



U.P.I.

The Bankers, The Gold, And THE STING

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■ TIME magazine for March 3, 1980, tells us that the international monetary sky may be about to fall on all the cows and chickens who inhabit the economic barnyard. In an article titled "World Bankers Juggle the Huge Oil Debts," the Establishment weekly offers the following disturbing comment:

"Is the wobbly world of interna-

tional finance and banking about to be buried under a mountain of endlessly multiplying petrodollars? Almost from the moment oil prices first began shooting up six years ago, bankers, businessmen and government officials have been asking themselves that question. Now, with petroleum prices once again rising steeply, the issue is cropping up

For years David Rockefeller has been high prince of the paper bugs. He and his friends in international banking have denounced gold as "that barbaric metal" and promoted a paper money standard for America and the world. Paper, they said, made our money elastic. That elasticity has just given us 18 percent inflation.

anew; and this time the implications are scarier than ever . . .

"Leading finance men, including former West German Bundesbank President Otmar Emminger, warn of bad trouble looming ahead. Chase Bank Chairman David Rockefeller says with a nautical flair: 'What we see ahead are treacherous economic seas and gale-force financial winds, strong enough to capsize even large, well-manned ships.' Former British Chancellor of the Exchequer Denis Healey paints a chilling future in which soaring oil prices could all too easily threaten bankruptcy for entire nations, forcing them to default on loans to Western banks. This, he says, 'could bring the whole international banking system crashing down.'

"The worst-case scenario: a country with sky-high oil debts defaults on its loans to a major bank, causing that bank, and eventually others as well, to fail. Financial panic then spreads around the globe, bringing world trade and commerce to a crawl, much as happened during the Great Depression."

Bear in mind that this is not our commentary, nor that of one of the hard-money newsletters. This is from *Time* magazine, leading mass journal of the U.S. Establishment, and it makes one wonder if we are

being set up for something. With the opening credits of the worst-case scenario flashing on the screen, *Time* looks the other way and hums the chorus of "Wait Till The Sun Shines Nellie." The likelihood is that we are about to experience a performance of *The Sting*, in which David Rockefeller and his colleagues will be the stingor and we taxpayers will be the stinger.

While the international banking fraternity employs armies of journalistic flacks to create the impression that the Big Money Boys are some kind of Salvation Army, those who criticize the Machiavellian shenanigans of the money crowd are being lampooned by the press and academia as subscribing to a "devil theory." One must keep one's balance and perspective. The international bankers are not devils. They are, indeed, human beings. And so was Caligula. The Bible tells us that man is not by nature charitable, loving, and kind, but is in fact given to greed, betrayal, and covetousness. The English historian Lord Acton adds that power tends to corrupt and absolute power corrupts absolutely. In other words, people tend to try to get away with whatever they can, and the more power they have the more they are tempted and the more likely they are to avoid punishment in this

U.P.I.



world. In short, the more powerful an international banker is, the more he will tend to use that power to his own ends.

But, forget the penthouses of New York, London, and Paris for a moment and consider a situation that might exist in your own town. One does not attack the Free Enterprise system by noting that when you need your television set or automobile fixed you would do well to be careful in selecting the repairman. Every town has some auto or television repairman who will cheat by charging you for repairs which are not needed or for new parts which are not actually installed. "Liberals" maintain that a fleet of government bureaucrats is needed to keep such crooked businessmen in line. That sort of regulation seldom works. It simply alters the nature of the con game or the crooks buy off the public servants. 'Twas ever thus, and so it ever shall be.

The only protection the public has is that such crooks do not have a government-granted monopoly, and so the public is free to shop for an honest repairman. If the government granted a monopoly to repairmen you might be hard pressed to find an honest one. The biggest crook would pay the biggest bribe, or make the biggest campaign contribution, and get the monopoly. Even if the franchise were granted to an honest man it is likely that within a few years the power would corrupt him.

If a television repairman will cheat you if he can, why should we not believe that a billionaire banker will do the same thing if given an opportunity? Our Founding Fathers well understood this. Although a champion of the Free Market, Thomas Jefferson declared that he thought central banks were a bigger threat to liberty than standing

armies. Much of the early history of our country revolved around the battle to keep the big bankers of the day from effecting a merger with the federal government. In high-school history we all studied the battle between Andrew Jackson and Nicholas Biddle over the first Bank of the United States.

