ties up loose overseas U.S. dollar holdings in a new reserve pool together with gold. In due course, these dollars will be exchanged for bonds denominated in ounces of gold at relatively low interest rates. This pool will create credit for a rebirth of world trade, centering around nuclear and agricultural development projects for the developing nations. The dollars pooled will be used to buy up hundreds of billions of dollars of U.S. high technology exports for both Third World projects and for capital goods purchases by industrialized nations engaged in expanded exports.

Under this arrangement, I and my associates have precalculated that the U.S. dollar should move toward the asymptotic value of about 3.00 German marks, and monetary gold at free market prices to between $230 and $240 an ounce. This estimate is accepted by various key leading agencies involved in planning and coordinating the development of the new monetary system.

President Carter has already been briefed on these proposals by President Giscard, Chancellor Schmidt and others, as well as by other relevant channels. To come home with glory, Carter has only to dump the policies of the Brookings Institution (Kissinger, Schlesinger, Bergsten, Richard Cooper, et al.), to lift barriers to U.S. nuclear and other export licenses, and to aid Europeans and Japan in bypassing the IMF and World Bank in a new credit arrangement for development.

President Carter has the lever for bypassing the IMF and World Bank. Those institutions, under the current policies associated with outgoing IMF Director Witteveen and the World Bank's Robert S. McNamara, are guilty of creating massive violations of human rights throughout the Third World and other locations. IMF and World Bank conditions mean a combination of vicious, totalitarian regimes — to carry out vicious austerity measures — and forms of austerity bordering on willful genocide.

Carter will also benefit from the massive backlash against "drug decriminalization," "environmentalism," and related follies. The constituencies for high-technology, nuclear and fusion energy, and for job-creating industrial expansion and exports are on the move within the USA, led by key trade unions and the NAACP as well as industrialist forces. If President Carter returns from Bonn to announce the new arrangements put into place by the July 7 Bremen summit before the Bonn summit, he will trigger waves of rejoicing and relief throughout the majority of the population — a population filled up to the point of vomiting with Schlesinger's Naderism and Senator Jackson's profile as the leading "Manchurian Candidate."

— Lyndon H. LaRouche, Jr.

A New Global Monetary System

Bremen and Bonn: A program that can solve America's economic woes

The July 16 Bonn Economic Policy Summit marks the first step for the launching of a new global monetary system, based on the principle that the advanced western industrial nations must politically guarantee massive U.S. dollar investments in the industrialization of the Third World and the development of nuclear power energy resources.

As the new international monetary system begins to go into effect after July 16, unavoidable shifts in the present alignment of chief currencies and in the price of gold will occur. Leading European bankers concur with U.S. Labor Party Chairman Lyndon LaRouche, Jr., that the tendency for the coming months will be for the dollar to rapidly appreciate to the 3 deutschemark level; for the price of gold to climb to the $240-300 range; and for the pound sterling to plummet, unless a major industrial development program is announced for Britain. (See LaRouche's comments in our Economics report.)

Conceived by prominent leaders of the dollar-surplus nations, West Germany, France, Saudi Arabia, and Japan, the new monetary system is an adaptation of the 1975 International Development Bank (IDB) proposal authored by LaRouche. True, the overwhelming majority of top U.S. officials do not presently recognize the political commitment by the U.S.'s chief allies to implement this program. But as dollar-surplus nations — that is, holders of massive credit demands against the U.S. economy — these allies have the means to *impose* a complete reworking of the dollar-based international monetary system on the U.S. debtor economy.

The fundamental feature of the program now adopted as official policy by the leading dollar-surplus nations is that a stable international monetary system is founded on massively funded, multinational central banks, whose liquidity is channeled into long-term, low-interest trade financing, and into the creation of self-expanding import markets in the Third World. Such a system allows for a fresh look at East-West trade as the precondition for "triangular trade" relations sufficient to supply capital goods to the Third World. The whole approach finally sweeps away the "monetarist" outlook which governed Western economic policy deliberation under British denomination into the disastrous Bretton Woods accord.

The European Monetary System

The historic, unanimous decision of the European Economic Community at its July 7 Bremen summit to found a European Monetary System (EMS), based on a multinational central bank capitalized at $50 billion, and scheduled to begin operations Jan. 1, 1979, has set the stage for reform of the world monetary system.

Importantly, the EMS is being designed to be able to also handle financing of East-West trade, for which unprecedented avenues for growth have been provided by the May treaty on economic cooperation signed by West German Chancellor Helmut Schmidt and Soviet Party chief Brezhnev.

On July 16, Japanese Prime Minister Fukuda will present to President Carter a world monetary program, designed to "internationalize" the EMS. As described by highly reliable official Japanese sources, the Fukuda plan is directly based on the EMS, and provides for financial mechanisms adequate to spur global economic growth in real terms, and substantial industrialization of the Third World.

