credits are to be paid back when due, the debtor must have recourse to finance credits. The volume of the Euromarket — this gigantic product of the currency cavaliers — nonetheless remains crucial in the end for the question of how long the debtor's solvency exists, at least as a fiction. The only remaining real sources for the maintenance of the necessary fictitious growth of the Euromarket are the assets of the oil sheiks (petrodollars) and the money smuggled into anonymous accounts by tax frauds and political bosses... As long as oil sheiks, tax frauds or political bosses pay in to the Eurobanks, this expectation holds true, ... i.e., the Euromarket lives on its own growth. But no one dares think about what would happen if, one day, this growth is stalled...

Credit can only make sense when it is connected to a tit-for-tat political guarantee. If we finance productive progress as a consequence of a new technology which the debtor himself does not possess, then we have contributed to the increase of the "achievements" which the government in question can parade before its subjects, and on which it can support its reputation. It is only fair to also demand another political service in exchange. The latter can justify its internal write-off, since in reality this only represents a gift.

# Chicago Reacts To Colombo

Sept. 4 (NSIPS) — The temporary shock of Colombo is beginning to wear off among critical layers of the Chicago industrial-financial faction. There have been sharp signals from this layer in the few days since the Mexican peso's devaluation that, after all, a "new world economic order" might not be the worst of all possible worlds.

The indecisiveness and wishful thinking of this layer of capitalist leaders, more than anything else, has been responsible for the lack of initiative regarding the Non-Aligned movement's development proposals by the U.S. White House since the Ford administration's victory over Rockefeller forces at the Republican National Convention. Now, however, leading spokesmen for Chicago corporations, including the nation's largest accounting firm, are reporting that, in their view, there is just no alternative to an International Development Bank arrangement which would include the Third World, the OECD countries and the Comecon in co-development efforts at the conclusion of generalized, orderly debt moratoria.

Similarly, regional banks in Illinois and Wisconsin, and many medium-sized industrial firms in the Chicago area have expressed the view that the large commercial banks in the East are simply over-extended; they are willing to conduct study and negotiation with U.S. Labor Party spokesmen over the future of the world economy. A general pro-growth perspective has also been advised by leading Republican Party spokesmen from southern California, the Rocky Mountain states, and such oil-belt states as Texas, Oklahoma and Louisiana, involving support for massive transfer of technology to the Third World.

On the other hand, the new reality is being sharply resisted by the large commercial banks in the Midwest, the First National of Chicago and Continental Illinois, whose spokesmen still insist that the Colombo conference resolutions were insignificant. These banks, which have a stake of their own in the Euro-dollar financial bubble, were supported by the Chicago Tribune, which this week lashed out at the Colombo Non-Aligned conference, without even a mention of that meeting's call for general debt moratoria.

*The following are a few of the responses of leading corporate executives in the Chicago area to the Colombo Non-Aligned movement's development proposals, the Mexican peso devaluation, and general prospects for a new world economic order.*

**Member, Board of Directors, Sears-Roebuck:**

"The reason for Echeverria's devaluation of the peso was to preempt a series of destabilizations against Mexico during the North-South meetings (Sept. 15 —ed.).

I was at the State Department for five years and I can tell you that there are many people at the State Department that would agree with your assessment that Mr. Kissinger is responsible (for the events in Mexico).

We've had the new world economic order under assessment for a good period and we are aware that the only alternative to it is panic and nuclear confrontation.

Over the past few weeks we have been seaching for alternatives to generalized debt moratoria and we haven't been able to come up with anything... In general, we are in agreement with the new world economic order... It looks like the new world economic order is the only way to save democracy in the U.S.

We're Ford supporters and we don't like Carter. Carter is a product of Wall St., and those wise guys... I mean "wise men," are ready to do to the dollar what they did to the peso.

The business community is now political. Sears is organized politically vis-a-vis Colombo.

**Sr. Partner, Arthur Anderson (accounting):**

I know Echeverria personally, and I know that he is committed to debt moratoria... The peso devaluation was a necessary tactical maneuver.

Debt moratoria is nothing new, it's happened before. I'm not opposed to it, and I'm in general agreement with the outline of the International Development Bank... But you have to put together a general cost-benefit sheet... who's going to be affected, who isn't, etc.

I've spoken to a lot of economic experts and they agree with me that the 50 per cent devaluation of the peso was insane... it was crazy.

**President, large Chicago-based corporation:**

The debt has reached astounding proportions... the larger banks are well overextended... If I were them (a Third World country), I would have done the same thing... The banks we're talking about involve North-South and East-West trade. It sounds workable.

## *Treasury Department:* No Comment On "Rumors"

*The following are excerpts of a telephone interview with Robert Pelican, an official of the U.S. Treasury who conducted the Nairobi debt negotiations for the U.S. under the direction of Assistant Secretary Gerald Parsky, and who will be the Treasury negotiator in the Paris meeting of the Conference on International Economic Cooperation. During the UNCTAD IV Nairobi negotiations Pelican was instrumental in postponing the debt talks and diverting them to CIEC as that as considered by Kissinger as a "safer" and more "controllable forum".*

**NSIPS:** Your success in continuing "negotiations" in which nothing happens seems to be coming at an end...

**Pelican:** You have said nothing that is new. You can trace all these demands (Non-Aligned and Group of 19 demand for debt moratorium —ed.) back to the Manila declaration. They presented us with their position then and we are still in the process of talking about it...

