing nations, i.e. an IMF role in financing the deficits, and told the advanced countries: "monetary restraint must remain an essential element of the overall strategy of economic policies in the industrial countries. . . . The Committee stressed the urgency for a decisive commitment on the part of governments of the major industrial countries to budgetary discipline and smaller fiscal deficits." This is the policy that has produced the crisis, and no one active in the world financial scene really believes that more of it will succeed.

On the terms that Treasury Secretary Regan has proposed, the best that could be expected from the Versailles summit is no results of any sort: and the implications of such failure as a 1931-style depression crisis approaches hardly needs elaboration. And success for the Regan-British plan would hasten that collapse.

Profile: Thurn und Taxis, Part I

'Were an atom bomb to our family nonetheless

by David Goldman, Economics Editor

On April 29, the following announcement occupied half a page of West Germany's leading daily newspaper, the *Frankfurter Allgemeine Zeitung*:

Johannes, Sovereign Prince of Thurn und Taxis, makes known in his own name, and in the name of his Consort Mariae Gloria, Sovereign Princess of Thurn und Taxis, Countess of Schönburg-Glauchau, as well as in the name of his sisters, Princess Clotilde von und zu Liechtenstein and Princess Mafalda von Thurn und Taxis, his brothers-in-law, Prince Dr. Hans Moritz von und zu Liechtenstein, and Prince Franz von Thurn und Taxis, his uncles Father Emmeram O.S.B., Prince of Thurn und Taxis, and Prince Raphael von Thurn und Taxis, his aunts Rita and Illa, Princesses of Thurn und Taxis, and in the name of all other relations, the death of his beloved father

His Serenity

Karl August Maria Lamoral, Sovereign Prince of Thurn und Taxis

Prince at Bachau and Prince of Krotoszyn • Duke of Wörth and Donaustauf etc. etc. • Hereditary General Postmaster • Knight of the Order of the Golden Fleece • Honorary Citizen of the City of Regensburg • Bearer of high orders

On May 12, a Spanish priest named Juan Fernández Krohn attempted to murder Pope John Paul II with an open bayonet during the Pope's visit to Portugal. Father Krohn, 34 years old, was a follower of the arch-feudalist Bishop Lefebvre of France, who had ordained the would-be assassin personally.

International security agencies are now evaluating the connections between these two apparently disparate events:

The "Father Emmeram O.S.B., Prince of Thurn und

destroy all America, would survive'

Taxis" listed in the old Prince's death announcement controls the Benedictine Abbey just outside Regensburg, the family seat in Lower Bavaria. This Benedictine cloister is the chief supporter and training ground in Germany for the Lefebvrists, who schismatically oppose the last 20 years' work of the Vatican Council.

The Lefebvrist networks in Latin America, where the assassin lived for some years after ordination in France, operate under the immediate sponsorship of the Portuguese royal family, the Braganzas; the wife of the late prince was a Braganza.

Indeed, through the Braganza and Orleans families now based in Brazil, the Fascist International has created a network of death squads which took quasi-official form with the 1960 founding of Tradition, Family and Property, the principal fascist organization in Latin America. Tradition, Family and Property, founded by a German priest with the aid of two Braganza princes, has been a principal constituent of the World Anti-Communist League, the Fascist International's principal front in Latin America. As *EIR* documented in a Special Report published April 20, 1982, this network created the Guatemalan "White Hand" death squads, the assassins of the Alianza Anticomunista Argentina, the Latin American operations of the now-infamous Propaganda-2 Freemasonic lodge based in Italy, and other instruments of assassination. Tradition, Family and Property also maintains close contact with the old Hapsburg family networks led for some time by the late Otto Skorzeny, Hitler's chief commando and Hjalmar Schacht's son-in-law, based out of the Madrid Center for Documentation and Information. The military organization of the Braganza family's fascist front is called "The Blue Army of Fatima"—it was at the Portuguese shrine of Our Lady of Fatima that Father Krohn attempted to kill the Pope—in a reference to the "Blue Division," the Spanish fascist

volunteers who fought for Hitler on the Russian front.

