

Who Wants To Collapse The U.S. Dollar?

At the conclusion of an Aug. 16 emergency session held at the White House, President Carter issued a curt press release stating that he had asked Treasury Secretary W. Michael Blumenthal and Federal Reserve Chairman G. William Miller "to consider

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what actions might be appropriate on their part and to recommend any further actions on his part to deal with" the continuing serious decline of the U.S. dollar on the international currency markets.

Release of Carter's statement, and reports a few hours earlier that the U.S. Federal Reserve had begun intervening on the currency markets provoked a sudden, momentary pickup in the dollar's value against all other currencies in heavy trading. By the close of the day, the dollar had topped 1.96 West German marks, and 1.60 Swiss francs. These are miserably low levels, but nonetheless relative high points after several days of an almost continuous dollar fall.

But at a press conference the next day, Carter failed to supply any evidence that his Administration will move in support of the beleaguered U.S. currency,

instead making it clear that he remains under the policy making thumb of London's inside wrecking agents against the dollar, Miller and Blumenthal. In lieu of a concrete plan of support actions for the dollar, the President claimed that the nation's "underlying economic strength" will suffice to prevent the currency's further deterioration.

The Carter Administration's stalling on a policy of dollar support created wide maneuvering room last week for the coordinated City of London campaign to discredit the dollar in the international press and wreck it on the foreign exchange markets. Immediately after the presidential press conference, the dollar fell below 1.96 West German marks and to a historic three-year low against the pound sterling.

The dollar's parity depends on the U.S. government's response to the European Monetary System (EMS) dollar investment proposals put forward by the West German and French governments with the support of Saudi Arabia at the July 6-7 Bremen European Community Summit. Conversely, the strategy of the London financial oligarchy is centered on preventing the Franco-German EMS from getting off the ground, principally by successfully provoking the collapse of the dollar as an international reserve currency. The items below document this strategy, answering the question of who wants to collapse the dollar, and why.

G.W. MILLER and **W. MICHAEL BLUMENTHAL** are pushing the dollar-wrecking line that federal deficit spending cuts and interest rate hikes in the U.S. are the key to saving the dollar, a source close to the National Security Council said this week. This line, put forward at the Aug. 16 White House-convened special Cabinet-National Security Council meeting to discuss the decline of the U.S. currency, is just the opposite of the solution the Carter Administration should be pursuing. Massive investment in the U.S., for example in the next generation of fusion-based energy production, is the only way to boost the dollar, hold down interest rates, and thereby insure noninflationary growth.

BRITISH ADVISORS TO ARAB CENTRAL BANKS, particularly those in Kuwait and Abu Dhabi encouraged this week's flight of Arab funds from the dollar, a petrodollar specialist at a major New York commercial bank reported this week. Aug. 15 selling by Kuwait, Abu Dhabi, Syria and Egypt of dollar reserves for marks and Swiss francs drove the dollar down to 1.92 marks and \$2.00 to sterling that day. According to the New York banking source, the Saudis have not moved to join the dollar dumping, "although there is a group inside the government that is listening to the Kuwaiti complaints that the Arabs have lost out on the dollar so far."

THE FINANCIAL TIMES of London led this week's propaganda barrage against the U.S. dollar, writing on Aug. 12 that "in fact, the main threat to world trade is not the falling dollar, but so-called policies to deal with it. In a longer term context, the surprising feature of the dollar exchange rate is not the recent fall, but how late that was in coming....Meanwhile, it is a myth to suppose that a European monetary arrangement would stop EEC currencies rising against the dollar....Exchange rate changes reflect underlying differences in economic policies and conditions. Like all policies they convey information which is not always popular. But that is an argument for paying attention to them, not for suppressing them."

WEST GERMAN ECONOMICS MINISTER OTTO GRAF LAMBSDORFF told a news conference Aug. 11 that the current weakness of the dollar is solely due to the United States' inability to implement a drastic program of energy cutbacks. Contrary to the spirit and letter of the Bremen monetary accords, Lambsdorff said that no central bank intervention could possibly shore up the dollar's position at this point. The Economics Minister then proceeded to attack Finance Minister Hans Matthöfer, who recently spoke in favor of federally directed steering of investment into industrial plant and equipment. "Investment control will not work," said Lambsdorff, who openly espouses the Mont Pelerin Society's "free enterprise" ideology.

LA REPUBBLICA, the Rome daily, published an Aug. 12 interview with Christian Democratic economist Nino Andreatta, a trainee of the London School of Economics. "The American currency continues to decline," Andreatta said, "... (but) towards the middle of 1979 the dollar will have to begin to recover, above all because the American economy's growth will slow down"

IL FIORINO, the Italian financial daily, issued an editorial attack on West German Chancellor Helmut Schmidt, one of the key organizers of the new European Monetary Fund. The paper facetiously labeled Schmidt the "King of Prussia," and insisted that the EMF will wreck the dollar in short order. *Il Fiorino* was recently taken over by Fiat's Agnelli family, which in turn is controlled through Lazard's international investment banks and the Order of St. John of Jerusalem.

HENRY KISSINGER, who is spearheading British "free enterprise" propaganda in the United States, will convene a special meeting of 20 U.S. and European corporate executives Sept. 23-24. The announced aim of the seminar, which will present a briefing on "the functioning of international financial and political institutions," is to form a "British Atlantic Community," a familiar key-and-code word

for British efforts to keep the U.S. away from the Franco-German "grand design" policies.

Kissinger's conference, which will include executives from General Motors, Philips and others, is part of his "Futures of Business" seminars at Georgetown University, whose content has been shaped by advice from London's Chatham House of the Royal Institute of International Affairs. The session will be coordinated with other "Georgetown-Oxford International Seminars" to be held in London and Brussels. Supervising the meetings are Clifton Berley of Oxford; Ann Armstrong, a former U.S. Ambassador to Britain with connections to Her Majesty's Secret Intelligence Service; Sir Frank Roberts of the British Foreign Office, Lloyd's of London, and Unilever, the Anglo-Dutch firm which helps finance the American Nazi Party through the Anti-Defamation League; and Roy Godson, Georgetown's European division chief.

MARGARET THATCHER, the "black" political leader of Britain's Conservative Party, will preside over a similar behind-closed-doors meeting in Europe devoted to currency questions, according to a well-informed West German source. The top agenda item of the meeting, to be co-chaired by Bavarian neo-fascist Franz Josef Strauss, will be how to link up European opponents of the European Monetary System with U.S. forces who want the Carter Administration to block the implementation of the Bremen monetary accords.

FRANZ JOSEF STRAUSS, leader of the feudalist Bavarian Christian Social Union, has handed the West German government a list of questions. Strauss (a close ally of Knight of Malta Otto von Hapsburg) aims the questions at encouraging the West German central bank (Bundesbank) to veto the Bremen summit results. The questions are: (1) Was the proposal agreed upon by the Bundesbank? (2) Did the Bundesbank have any opportunity to state its views on the European Monetary System plan before the Bremen summit was held? (3) Is the government prepared to inform the Federal Parliament of the details of the Bremen agreement? (4) Does the government intend to revise the charter of the Bundesbank, even if the Bundesbank were to oppose it and were to declare that it will be unable to transfer any reserves to the European Monetary Fund? (5) Is it true that Chancellor Helmut Schmidt did not coordinate his monetary plans with anyone, and only takes individual responsibility for the Bremen summit?

OTTO VON HAPSBURG, a leader of Europe's "black aristocracy," said that he would be glad to accept a government post if he were ever asked to do so. In an interview with the West German news weekly *Die Zeit*, Hapsburg also praised his Bavarian crony Franz Josef Strauss for being "the same thing Churchill was in the 1930s: England's greatest reserve potential."