**NSIPS:** Now they are threatening with a unilateral debt moratorium if the U.S. continues to refuse to negotiate...

**Pelican:** I have not yet seen the document that you are talking about and I am not willing to comment on the basis of rumors; if they present us with new demands we will discuss them.

**NSIPS:** But the context is changed now from the beginning of the summit. The supposedly controllable Group of 19 demands an International Debt Court, credits linked to development, everyone has realized that you cannot continue paying your debt while you divert resources from development and industrialization to pay back a debt...

**Pelican:** I don't agree with you... I do not see a move away from development in order to pay debt. As a matter of fact a number of countries that were experiencing difficulties are now in very good shape; look at Korea, India...

**NSIPS:** Let's take the countries involved alphabetically. Argentina...

**Pelican:** I don't know what is happening in Argentina...

**NSIPS:** Brazil...

**Pelican:** I do not know about Brazil...

**NSIPS:** Chile...

**Pelican:** There you go again, talking about individual countries that I don't know anything about....Why don't you look at the worldwide recovery, the Third World will be able to increase their exports...

# Collapse Of Eurodollar Near

## *"Green Slime" Invades Japan*

NEW YORK, Sept. 4 (NSIPS) — Wall Street bankers have released hundreds of millions of worthless Eurodollars onto the Japanese stock market in the last month in a final effort to latch onto some equity — paper linked to real productive wealth — before a Third World debt moratorium sends the entire Euromarket down the drain. The assault on Japan, which has as its ultimate objective the forced revaluation of the yen and the elimination of the huge Japanese trade surpluses, was redoubled this week when a similar invasion of "green slime dollars" into West Germany was beaten back by that country's central bank.

The West German Bundesbank announced Sept. 2 that it would fight "tooth and nail" against the hyperinflationary effect of the dollar inflow, which has been forcing the West German government to print up 2.5 deutschemarks for every dollar presented. The New York banks had hoped to force an upvaluation of the deutschemark. On the sameday,the Ruhr-based newspaper Deutsche Zeitung informed West German bank participants in the Eurocurrency markets that their loans to the Third World must be regarded as "grants," since there is no possibility that they will ever be repaid. At best, Deutsche Zeitung wrote, the loans might result in export orders for depressed West German industry. The Deutsche Zeitung commentary shows how close the West German "Junior Yankees" are to joining the rest of Western Europe in junking the Eurodollar markets and supporting the Colombo Non-Aligned Summit's call for debt moratorium and a new world economic order. According to a leading Swiss banker, West European bankers have been liquidating their short-term exposure in the Euromarkets over the last month in anticipation of a collapse — leaving the New York banks holding the bag.

### Zeroing In On Japan

Defeated in their efforts to revalue the deutschemark, a panicky Wall Street is now focusing its speculative offensive almost exclusively on Japan. With Western Europe and the Third World already bled dry, Japan is one of the few remaining countries outside the socialist sector with wealth left to loot. "Japan represents the only international investment we have left," admitted a top economist at a leading New York investment bank. One New York commercial bank alone has bought $100 million in Japanese securities in the past week.

With the anti-Atlanticist faction led by Prime Minister Miki still in power, Japan is even less likely than West Germany to tolerate dollar inflation. "The Japanese can always take their dollars and buy gold," said one Wall Street source.

The Atlanticist offensive has left the West Germans and Japanese with ***no other choice*** but to break with the dollar. Wall Street has demanded: "Either revalue your currencies and destroy your industrial exports, or allow our green slime to hyperinflate your economy." It is an offer that both countries must reject.

### European Payments Crisis Fuels Break with Dollar

The worst payments crisis in modern European history is now staring both Wall Street and Europe right in the eyes. This week, Italy agreed to repay the West German government $500 million of its $4 billion gold-collateralized loan. The loan had been given Italy last spring to prevent the lira from collapsing and Itlay defaulting on its debt payments. But the Italians' willingness to repay is based on their perception that a new monetary system will soon be created, rendering such agreements meaningless. According to the Italian economist Vitangeli, writing in the financial daily Il Fiorino, said, that the anti-Atlanticist Andreotti government did not mind paying in dollars — as long as they did not have to give up any more of their gold holdings. The dollar, Vitangelli had written last week, will soon be worth less than toilet paper.

European capitalists need only look to Britain to discover "what policy not to follow." The Bank of England has spent an astonishing $5.6 billion in supporting the faltering British pound since the beginning of this year. Meanwhile British borrowing abroad has risen 9.5 billion, for a total foreign debt of about $80 billion: A special study release by the British National Institute for Economic and Social Research this week reveals that, as a result of the gutting of British labor power to repay the debt, British labor productivity is now even lower than in Italy.

Wall Street's list of European victims does not stop there. It includes Belgium who was forced to spend $565 million of its reserves in currency support last month; Denmark, where government economists are pleading for continued Bundesbank support of their beleaguered currency, kroner; and the Netherlands, whose guilder, once one of the world's strongest currencies, is now classified as "weak" by foreign exchange traders.

In France, the population has been hit by double-digit inflation — consumer prices rose 2.5 per cent in the month of July alone — while Atlanticist French President Giscard d'Estaing's Wall Street-ordered credit squeeze has produced soaring interest rates and shrinking money supply.

Is it any wonder that all of Western Europe is on the verge of breaking with the New York banks and their Dollar Empire?