Shades of 1974

The same voices are chorusing for dollar collapse and terror

Predictions by Prof. Robert Triffin before the Council on Foreign Relations on Nov. 24 of an international banking collapse if the world does not hand itself over to the International Monetary Fund are only one example of statements circulating on the international scene that remind us of 1974. *Le Monde* is recalling the Herstatt disaster. The same British investment bankers who commented sadly on the early demise of the New York international banks back then are full of fresh scenarios for the dollar, the U.S. economy, and the Eurodollar market.

Back in October 1974, Federal Reserve Chairman Arthur Burns ordered the banks to shut off lending, and collapsed the bubbly U.S. economy in the worst-ever wave of layoffs and credit contraction. That is precisely what *The Wall Street Journal*, Salomon Brothers, and the entire British press are demanding (although it is doubtful whether Miller has the political sway to do it). What knocked out the economy was the combination of the Eurodollar credit contraction provoked by a series of British special operations, including the collapse of the Herstatt, Franklin National, Sindona, and Mossad's own Banque du Crédit Internationale — plus Arthur Burns.

The scenarios passed along to the *Executive Intelligence Review* by willing British banking outlets run along similar lines. We will not take the trouble to print most of them. At this point, given the overwhelming strength of the Europeans and Japanese in the international markets, the likelihood of their success is small, even if American bankers behave in the stupidest possible way. Assaulted since the inception of the Carter Administration, the American economy, like Rasputin, is refusing to collapse.

However, there is a darker side to this business. October 1974 fell in the middle of the Patty Hearst affair, run through the same professional mind-control networks responsible for the Jonestown horror, documented in this issue. A strategic turning point not unlike October 1974 is in the making. Then, as now, the U.S. Administration is opting for an austerity policy that is horrifying sections of the business community, when it should be taking aggressive steps out into the international markets. In 1974, the U.S. financial community took it on the chin from Burns, made a deal to keep bankrupt London functional at the expense of everyone else, and then took the consequences in the form of recession. The same London journals are saying the same things they said then. The world situation is immeasurably more stable, due to the efforts of our European and Japanese allies. But the dangers brought on by continued display of American stupidity are in the most important respects infinitely greater.

— *David Goldman*

The EMS will be ratified — but without Britain

The European Monetary System is slated for ratification Dec. 4 at the European Community heads of state summit — with Italian membership, but not British. The UK government has finally made an official announcement that it cannot join an EMS which would require a pound sterling devaluation and will supersede the British-administered International Monetary Fund.

But, in a substantive victory for Franco-German EMS diplomacy, the Italian cabinet meeting Nov. 28 granted Christian Democratic Premier Giulio Andreotti full powers to consummate Italian entry Dec. 4; Andreotti has informed Luxembourg and Holland that he will do so, pressing for rapid EMS funding of regional development. Despite the anti-EMS stance of the Italian central bank, and a Nov. 29 statement by the British-controlled Socialist Party that "the presence of Britain is needed as a condition for making valid an acceptable compromise on the mechanisms of the EMS," Andreotti's policy now has the full backing of the previously reluctant Communist Party. General Secretary Enrico Berlinguer endorsed the EMS in a recent *Unità* interview on the grounds that the EMS will serve as a vehicle for the Third World economic development he