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British Coup In Monetary Affairs

Once the dust settles from the collapse of the French franc last week, the dollar collapse that will probably be in full swing as this issue reaches its readers, and related monetary disasters, the British financial press and the predictable British-connected bankers in the United States will start to hint at the conclusions of the accompanying articles.

A handful of key monetary developments over the past week have shifted the monetary balance of power swiftly, if not yet decisively. Their key invariant feature is the manipulation of central bank reserve placements, currency flows, government crisis, public press, and other influences by a group of London Merchant bankers, with the object of re-establishing London's financial preeminence, and the re-emergence of sterling as a leading world reserve currency.

The events include:

(1) The replacement of West German Finance Minister Hans Apel by Hans Matthoefer, who, along with Otto von Lambsdorff at the Economics Ministry, constitute a "reflation front" for West Germany.

(2) The decision of Japanese Prime Minister Fukuda, along with Central Bank Governor Morinaga and Vice-Minister of Finance Matsukawa, to sue for terms with the Blumenthal Treasury. According to reports in the Japanese financial daily Nikkei Kezai Shimbun, Matsukawa's current trip to the United States was to offer Japanese participation in the so-called "Roosa Plan," stabilization of the dollar, yen, and deutschemark parities against the dollar through "coordination of economic policies," i.e. reflation and monetary easing by the hard-currency countries. The Japanese did this in desperation, according to the *Executive Intelligence Review's* Japanese sources, after Matsukawa's attempts to obtain Federal Reserve cooperation in stabilizing the yen-dollar parity were refused.

(3) The French franc collapsed for no reason apparent to either the large American commercial banks or the large West German commercial banks — who told *EIR* the sudden collapse of the French currency had them flummoxed (and liquidating francs once the run had started). In fact, British merchant banks who manage large central bank accounts pulled the operation out of a hat — and bragged about it to *EIR.* They intend to draw funds out of the dollar next. For the first time, there are serious doubts among bankers close to the Persian Gulf situation that the Saudis can withstand the pressure.

The U.S. Treasury has been circulating the argument that more reflation from West Germany and Japan would stabilize the dollar. Barring a reversal of the present direction, what will happen is a worst-of-both-worlds scenario. The flight out of the dollar into other reserve assets, and consequent destabilization of the markets, will force significant reflation, after the fact, and add to the already dangerous inflationary pressure building inside the U.S. economy. No one believes that such reflation will even marginally increase world output levels. The world will be in for an economic disaster under London.

Run On French Franc Only Phase One Of New British Attack On Dollar

This week's unexplained, massive run on the French franc is just a prelude to yet another major City of London operation against the U.S. dollar, aimed at forcing the Organization of Petroleum Exporting Countries and other governments to diversify their national reserves out of dollars and into the decrepit pound sterling, the deutschemark, and the yen.

FOREIGN EXCHANGE

This is the "Roosa Plan," named for Brown Brothers Harriman's Robert Roosa, to force reflation, trade contraction, and economic stagnation on Europe and Japan by setting up a currency bloc of the sterling, dollar, mark, and yen — all managed by interest rate manipulation and coordinated central bank policy under the direction of U.S. Treasury Secretary Michael Blumenthal, George W. Miller, soon at the Federal Reserve, and their partners at the Bank of England.

This analysis emerged in an interview by a financial journalist with Henry Simon Bloch, the senior international partner at the Rothschild-related investment bank Warburg, Pincus in New York, which is reprinted in full below. In the interview, Bloch describes the run on the French franc as nothing but a symptom of the dollar's coming crisis, and lauds the plan of his "close friend" Robert Roosa to set up a sterling-dollar-mark-yen system.

London Spreads a Rumor

There is no identifiable reason for this week's major development on the money markets other than a direct

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