This battle continued into our own day until the modern merger of Big Banking and Big Government began with the creation of the Federal Reserve System in 1913. Through the years the Chairmen of the Federal Reserve have been as close to the Rockefeller family as a Mafia don to the godfather. This master and servant relationship has culminated with the appointment of Paul Adolph Volcker as cardinal of the Federal Reserve System. But if Volcker is a cardinal, David Rockefeller is the pope. Volcker served his apprenticeship at both the Chase Manhattan Bank and the Treasury where he spearheaded the selling of millions of ounces of gold at thirty-five dollars, thirty-seven dollars, and forty-two dollars an ounce, under the incredible theory that gold would soon sink to five dollars an ounce once the U.S. Government stopped "supporting" it.

The point of all this is that David Rockefeller has an acute case of Lord Acton's Disease and is in a position to use corrupted power to his advantage and to the detriment of the rest of us.

For several decades, David Rockefeller and his family have held an armlock on the Presidential candidates from both parties, the State Department, the Treasury, and key elements in the hierarchy of the most influential mass media. Additionally, the Rockefellers have given millions of dollars in grants through their tax-free foundations to try to

make their economic and monetary philosophies academically respectable. The network which holds the Rockefeller power system together is of course the Council on Foreign Relations, which has set up an Old Boy network within our government institutions that is every bit as extensive and effective as the famed Old Boy nexus of the British Empire. Instead of the old school tie, the American Establishment operates on the basis of membership in the organization known to its friends as "The Council" and to its critics as the C.F.R. Its critics also call it other things, including the Eastern "Liberal" Establishment, "the invisible government," and "the Rockefeller foreign office."

The Council on Foreign Relations consists of about eighteen hundred members, at least a third of whom have held important positions in the federal government. The Grand Ruler of this fraternity is David Rockefeller, who serves as chairman of the board. David also chairs a second organization, the Trilateral Commission, which is an international version of the C.F.R.

For many years David Rockefeller has been the high prince of the paper bugs. He and his cronies have denounced gold as "that barbaric metal" and promoted a paper money standard for the United States and for the world. Paper money, we were told, allowed stimulation of the economy and gave us an "elastic" money supply. It is certainly elastic. The operators of the paper money machine can stretch it from here to the moon simply by turning on the printing presses. This results in a little problem called "inflation," currently being blamed on labor unions, Arabs, and amorphous businessmen.

David Rockefeller has been the world's preeminent paper pusher because he and his family are not only

in the oil business but also in the business of renting money. The more money they can rent at escalating rental fees, the more money they can make. There is a lot more paper available to rent than there is gold. And much of this paper can be created out of thin air from within the walls of their banks. It is therefore completely understandable that such big bankers are anti-gold and pro-paper.

But, this game can only be played for a limited amount of time. Then the people panic and the paper becomes worthless. So one suspicion that at some time during this cycle David and his friends, while still preaching the alleged virtues of a *papier-mâché* monetary system, themselves switched to gold as a profitable investment and the ultimate bailout for paper-money loans that have gone sour. This may help to explain why the price of gold has jumped higher than a Watusi who has just sat on a hot coal.

In 1960, after having donated tons of gold for the establishment of the International Monetary Fund (I.M.F.), the U.S. Treasury still had a monumental five hundred eight million ounces of gold buried in Ft. Knox and in the vaults of New York City. However, it was the avowed policy of the Treasury, operating under the watchful eyes of a series of C.F.R. members, to demonetize gold and treat it as simply another commodity like copper, lead, or zinc. We were told that gold only sold for the exorbitant price of thirty-five dollars an ounce because the U.S. Treasury stood ready to buy or sell the metal at that price.

It turned out that a lot of supposedly foolish people, concerned about paper inflation, wanted to buy gold anyway. Even more wanted to buy when the price was bumped up to thirty-seven dollars and then to



forty-two dollars. In the intervening twenty years the U.S. gold supply has dropped from 508 million ounces to 262 million ounces. That is a lot of wealth that has disappeared over the transom. Some 246 million ounces of gold which were once the property of the United States of America now reside elsewhere. Valuing it at six hundred dollars an ounce, the current worth of what has been frittered away is \$147.6 billion — enough to drive your Gas-hog Eight to the moon and back nineteen times even at today's gasoline prices.

