Making money from the depression

Citibank counts on usurious interest rates and purchases of S&Ls to greatly increase profits from U.S. operations.

When *EIR* founder Lyndon H. LaRouche issued an "Open Letter to Citibank President Walter Wriston" late last month urging him to discuss the need for a Latin American debt moratorium, the response at Citibank was underwhelming.

"We don't need LaRouche, we can solve the debt problem ourselves," Citibank Senior Vice President Robert Rice told *EIR*. When told that unless the banks cooperated, Mexico and other Latin American nations would be forced to default unilaterally, bringing down Citibank's $25 billion in Latin loans, he insisted Citibank could "paper it over."

Why isn't Wriston interested in a discussion on how to stretch out Third World debt payments, issue new trade credits, and start the world economy moving again?

For one thing, Citibank and Wriston are part of the Rockefeller crowd, the underlings of the oldest European families who deliberately created this depression in the first place, with the high interest-rate policies of Federal Reserve Chairman Paul Volcker. Since 1979, Wriston has been the most vocal Fed supporter, not least in his role as adviser to President Reagan.

Citibank is owned by the same Rockefeller group which funded the Council on Foreign Relations' *Project 1980s*, which called for deliberately putting the world economy into negative industrial growth and "controlled disintegration." During the 1890s, Citibank got its start when John D. Rockefeller I put his Standard Oil money into James Stillman's National City Bank. Stillman married one daughter to JDR's brother William Rockefeller, and two others to Standard Oil partners, creating the Stillman-Rockefeller family who took over National City as controlling shareholders. In fact James Stillman Rockefeller chaired the bank until 1967, when Wriston became president.

Personally, Walter Wriston was brought up in the Council on Foreign Relations, which was headed by his father Henry Wriston, for 11 years, from 1953-1964. After World War II, the elder Wriston insisted that, instead of expanding export credits, the United States should adopt what later became known as Friedmanism, and undergo deliberate economic shrinkage.

Henry Wriston and his son are two of the closest U.S. collaborators of black European oligarch Otto von Hapsburg; Henry was a founder, with Walter Lippmann and the Hapsburg aristocrat Max von Thurn und Taxis, of the Mont Pelerin Society. Founded in 1947, Mont Pelerin coaches Milton Friedman and Paul Volcker.

Now, Citibank has decided that having looted the Third World with 20 percent interest rates for the past two years, "we will have to take some reasonable loses," as Robert Rice put it. To offset losses on international loans, therefore, Citibank intends to apply the same IMF-style looting policies in the United States, to try to make money off depression.

In a recent report, Citibank stated that the U.S. economy must be reduced to a "post-industrial" state. Starting in 1979, Volcker ensured that industry and consumers could not afford real goods.

Walter Wriston's strategy, as he said recently, is to take a good portion of the $1.2 trillion in personal savings and time deposits in the United States which are not going into industrial loans, and use it to increase his own profits. "Willie Sutton said he robbed banks because that's where the money is," Wriston said. Under the new Omnibus Banking Bill (see Banking), Citibank will be free to "rob banks" by buying up savings and loans and smaller banks around the country.

Second, because of the end of usury ceilings under recent banking deregulation, Citibank has been able to charge 10-18 percent for consumer and business loans—while still paying the average domestic depositor 6-9 percent!

This will result this year in a fantastically higher proportional profit in Citibank's domestic operations. For example, although almost 70 percent of Citibank's loans are to foreign borrowers, fully half the bank's net revenue on interest is obtained in the United States. Out of a total $1.2 billion Citibank is expected to gross in 1982, up dramatically from $855 million in 1981, fully half the money will be made in the United States. During the 1978-1982 period, net interest revenue garnered in the United States rose from $1 billion to $1.64 billion, bank analysts estimate. Interest revenue from international operations actually fell, in fact, between 1978 and 1981 from $1.33 billion to $1.17 billion, and will only rise again to the $1.66 billion level.

But this kind of usury can only continue, of course, as long as Citibank's borrowers can afford to, or consent to, keep paying.