



OECD Economic Report as Deliberate, Criminal Fraud

December 10, 1975

by Lyndon H. LaRouche, Jr.
USLP Presidential Candidate

*[Published in **Executive Intelligence Review**, Volume 2, Number 53, December 13, 1975. View [PDF of original](#) at the LaRouche Library.]*

Dec. 10—Contrary to misinformation disseminated through the Organization for Economic Cooperation and Development (OECD), as of the end of 1975, a chain-reaction collapse of approximately \$800 billion of international and U.S. debt will be unavoidable. The consequences of this collapse—unless appropriate countermeasures are taken by responsible government—will be the immediate devastation of international trade and production, opening the Third World and large parts of the advanced sector to ecological catastrophe in the succeeding two years.

The OECD November published report that the industrialized countries' economies are in a modest upswing is a deliberate fraud which is in fact part of the Rockefeller Hilex 75 economic warfare operation. In reality, the current world economic situation is this: The imports of industrial countries, the broadest indicator of economic activity on a world scale, fell by approximately 18 per cent in physical volume in the year ending Sept. 30, 1975, adjusting the most recent International Monetary Fund data for inflation. This reveals a far worse: collapse than the miserable, bloated GNP figures bandied about by OECD and similar agencies indicate. This measure includes a 24 per cent drop in imports for the U.S.; 22 per cent for Japan; 20 per cent for France; 28 per cent for Switzerland; and 17 per cent for Great Britain.

Not coincidentally, the key flashpoint for an international liquidity crisis is approximately \$40 billion in short-term international credits in world trade owed by Third World countries, \$30 billion owed by Japan, and smaller amounts owed by weaker sectors in terms of balance-of-payments position. This, in turn, is hooked into a larger mass of international banking credits, an additional \$30 billion-plus of Eurodollar medium-term credits to Third World countries, the core of the \$220 billion Eurodollar structure.

At least \$10 billion of this debt—a closer estimate is \$20 billion—is now in default, putting terrific immediate strains on the short-term side of the international market. Only the injection of about \$5 billion in central bank funds during the past two months, much of it

channeled through the Bank for International Settlements in a kind of “open market” operation, has prevented the detonation of the international market as a whole.

Third World Debt

In addition, virtually all international funds available since June 30, 1975, have been channeled into debt refinancing, shutting off key flows of commodities and capital investment both to the Third World and parts of the advanced industrial sector. In the Third World, the most devastating example is Brazil, the “flagship” model of capitalist development, which will have cut imports by approximately 30 per cent under 1974 levels by the end of this year. This shutoff in imports derives from Brazil’s need to refinance approximately \$3.4 billion in debt maturing during 1975. While precise data are not available, Argentina’s situation is similar; a minimum of \$3 billion of its \$3.5 billion repayment obligation this year is now in default. As the accompanying chart indicates, the predicament of the sector which capitalist economists have viewed as the healthiest among developing countries applies broadly to the Third World as a whole, indicating a dropoff of imports of this sector of at least 30 per cent during the second half of 1975. In turn, the import shutoff of the industrial nations reflects strongly on the exports of Third World commodity producers.

Therefore the International Monetary Fund figures do not represent the “summation” of an already-past world recession, but the takeoff point of a geometric rate of collapse in international trade.

The balance of defaulted Third World debt is now subject to overnight refinancing, raising the possibility of a general collapse of international credit markets at any moment, and the virtual impossibility of rolling over the mass of illiquid debt past January.

A Three-Months Leeway

The single exception to the virtual certainty of the collapse of dollar-based financial markets is the possibility of massive refinancing through the imposition of a 30 per cent cut in living standards on the working class of the industrial countries, either through austerity or hyperinflation in the next few months ahead. Leading financiers in New York and elsewhere are considering the efficacy of such a policy, but are generally aware that even if such efforts succeeded, they would at best prolong an unstable situation for a further three months. Broadly, these layers are committed to military-directed top-down controls over the world economy under the Hilex 75¹ format.