Of particular interest to security agencies is the possibility that the Thurn and Taxis fortune—what was once, and may still be, the largest private fortune in the world—bankrolls the world's largest and most evil assassination program. With the death April 26 of Prince Karl-August, this fortune passed into the hands of Prince Johannes von Thurn und Taxis, who had directed the family's interest for some years before the death of his 84-year-old father late in the evening of April 26.

A visit to the palace

Through an incongruity of circumstances, this writer spent the afternoon of April 26 at the Thurn and Taxis palace at Regensburg, conversing with the then still Crown Prince and Princess about the world economic and political situation, and viewing the palace, one of the most intelligently devised historical museums in the world, in the company of the family's professional historical and archival staff. What I learned there, and what suspicions I confirmed, my colleagues have urged me to put into the form of a tale in the style of Edgar Allan Poe, considering that most Americans would never believe it, much less understand it. Nonetheless I shall try to give as forthright an account as possible and leave the rest to the comparatively select readership of *Executive Intelligence Review*.

Regensburg is a town of almost 200,000 inhabitants in middle Bavaria, whose livelihood consists of agricultural and related industries. Until the dissolution of the Holy Roman Empire of the German Nation, the loose ordering of aristocratic ranks that the 16th-century Emperor Charles V built as a substitute for a nation-state, Regensburg was the seat of the permanent Imperial Congress. Dominating the town center is the immense Thurn und Taxis Palace, still the family's private residence, of which no parts except the library and riding stables, which have been converted into a carriage museum, are open to the public.

Driving into Regensburg along the narrow two-lane highway that connects the town to the Munich-Nuremberg *autobahn* is taking a trip back into the centuries, not so much because the town, which most wartime bombing avoided, is relatively well-preserved, but because the town is in reality the estate of the Thurn and Taxis family. When Napoleon expropriated the family's hereditary control over the entire continental European postal system, which they maintained from 1510 to Napoleon's successes in 1812, he compensated them with a Benedictine abbey whose foundation goes back to the 9th century. This gift permitted a vast expansion of the family seat, which the Thurn und Taxis had maintained in Regensburg since 1748, when the Hapsburg emperor made their Prince his official representative at the Imperial Congress. Combining the Benedic-

tine with their other properties, the family obtained 40,000 hectares of land in Bavaria, becoming by far the largest landowners in Europe, and the landlords of all Regensburg, although the Bavarian holdings are only a small part of their present fortune. The castle in Regensburg itself, built substantially after 1812 into its present form, is about one-quarter the size of the Versailles Palace, the residence of the French Kings starting with Louis XIV, but relatively better appointed.

Inside the palace itself there exists another world, not much different from the Imperial days, but in jarring contrast to the surface life of modern Germany. The Prince and Princess are still addressed, not only by servants but by their professional staff, as *ihre Durchlaucht* (their Serenity)—although not necessarily by visiting Americans. The trappings of imperial sovereignty are as real to the family now as 200 years ago, and not entirely without motivation. Never was the importance of the family dependent on possession of any particular political jurisdiction. They were the nobility of the Empire as such, the lords of its postal service when Emperor Maximilian II gave them the post

in 1510, and, as might be expected, the chiefs of its secret intelligence, as well as the hereditary chiefs of the Venetian intelligence from the 15th century onwards. As great as the power they wielded then may have been, a power in its own way greater than that of the declining inbreeds of the Hapsburg dynasty, the power of the Thurn und Taxis may be even greater now. This extraordinary circumstance lends a double irony to their insistence on continued imperial titles and dignities.

The secret of survival

"We are the biggest private fortune ever," the Prince told me over sherry. "We owned the postal service in the world. Of course we always had the castle in Italy and various other things. But it is interesting also, from the viewpoint of administration: for example, during the time of the Nazis. It was very difficult; my father was in jail. Naturally, my family was against them. But that only shows, once again, *you don't need to bow to political things.*"

The family's secret was never to wield political power as such, and therefore to survive all political



Prince Karl August von Thurn und Taxis on his bier in the Regensburg palace church.

changes, the Prince continued. "Since we did not have political importance, it was easier for us than for most of the royal houses, like England, or Belgium, or Sweden. They had to divide their private fortunes up between the new government and the crown. In our case, of course, that never happened."

