

Luxemburg To Become New World Gold Center?

Leading West German banks plan to establish Luxemburg as the premiere world market in gold bullion, according to the *Frankfurter Allgemeine Zeitung* Sept. 1. The West German daily reports that new tax laws to take effect in January 1978 will open up the Luxemburg banking center—West Germany's leading "off-shore" center—as a gold market to rival London and Zürich. In addition, the newspaper said, the German banks' operations in the smallest member of the European Community will draw off Eurodollar deposits from London and the Cayman Islands, and turn the West German foreign operation into the major new source of commercial banking lending to developing countries.

GOLD

Banking specialists at the Deutsche Bank and Dresdener Bank in Frankfurt confirmed the accuracy of the article but refused to elaborate further. However, authoritative gold market sources in Johannesburg and New York City report that the German banking operation the *Zeitung* reports is a relatively modest view of a much broader West German and French plan to reintroduce gold as a monetary reserve. A leading exponent of the plan was Dresdener Bank chairman Jürgen Ponto, murdered by Interpol's Baader Meinhof gang at the end of July.

West German banks have been accumulating gold steadily since early this year, including purchases on the account of Kuwait and other Arab customers. The main sources of their gold supplies—apart from Dresdener's regular purchases at the IMF auctions—has been the Zürich gold market, which absorbs roughly 60 percent of South African gold output. Dresdener works closely with the Union Bank of Switzerland, whose former chairman, Alfred Schaeffer, is one of the inner circle advisors to the Saudi Arabian Monetary Agency.

For obvious reasons, the Arab gold purchases have been conducted with the utmost secrecy, since all such deployment of Arab oil revenues is linked to monetary-political bargaining with the EEC countries and the Soviet bloc over monetary re-organization scenarios. Johannesburg gold market sources believe that the scandals surrounding the Banque Leclerc, Credit Suisse, and other leading Swiss banks earlier this year were directed by Lazard-Freres networks in New York, London, and Italy to sabotage the gold operation. The Credit Suisse scandal, which involved allegedly unmonitored and excessive loans to a Milan company, Winefood, culminated in the appointment of Lazard

partner Rainer Gut to the chairmanship of the huge Swiss bank. Winefood is controlled by Italian financier Michele Sindona, the arch-enemy of Lazard Freres' prime Italian collaborator, Enrico Cuccia of Mediobanca.

Since the Swiss banking scandals provoked changes in the management of key institutions, and demands by several of the European socialist parties for elimination of Swiss banking secrecy, the Swiss market became a security risk for the Arabs, South African sources say. The West Germans then began to shift operations to Liechtenstein under tighter security conditions and continued operations with the medium-term objective of replacing their share of the Zürich market with a Luxemburg gold exchange.

Although Dresdener and the Union Bank of Switzerland are the premiere banking houses conducting business with the Arabs, there are strong French, Italian and Soviet inputs. The now-defunct Banque LeClerq managed the personal fortune of the family of French President Giscard. Otherwise there are several levels of Franco-Swiss and Franco-German cooperation in gold affairs. Two of the Soviet-owned banks in Europe, Banque de l'Europe du Nord and Banque Nosti (the parent bank of the better-known Moscow Narodny) are involved directly in the Arab gold operation as well, according to well-informed banking sources.

The ultimate objective of the gold market developments noted (as EIR has previously reported) is to bring the European snake back onto a gold reserve, persuade the Arabs to use a gold reserve for their vaunted new OPEC currency, and establish a link with the Soviets' gold-backed transferable ruble.

Although most talk of a major rise in the price of gold or more dramatic developments centers on the end of this year, there are some indications that the game is already afoot. Specifically, a series of rumors have hit the gold market during the last several days including a whopper that someone is offering a huge quantity of gold for sale on the West German market. On Sept. 1, a rumor was released that the U.S. Treasury was prepared to sell 1.6 million ounces of gold—worth \$230 million that day—which sent the market in South African gold shares into a mild panic. The point is that the rumor appeared simultaneously on every major gold market in the world starting at 12:00 noon Johannesburg time. Johannesburg gold market participants undertook their own investigation of the source of these rumors and concluded that the well-timed and coordinated leaks must have been the work of a leading intelligence service.

Obviously, someone is worried about something happening during September.