Who has that 246 million ounces of gold which the U.S. Treasury sold at distress-sale prices? There is simply no way to tell. Some went to European central banks, but much of it moved into private hands. Whose hands? Browsing through the lists of the successful bidders as they were released each month was like tiptoeing through the flower of Europe's international bankers. They could be buying for their own accounts or buying for undisclosed

clients. Month after month the Dresdner Bank of West Germany was the single largest buyer of Treasury gold. The Dresdner Bank is very closely allied with David Rockefeller's Chase Manhattan Bank. We were told that it was buying for wealthy gnomes and Arabs, but it now develops that the Arabs were comparative latecomers to the gold game, entering the market after others had accumulated their base. It is likely that David Rockefeller was buying U.S. Treasury gold through Europe — gold which his operatives in our government had arranged for the Treasury to sell.

There is of course no proof. While American citizens enjoy less and less financial privacy at home, Mr. Rockefeller is a citizen of the world and can arrange his acquisitions overseas, far from the prying eyes of the I.R.S., S.E.C., and the myriad of other snoopers who harass the rest of us. Whether you think David Rockefeller has been secretly acquiring gold sold from the Treasury depends

upon how cunning you think he is.

For instance, you might believe that David Rockefeller is just a dull boy who, fortunate enough to be born into a billionaire family, multiplied the family fortune by dumb luck. You could observe that he was educated at the London School of Economics where he studied under hare-brained Fabian Socialist professors who taught him gold is to be despised. One might even imagine that David's public hostility to the yellow metal was genuine through the 1960s and 1970s when advocates of gold-backed money were classified on the kook scale with members of the Flat Earth Society. But, with what has happened to the world economy over the last five years, it seems unlikely that any intelligent and informed banker could have failed to realize that politicians will inevitably mismanage economies and seek to buy votes by inflating the currency to worthlessness. The earth is not flat, and the gold bugs have been proved right.

So whether you think David Rockefeller has long been a closet gold bug depends on how smart you think he is. If you think that maybe he is dumb like a fox, then you suspect that the House of Rockefeller has been filling its basement vaults with something more substantial than paper. David is certainly sly enough to figure he could make money renting paper that he manufactures within his banks, enjoying the inflationary boom, while buying gold and waiting for the inevitable crackup. He might then use his gold to buy up devastated assets at pennies on the dollar. That is doubtless what David Rockefeller would do if he were both smart and suffering from an advanced case of Lord Acton's Disease.

One indication we have that Rockefeller knows gold is preferable

to paper comes from Dr. Gary North, editor of *Remnant Review*. A friend of Dr. North's worked for the Chase Manhattan Bank as a junior executive. One day the young man was waiting in David's office to have some papers signed. While Rockefeller was on the telephone the young executive was browsing through the Master Banker's office library and was stunned to find *The Theory Of Money And Credit* by economist Ludwig von Mises. The flabbergasted young executive remarked to Dr. Rockefeller, who had now hung up the telephone, that he was astounded to find *that* book which presses so hard for a return to the international gold standard. Rockefeller replied coldly: "Well, he's right, you know — in theory anyway."

Your reporter confesses that in this matter he belongs in the "suspicions confirmed" category. We always imagined that, after playing Keynesian games all day, David Rockefeller retires to his home and curls up with a book by Ludwig von Mises to chuckle over how the suckers are being set up for the biggest scam since Ponzi.

Keep in mind that David is now being quoted by *Time* magazine as saying that he and his fellow international bankers are in deep trouble. The alleged crisis revolves around the mushrooming price of oil and the monies that many countries have borrowed over the past five years from the megabanks to buy O.P.E.C. petroleum. The so-called L.D.C.s (Less Developed Countries) have borrowed enormous amounts of money from the major international banks to purchase oil from the major international oil companies, which are in many cases owned by the same people who own the banks. In other words, the banks rent money to countries to buy

(Continued on page ninety-one.)

From page thirty-six

THE STING

oil from their corporate cousins. The L.D.C.s have run up debts of more than \$348 billion, with \$190 billion of it owed to the private international banks.

The fly in the camel's eye is that the L.D.C.s have virtually no chance whatever of being able to pay. *Time* would have us believe this is all an enormous surprise to the naïve international bankers who have supposedly been caught unaware by the fact that those naughty Arabs continue to jack up the price of oil. That has to be the biggest surprise since the announcement that Christmas will fall on December twenty-fifth this year.

We are supposed to believe that David Rockefeller and his cohorts loaned all those billions of dollars to the deadbeat nations of the globe either out of humanitarian altruism or because they really believed that the L.D.C.s would be able to pay. Let us examine these two possibilities.