¹ [Otherwise known as NATO’s HILEX-7 maneuvers.—*ed.*]

In the industrial countries themselves, industrial output and orders began falling during October, according to the most recent official statistics, starting with a collapse of heavy-machinery “orders in Japan and other major producers. The leading trading nations have avoided the worst effects of the collapse thus far mainly through the doubling of the percentage of their exports to the socialist countries. This

outlet is now largely exhausted, through the lack of export-financing capacity of the exporter-nations themselves, and the exclusion of the Soviet Union from private international financing channels. since the third quarter of this year.

The inability of Japan, Britain, Italy, and other sectors with a weak payments position to finance a recovery is illustrated by the fact that the Japanese yen began collapsing in November when import bills from the four months’ previous “upturn period” began to come due.

The breaking point of the U.S. situation is the near-bankruptcy of the large commercial banks which, by the best estimates available, have soft loans comprising 50 to 70 per cent of their assets, excluding foreign loans, which are the weakest sector of their portfolio, The commercial banking system is in no position to finance a recovery. Its efforts during the period since Sept. 30, when illiquidity could no longer be contained in the real estate, airlines, aerospace, and other weak sectors, have been centered on maintaining balance-sheet solvency on the basis of unprecedented liquidity injections from the Federal Reserve.

These same banks are the private-sector institutions most intimately associated with the planning and personnel of the Hilex operation.

Black Propaganda

The OECD’s propaganda to black out the reality of the worldwide liquidity collapse is an operation primarily aimed at the personnel involved in the operation, managed through two groups founded at the beginning of October. The first, composed of George Schultz for the U.S., Karl-Otto Pöhl for West Germany, Raymond Barre for France, and John Hunt for Great Britain, acted as a coordinating team outside normal government channels to prepare ground for the series of international meetings culminating in the Dec. 16 Conference on International Economic Cooperation. These individuals provided the interface at the highest level between selected governmental circles in NATO countries and OECD staff efforts in the fields of energy, raw materials, and North-South relations assigned to OECD by the May ministerial meeting of NATO in Brussels.

The second group, headed by U.S. Trilateral commission member Paul McCracken and former Bank of Italy governor and NATO economic warfare expert Guido Carli, was created at the same time to feed out “longer-range” perspectives in the same areas.

Apart from their coordinating function, these gentlemen have the task of inoculating official layers to the most hideous aspects of the Hilex scenario, in particular, the manipulation of official understanding of economic warfare and international controls. Along with Rockefeller family associates Zbigniew Brzezinski, George Ball, C. Douglas Dillon, *et al.*, they provide a suitable “insider’s view” of OECD, NATO, and related operations within the Hilex maneuver. The objective is to encourage maximum cooperation among these layers without infringing on the “need-to-know” limit on information concerning operational plans for confrontation with the Warsaw Pact.

More important is the relationship of the OECD’s public deception on the state of the world economy to the “Hilex” command and control procedures into which OECD is integrated. Through the command and control procedures of the Hilex operations, not only the OECD staff, but in the United States (for example) selected “cells” are linked to the NATO staff in the Departments of Commerce, Labor, Treasury, Transportation, and Defense. These cells are briefed as to what they individually must do when activated, but not what similar cells are doing, and least of all what the overall objectives of Hilex 75 are.

Should the tens of thousands of individuals who must cooperate under centralized command and control for Hilex 75 to succeed, become broadly aware that the objectives of the purported exercise are to lead the NATO countries into nuclear confrontation with the Warsaw Pact, and to respond to an exploding economic crisis by imposing supranational fascist controls on the world economy, the Hilex operation would instantly dissolve.

From the standpoint of NATO planners, therefore, what the thousands of civilian and military bureaucrats whom they manipulate must remain in the dark about is the reality premise of the Hilex operation. This, as leading individuals associated with Hilex identified in the period immediately prior to the June 30 debt-rollover date, is the inevitability of a general world liquidity crisis in the same period as the scheduled span of the Hilex maneuvers. This, as noted, is also the actual premise of senior OECD staff as of the same period. The principal purpose of the OECD black propaganda concerning the state of the world economy is to influence a bureaucratic belief-structure insulated from the reality underlying the Hilex maneuvers, and therefore safe from the dangerous knowledge of what the actual purpose of Hilex is.