As President Carter flew off to Bonn on July 13, the European-wide newspaper *Europa* published an interview with French President Giscard d'Estaing, in which he reemphasized the importance of the EMS by stating that the industrial nations must create "a flow of economic activity and investment in the direction of the Third World . . . A Marshall Plan for the Third World." He added, in obvious contradiction to the hysterical accounts of the EMS flooding the U.S. business community and Capitol Hill: "The EMS is a genuine monetary system, not a mere market tool . . . I have spoken with (President Carter). He told me that the (EMS), properly speaking, was a European policy, but that greater monetary stability in Europe was looked upon favorably by the U.S."

Why Believe Brookings?

The center of British ideological influence over U.S. economic policy, The Brookings Institute, and its computerized minions C. Fred Bergsten, Richard Cooper, and Henry Owen, presently occupying important posts around the White House, have been chiefly responsible for inundating the U.S. business community with reports that the July 16 Summit will not achieve major results.

The Brookings distortions have revolved around two assertions: that the dollar-surplus nations are pursuing an "antidollar," or even "anti-American" policy; and that the U.S. oil payments deficit presents an insurmountable barrier to a real U.S. economic recovery in the short term.

Richard Cooper's documented hysterics on July 11 and 12 demonstrates that the Brookings group has nearly reached its collective wits end to discredit the global monetary system supported by the U.S. chief allies, and implement in its place Brookings' preferred policy of an International Monetary Fund dictatorship over U.S. domestic credit allocations.

Speaking before a Mid-Atlantic Club luncheon July 11, Cooper reported that the EMS would "undermine the (IMF's) recently expanded 'surveillance' policy over exchange rate policies." Sources close to Henry Kissinger have emphasized in private interviews that the so-called IMF "currency surveillance" policy is directed at imposing massive austerity, and IMF "conditionality" on the advanced industrial countries.

This IMF policy is so unpopular in the U.S. that on July 12, speaking before the Senate-House subcommittee on Economics, Cooper attempted to retreat, by announcing that the U.S. supported the EMS — on the grounds that it would facilitate implementation of the IMF surveillance scheme!

We can only surmise that Cooper got wind of the extensive preparations made by Giscard, Schmidt, and Fukuda to completely reshape Carter's outlook on July 16. On July 13, the *Wall Street Journal* gave evidence of the massive pressure now being exerted on the "Brookings boys" by Capitol Hill forces in contact with Giscard et al. The *Journal* editorial begins: "We keep having a vision of the week-end economic summit in Bonn: Messr. Schmidt, Giscard, and Fukuda would send C. Fred Bergsten and all the other underlings out to play Frisbee, lock the door to the meeting room, and then spend the next four hours lecturing President Carter on basic economics."

All signals are that the major presentation to Carter will be delivered by Fukuda, and that the subject will be nuclear development. Sensitive to Carter's personal antipathy to nuclear power, Japan has designed a "trade-off" package to soften Carter's opposition to U.S. energy expansion.

Japan announced on the eve of the summit an emergency imports program of $4 billion to "redress its trade surplus," often cited as the major source of U.S. dollar weakness. Informed circles assume that the Japanese have made this announcement to be in position to demand that the U.S. solve its energy imports deficit in return for the Japanese offer.

However, the Japanese have also made clear that a U.S. commitment to nuclear energy development must be included as part of this "return package." They have done this both by repreated offers to the U.S. for joint collaboration in thermonuclear fusion power development, and by announcement that a substantial portion of the $4 billion import fund will be used to increase Japanese supplies of uranium.

Simultaneously, the report that Mexican Foreign Minister Roel has flown to Paris to discuss Mexican "partership" with Urenco, the European nuclear consortium behind the West German-Brazil nuclear deal, confirms that Mexico has been mobilized by the dollar-surplus nations to act as a catalytic force in reshaping U.S. energy policy. It is a simple fact that U.S. multinational oil companies' commitment to develop Mexico's vast and unexplored oil reserves, based on handsome government depreciation allowances for the needed capital investment, would go a long way to relieving U.S. oil snags in the transition phase to a nuclear-power-based economy.

The Japanese also went a long way to halting, once again, the fall of the U.S. dollar on international markets last week. The announcement in Tokyo of a $700 million loan to Brazil's Tubarao steel complex by three Japanese private banks on July 12 was an important factor in holding the dollar both to the 2.05 deutschemark and the 202 yen levels. U.S. investors should note that the Japanese are committed, no matter where the dollar stands in the coming weeks, to generate a consistent dollar capital outflow into long-term investments — a policy which promises favorable returns.

— Renee Sigerson