Did the international bankers lay out \$190 billion because their hearts bleed for the poor? If you think this is a possibility, test your premises. Go to the Chase Manhattan and explain to a loan officer that you have no job, no training or skill, and no assets to pledge as collateral, but that you need ten thousand dollars to pay your fuel bills this winter. You will be laughed out of the bank — and so would the L.D.C.s if there weren't a great deal more to this game.

Of course, maybe the Megabanks thought that O.P.E.C. would hold down the price of oil while the L.D.C.s recovered. Anybody who seriously believes this should go stand in the corner. Remember, Exxon and the Chase Manhattan are both offspring of the Rockefeller family. And Exxon is in partnership with the O.P.E.C.

operators. It drills the wells, pumps the oil, ships it, refines it, markets it, and divides the profits with O.P.E.C. partners. Anyone who has ever dealt with Arabs will attest to the fact that they will squeeze every possible nickel out of a deal. Certainly David Rockefeller knows all of this very well. He knew from the start that when the O.P.E.C. countries had the leverage they would squeeze the oil-consuming nations like a python devouring a squirrel. There is no way that David Rockefeller and his pals in the world banking fraternity could have been surprised by the continuing O.P.E.C. price hikes and their consequences.

What are the possibilities that our friends at Chase Manhattan really thought that the L.D.C.s would be able to pay back the money they were borrowing to meet their fuel bills? About the same as the chances that the Easter Bunny will make your house payment this month. David Rockefeller knows that when he lends millions of dollars to the Emperor for Life and Hereafter of Ouagadougou that the money is going to a corrupt politician who will spread it around among his in-laws, cousins, and favored supporters. David knows that the money tagged for building a Soul City in the middle of the jungle will wind up buying wine, women, and Swiss bank accounts for the head honcho and his relatives and cronies. David has been around the block.

So David Rockefeller and the other members of the brotherhood of international banking knew when they made those loans to the welfare nations of the world that there was no possible way they could be amortized. It is no different than when a panhandler asks to "borrow" fifty cents for a cup of coffee. Borrow is a euphemism for gimme, and your

chances of having the money returned are slightly less than those of snow in Houston on the Fourth of July. The point is that David and his friends knew what they were doing and did it anyway.

Since they are neither stupid nor naïve, it follows that David Rockefeller and the international banking clan were confident from the start that someone would pay. They don't want an international crash until they are themselves highly liquid, their vaults bursting with gold or redeemable cash. In that case, should some "unforeseen" calamity trigger a worldwide financial panic, the banking boys can step aside as they did in 1929 and let other people's card houses come tumbling down. Under such circumstances cash will be king and few will have any except the bankers. They will acquire America's assets at a dime on the dollar.

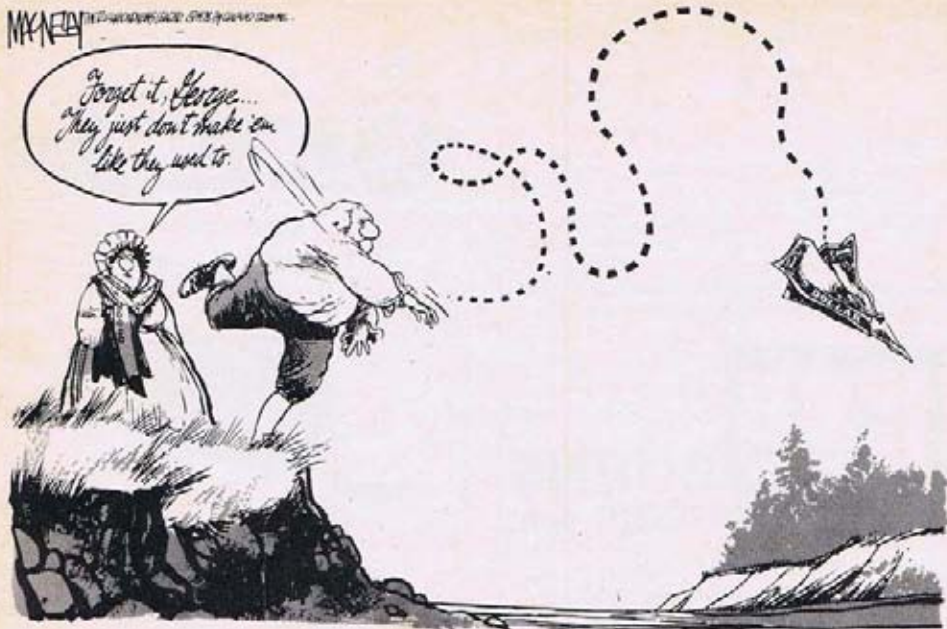
Timing for any such scheme is crucial. If the loans are defaulted before the bankers are ready, the collapse of a big international bank like Chase or Citibank could trigger worldwide panic, drawing others into the vortex. Which is precisely why the possible crash described by *Time* is unlikely. Rather, we look for the international bankers to be bailed out by the American taxpayer. Funds will come from the myriad of international programs loosely categorized under the heading of Foreign Aid. But while this has proved a multibillion-dollar rathole over the past thirty-five years, it is not likely Congress will dare approve funds in sufficient quantities to handle the whole problem. For the Congress to vote half a billion dollars to Somalia so that it could repay Chase Manhattan would be about as subtle as King Kong forcing his attentions on Fay Wray. It would give away the whole bank sting.

So if the American taxpayer cannot be directly relied upon for the bailout, from where will the funds come? They will come from the International Monetary Fund, known as the I.M.F.

The I.M.F. was created after World War II as an adjunct of the United Nations. The story of how that organization was created under the direction of C.F.R. members is told in this author's article called "Stop The Bank Gang" in the February 1979 issue of *AMERICAN OPINION*.

At the end of World War II the United States held sixty percent of the world's gold reserves and was the unchallenged economic power on the planet. Although the founding fathers of the I.M.F. declared themselves to be enemies of hard money, they endowed the I.M.F. with a huge pot of gold, mostly contributed by the United States. Throughout the intervening years the I.M.F. crowd has denounced the precious metals and, along with the U.S. Treasury, led the worldwide war on gold. The international banking community has profited handsomely from the blizzard of paper money that has been produced as a result. But, as we observed earlier, the paper game can only be played until people lose confidence in the currency, whereupon the manipulators of money and credit historically reverse policies and jump back on the golden track.

During the last two years the I.M.F. has been holding regular gold sales paralleling the U.S. Treasury's gold auction. And the same Swiss and German banks which have been buying the gold for their secret clients have been buying from the I.M.F. We are asked to believe that the I.M.F. sales are being held because the Fund's managers are anxious to remove gold from the international monetary system. As it happens, the



credits from the auctions go to the L.D.C.s, which use them to pay what they owe to the private banks.

When the I.M.F. gold auctions come to a halt this May, the Fund will still have over 100 million ounces of the yellow stuff it has been officially denouncing for twenty-five years. The Rockefeller crowd is therefore preparing to switch horses in midstream — because one of the horses, the paper one, is about to drown. It seems likely that the *Insiders* of international banking have been acquiring gold from our Treasury and the I.M.F. with German and Swiss banks acting as intermediaries, while their operatives in government and the mass media have contrived the ritual denunciations of gold.

What are the clues suggesting that the Rockefellers have switched from their anti-gold stance to being quietly pro-gold? One is that the price of gold has escalated from the \$150 range to \$650 in less than eighteen months. Last month we covered a number of reasons for this — all tied

to the natural consequences of inflating paper money and the instability of the Middle East. Another factor is that the banking clique has been quietly floating with the golden tide. Even the Soviets have cut back dramatically on their gold sales, and the U.S. Treasury announced in December that it was suspending such sales. Recent articles in *Time*, *Newsweek*, the *Wall Street Journal*, and the *Los Angeles Times* have pointed to the possibility of reintroducing gold into the world monetary system in some form.

One who is predicting such a change is Thomas Wolfe, a former Treasury official who is an anomaly in that he is pro-gold. Wolfe writes a monetary and investment letter from Washington where he relies on his friends in official circles to provide him with important and useful inside information. He writes in his letter for January 21, 1980:

"An important factor in the gold outlook is how the I.M.F. decides to use its 103 million ounce gold reserve

Since 1960 the American gold supply has been reduced by the C.F.R. paper bugs from 508 million ounces to 262 million. Valuing at \$600 an ounce the 246 million ounces that were frittered away, the current worth of our loss in the Rockefeller war on gold amounts to \$147.6 billion. It was sold at distress-sale prices.

that will be left after the current series of monthly sales ends in May. The key will be what, if any, link will be set between the fund's gold hoard and the issuance of the S.D.R. assets* for the proposed new substitution account. This account will be used to store surplus currencies held by other fund nations. These dollars now held by foreign central banks earn a good return but are subject to exchange rate risks. In order to induce central banks to deposit dollars and possibly other monies into the fund's new account, the S.D.R.-based assets to be issued in exchange will have to have a comparable yield and be insured against exchange loss.

"We have learned that the I.M.F. staff is working on a scheme to use part of the fund's gold reserves to accomplish both purposes."

Let us assume that over the next six to twelve months the banking *Insiders* sponsor the price of gold and raise it to something like one thou-

sand dollars an ounce. Then the I.M.F. could list its gold (most of it contributed by the U.S. and still in theory owed to the U.S.) at market value. Now the I.M.F. would have \$100 billion in hard assets. This could be leveraged in the bond markets of the world into sufficient funds to keep the big international banks afloat and highly liquid for some time. And the I.M.F. could continue to make loans. If it wants to lend Ruraslavia \$200 million, it has only to raise the price of gold by two dollars an ounce.†

When L.D.C. loans fall due, and a country comes with its hat in hand to the friendly folks at Chase or one of the other major international banks, and explains that the funds to repay the loan or even keep up the interest payments are not available, the bank will send the Less Developed Country to the I.M.F. Now loaded with (American) assets, the I.M.F. will pony up the money and force the L.D.C. to shut down its printing presses. This will cause hard times in the L.D.C., but it will force the value of its currency to rise. With such advance information the bank and its friends can pick up a few tens of millions of dollars profit by playing the currency exchange.

Our readers will no doubt breathe a sigh of relief that such a bailout

*Special Drawing Rights, a form of paper reserves currently based on a basket of currencies.

†Readers should not confuse this system with a genuine gold standard. It is only a gold standard for cooperating governments. The S.D.R.s are traded among government central banks and the I.M.F. They are not held by individuals so naturally there is none of the convertibility that is the centerpiece of the true gold standard.

seems likely. Most are gold bugs who didn't buy the Rockefeller gang's paper-money propaganda in the first place. If the international banks get bailed out as the price of preventing an international monetary collapse and/or runaway inflation, so be it. Since Conservatives have long demanded the re-monetization of gold, many will find it hard to quarrel with these actions. But we warn you that a trap is being set.

In the short run, all will appear to be fine. Everybody will be amazed that the economy seems to have improved so much. After aggravated inflation in 1980 and 1981, inflation will shrivel in 1982 and interest rates will drop. The banks, having been bailed out, will be liquid. And with the banks having stopped pouring out huge dollar loans the inflation rates will plummet. At the same time the dollar, which has been very sick in recent years, will miraculously rebound. The banking establishment may already have started to go "long" in the dollar. Until recently, when gold went up, the dollar went down. But during the run-up of the last few months the dollar has, to most people's great surprise, held its own. The banking *Insiders* know that when the I.M.F. reintroduces gold into the international money system it will greatly strengthen the dollar in world money marts. The Treasury might even follow the I.M.F.'s lead and revalue the 262 million ounces of gold held by the

United States in a move further to strengthen the dollar.

The combination of lower interest rates, abated inflation, and a stronger dollar will reinvigorate the ailing stock market. Rearmament will stimulate the economy, and as the Soviets substitute another of their patented "peace offensives" for their current pugnacious stance the American people will be lulled into a sense of euphoria. Worrywarts like the readers of this magazine will once again be snickered at by the self-styled sophisticates. The people will seem so happy they will probably start dancing the Charleston again.

Then, sometime in 1984 or thereabouts, an unexpected world crisis will trigger financial collapse. The great banks, loaded with cash, will go on the binge of acquiring assets at a huge discount. At the same time the Establishment *Insiders* will try to use the economic collapse as an excuse for implementing Executive Orders establishing total government control over every aspect of our lives and the economy.

So there is good news and bad news. The good news is that it does not look like the collapse is going to occur in the next year or two. This means Americanists still have time to foil the plot. The bad news is that if the control of the international bankers over our government, mass media, and the economy is not broken, Nineteen Eighty-Four will arrive right on schedule. ■ ■

CRACKER BARREL

■ Howard Jarvis, father of Proposition 13, says "I bought a new Thunderbird this year for \$8,000. And I found out that the tax on it from the time they took the ore out of the ground to when I took delivery was \$4,550." Jarvis called for across-the-board tax cuts and noted that, since his Proposition 13 was approved, "employment in California has increased by 60,000 jobs and unemployment has gone down by 40,000."

■ According to Senator Orrin Hatch: "Approximately 40 percent of this country's young blacks are now out of work and can't get jobs. About 19 percent of our youth across the board — people capable of working — can't get jobs. The fact is that minimum-wage laws lock these youngsters out of training jobs, and this is the direct result of federal interference in the marketplace."