Public estimates of the family's income run at about \$200 million per year, which would indicate a capital value of holdings of between \$3 and \$6 billion, already large enough to put the latter-day super-rich like Y. K. Pao or Daniel Ludwig or the Hunt family well into the background. The income figure is probably an underestimate, however. Their holdings include 40,000 hectares in Bavaria; 60,000 hectares in Brazil; similar landholdings in British Columbia, the United States (in Illinois and the Southeast), Australia, and Argentina; precious- and rare-metals factories in Bavaria, which have close ties to the Soviet mining industry and produce jewelry as well as high-technology applications; and six breweries and five banking houses.

How much the Thurn und Taxis hold in cash and gold, their presently preferred forms of liquidity, is inestimable, although the investment manager of their family trust told me it is considerable in relation to their fixed assets. The paintings, tapestries, furniture, clocks, and other *objets d'art* at the Regensburg residence, as well as the library's incomparable collection of rare books, are priceless, but could easily be valued in the high hundreds of millions, to say nothing of the properties themselves. But the importance of the family's wealth is not expressible in terms of its present capital value.

"Your family survived the Thirty Years' War, the Napoleonic War, the Second World War," I began to ask the Prince and Princess during dinner. "And the First World War!" interjected the family's business manager. "Yes, the First," I continued, "but that did not take place on German soil. But will it be possible to maintain this historical continuity yet again?"

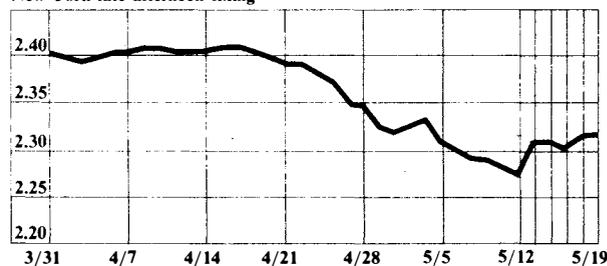
"That depends on the bomb!" laughed the Princess, a 25-year-old mother of two. But her 58-year-old husband said gravely, "Come what may. It is possible to make this possible. One can plan and plan anew, and then it comes to a point of destruction, after which there is no more time to think about it. We have put our investments into the most secure countries in the world, for example, Australia. Of course, at the time when an atomic strike were to be unleashed against the United States, then all would not go well for our holdings in America. But if we push the question this far, how is it possible to answer? I believe that if we distribute our holdings geographically to sufficient extent, there will always be something left over for us."

To be continued.

Currency Rates

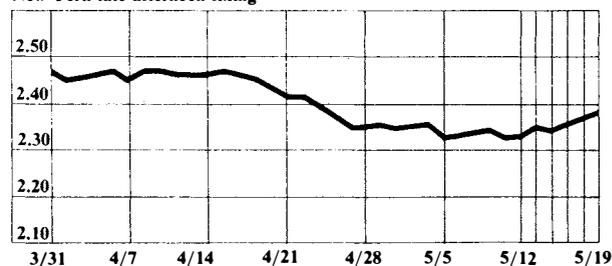
The dollar in deutschemarks

New York late afternoon fixing



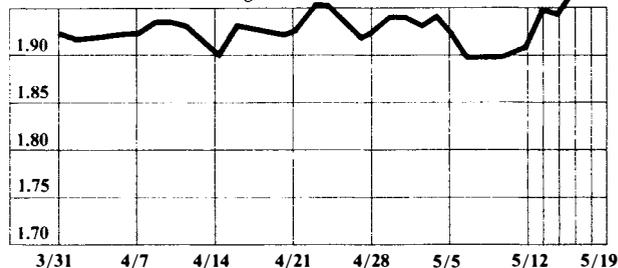
The dollar in yen

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing

