

effect, a 30% increase in the prices of German exports on world markets. If Brussels refuses to make up the difference, the competitive advantage of EC farm exports will rapidly collapse.

Additional reports that chemicals, steel, and other bulk exports are beginning to be hit by the loss of the dollar price differential are coming from major European industrial nations.

The man reportedly orchestrating U.S. dollar strategy since the September "Plaza Hotel coup," David Mulford, got his present job as head of international relations at Treasury in February 1984, when Don Regan was Treasury Secretary. Sources say Regan and Mulford form the "Merrill Lynch mafia" inside the administration. Mulford was a director of Merrill Lynch, the huge Wall Street stock, commodity, and investment conglomerate, when Regan headed the firm in the late 1970s.

The 46-year-old Mulford became a director of Merrill Lynch when Regan bought White, Weld. White, Weld reportedly funneled untold millions of dollars in assets out of China after the war into Montevideo and secret Swiss accounts. It was the only bank in the 1950s and 1960s to maintain ties to a Swiss bank, Cr dit Suisse, which was laundering Meyer Lansky's illegal funds for Bernie Cornfeld's Investors Overseas Services. From 1970 until its purchase by Don Regan's Merrill Lynch, Mulford headed the White, Weld International Financial Group in New York and London.

London sources report that it was Regan personally, despite his transfer to become White House chief of staff, who lashed out in rage at the decision by the Federal Reserve Board, at Volcker's initiative, to restrict the "wild west" process of so-called "junk bond" borrowing to buy up corporations. Under permissive deregulation rules of recent years, tiny firms suddenly are able to borrow many times their assets in order to launch hostile take-over bids of giant multinational companies such as TWA airlines. One firm, Drexel Burnham Lambert, last year raised some \$47 billion generating such junk bonds. The paper is worthless in event of bankruptcy, but takeover specialists like Saul Steinberg or T. Boone Pickens "asset-strip" the victim companies, selling off what they can and laying off who they can to pay off debts. Reliable reports indicate that the clients able to get such junk bond financing are an exclusive insiders club tied to Las Vegas gambling interests. Merrill Lynch is also a junk-bond financier.

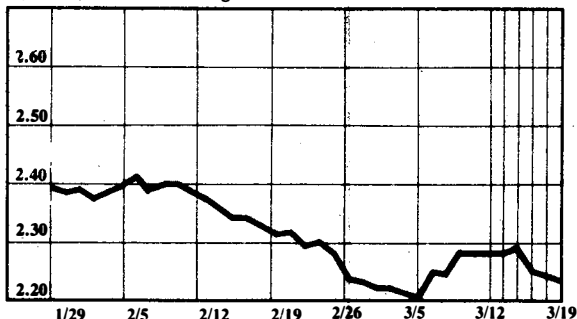
Regan, in January, is said to have launched a power-play to pull control away from the Federal Reserve, using the weight of "offshore" dollar flows to make it. At this point, observers say, Volcker's Federal reserve has turned into an unwilling "rubber stamp" on dollar and interest-rate policy to Regan and Mulford and the "Merrill Lynch mafia."

"[Treasury Secretary] James Baker doesn't know anything about international monetary policy, and Mulford is running the show by default," commented a former senior U.S. economic policymaker.

Currency Rates

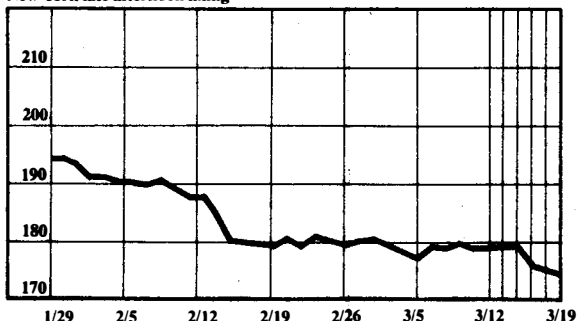
The dollar in deutschemarks

New York late afternoon fixing



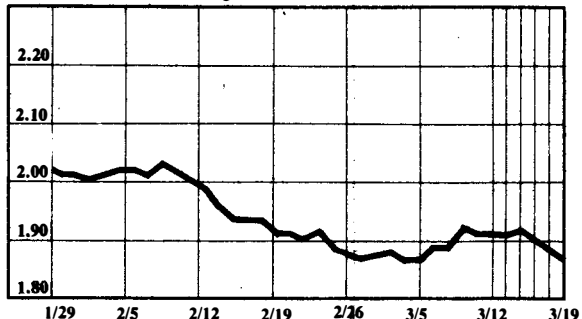
The dollar in yen

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The dollar in Swiss francs

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The British pound in dollars

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