

As of the IMF meeting at the beginning of October and the October 19 meeting in Scotland of the Nuclear Planning Group, the United States left Europe with a set of entirely unacceptable policy alternatives, including what Weinberger is willing to call plainly a policy of limited nuclear war in Europe, and a currency and interest-rate policy which makes economic life impossible in Europe at the same time. Both policies are the result of the influence upon Washington of the Thatcher government of Great Britain, particularly through its semi-official intelligence arm, the Washington-based Heritage Foundation.

Yet at the same time, Britain's Foreign Minister Lord Carrington and Chancellor of the Exchequer Sir Geoffrey Howe are negotiating with their French counterparts to break away from the obnoxious policies which the British themselves encouraged for so long, in the direction of independent European defense and monetary institutions.

What ultimately will come of this? The United States went through the worst economic decline of any nation during the 1930s, with national output falling peak-to-trough by more than 40 percent. In the currency blocs that emerged from the 1931 flotation of sterling and the 1933 floating of the dollar against gold, the old European family fortunes clustered around a Swiss-French-Italian bloc pegged to gold. The direct continuity of the European gold bloc of the 1930s, whose assets appreciated against U.S. equities (through currency and stock market declines) by roughly 1,000 percent, is foreign ownership of about one-third of U.S. equity.

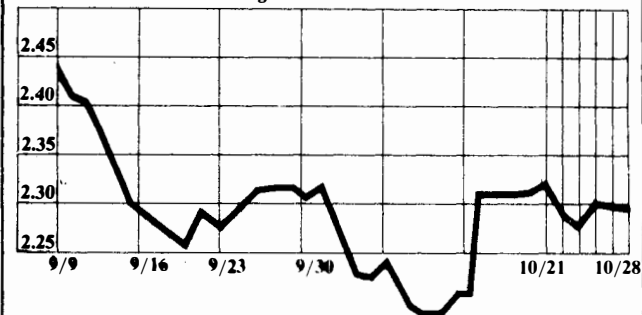
The direct, unbroken connection between the coup of the old continental European fortunes, and present financial institutions is the Bank for International Settlements, created in 1930 as a combined public-private vehicle for managing international reparations payments and debt service associated with their financing.

The gutting of the Paris headquarters of the Banque de Paris et de Pays-Bas (Paribas), in favor of a shift of operations to Switzerland and Belgium, is exemplary. While Mitterrand runs a rampage against French industrialists and bankers, the most important sections of the client business of this most important of the French banques d'affaires has flown to Switzerland and Belgium, and the constituent shareholders of Paribas (e.g. Warburgs) have simply put their money into a new, and inviolable, Swiss- and Belgian-based shell. These interests look toward the demise of even the IMF, whose distasteful feature, for them, was that it was dominated legally by the American government. The world shall return to the type of currency blocs prevailing during the inter-war years, precisely as the June report of the BIS warned; and their advantage in controlling a gold- and petrocurrency-based bloc against a declining United States and failing dollar would be immense.

## Currency Rates

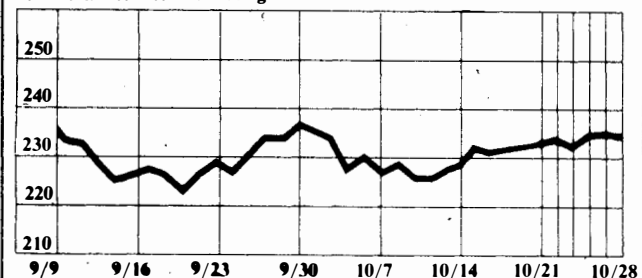
### The dollar in deutschemarks

New York late afternoon fixing



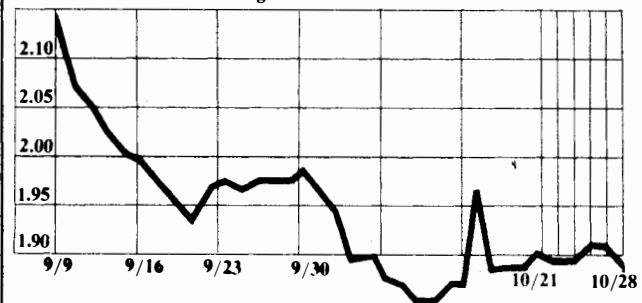
### The dollar in yen

New York late afternoon fixing



### The dollar in Swiss francs

New York late afternoon fixing



### The British pound in dollars

New York late afternoon fixing

