

Gold by Montresor

The Congressman from Basel speaks

Rep. Jack Kemp has an un-American proposal for remonetization of gold internationally.

Some generations ago, my American Gen. George Washington that his trusted lieutenant, one General Arnold, was in the pay of foreign banking interests. The recent gold proposals of Rep. Jack Kemp, Republican of New York, are of an identical character. The Congressman's gold scheme was not only authored by the Swiss and Italian bankers of the Basel-based Bank for International Settlements, but would surrender America's national sovereignty to that institution of its enemies.

Representative Kemp, who is considered prime presidential material by his Basel benefactors, has begun his gold campaign patriotically enough, as is usual in such cases of political infiltration. In a speech before the Federal Reserve Bank of Atlanta late last month, Mr. Kemp made a fiery attack upon the "monetarism" of Federal Reserve Chairman Paul A. Volcker, his BIS colleague. The "incorrectness" of the Chairman's doctrines, he said, has caused "gyrations of interest rates and of real output [and] for the first time in history, we have suffered two back-to-back recessions."

Kemp also noted accurately that high interest rates are now due, not to inflation, but in large part to fears of mass bankruptcies and depression. He further warned than any mere "reflation" or money-

printing at this juncture will lead to "flight from the U.S. dollar." Defending the U.S. currency, he called for an end to both monetarism and reflation, in favor of "a classical gold standard."

It was his concept of gold that betrayed his hand, or rather that of his employers. Kemp specified that the Federal Reserve should abandon monetarist targets; end open-market operations in the Federal debt; confine credit provision to the Fed discount window; and then make "the new target of monetary policy some proxy for the price level—the dollar price of gold."

This, he stated, should be done "in coordination with the central banks" of the BIS "as the former chairman of the BIS, Jelle Zijlstra, has suggested." As also suggested by the Swiss, Kemp proposed that the United States "define the dollar as a fixed weight of gold" and "convoke an international conference on the order of Bretton Woods to reconstitute an international monetary system."

The Swiss plan, as described by Zijlstra before the International Monetary Fund last October, calls for the central banks of Basel, not national governments, to fix a gold system of their own. To enforce such a gold price, the gnomes of Basel also require control of national credit, including supranationally enforced budget reductions, incomes policies, and tax pol-

icy. Instead of Volcker's mere credit deflation, the Basel bankers would oversee credit, wage, and budget deflation to maintain a gold price.

Worse, rather than taking his plan to President Reagan, *Mr. Kemp is secretly meeting with Paul A. Volcker himself on the scheme*, my sources confirm. "The administration is out of the picture since the President's Gold Commission rejected gold in March," Kemp's aides say. "Kemp is working with the Federal Reserve. This is a plan to be run and controlled by the Fed, not the administration."

No surprise here, since, as this journal has reported, Rep. Kemp's entire "supply-side" economics theory was "invented by the Bank for International Settlements," in the words of the Federal Reserve.

What surprises one is the extent to which Basel policy can be portrayed as American. Mr. Kemp's close adviser, sometime economist Jude Wanniski, offered a similar scheme in the *Wall Street Journal* April 2. Wanniski, too, warned that interest rates are high because mass bankruptcies face U.S. markets, and asked an overhaul of the Federal Reserve. He proposed that the central bank target all monetary policy to "maintaining a stable dollar-gold price, an idea," he confides, "offered by the chairman of the BIS, Jelle Zijlstra."

Both Kemp and Wanniski admit that interest rates could still soar under their plans, as the Federal Reserve "targets a stable [gold] price level, *not stable interest rates*," as Kemp put it. But, as Mr. Kemp admitted in his speech, U.S. national interests are irrelevant. "It is natural for a man who believes in gold to be an internationalist, rather than a nationalist," he concluded.

colleagu