



Presidential Statement on the Monetary Crisis

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Unless Western Europe agrees to accept an economic death-sentence within the next several days, the United States dollar and associated debt-structures will immediately enter the final stage of the monetary crisis that began ten years ago with the collapse of the British pound. The present run against the dollar on the foreign exchange markets, which the international banking community correctly perceives as an all-out panic, is the inevitable result of France's and West Germany's refusal to tolerate the devastation of the European economy through the imposition of a "two-tier Europe" scheme. By refusing to permit the forced devaluation of the French franc and other European currencies in the wake of the Atlanticist-forced collapse of the Italian lira and Spanish peseta, the French and German central banks have turned the entire illiquidity pressure in the international monetary system against the dollar.

The same New York banking circles who provoked the attack against the lira, and demanded a round of currency devaluations to prepare a general austerity program for Western Europe, are now aware that their tactic has backfired. The continuing attacks on the French franc, the lira, the peseta, and the Scandinavian currencies have become a feeder operation for the overwhelming assault against the dollar.

It is now a matter of public record that the preponderance of political and industrial forces in France, West Germany, Italy, and Switzerland has rejected as criminal folly the Atlanticist scheme for the reorganization of Europe: a firm "dollar-deutsche Mark" axis, the political role of West Germany as gendarme for European austerity, the use of the German currency as a buffer for the dollar, the grouping of the other European currencies around the mark after devaluations of 5 to 15 per cent. These are the Atlanticist financiers' terms for refinancing the \$60 billion external debt of the European nations in balance-of-payments deficit. But Western Europe's refusal to accept the round of austerity-devaluations places in jeopardy the structure of \$800 billion in illiquid dollar-denominated debts internationally, and therefore set forces in motion which will tear the international monetary system to shreds within a few weeks.

In this crisis situation, the defensive measures taken up to this point are miserably inadequate to ward off the destruction of the European economies. The currency defense arrangements created yesterday between the Banque de France and the Bundesbank have merely changed the course of the flow of international funds, not stopped it. Europe is still dependent on the dollar as a reserve and trading currency. To defend the Rambouillet and Jamaica agreements is to agree to the destruction of European trade and production. To resist the Atlanticists' terms will destroy the rule of the dollar.

In order to prevent the chaotic collapse of the international monetary system and devastating consequences for world trade, Europe must immediately put into effect provisional measures for trade financing and break with the dollar.

Nothing short of the founding of a new international monetary system designed to finance international trade and development will end the crisis. At the present stage of negotiations towards such a new system, most of the world political leadership excluding the Atlanticists and their agents and dupes is agreed on the International Development Bank format which I and my organization have circulated since April 1975. The International Development Bank proposal would immediately freeze the destructive aspects of the dollar system through immediate moratoria on debts to the Bretton Woods institutions and international banks incurred through balance-of-payments deficits, and create a new multilateral financing institution for trade and development.

This institution would be established by three-way arrangement among the advanced industrial capitalist countries, the Third World, and the Council for Mutual Economic Assistance countries, and create liquidity on the basis of treaty arrangements specifying flows of trade and development technology.

In the interim period during which negotiations are taking place towards the establishment of the International Development Bank, the political commitment of world trading partners towards such negotiations creates the basis for temporary and provisional arrangements to finance trade. Once debt moratoria are put into effect to forestall further looting of necessary production and trade by debt-service, bilateral and multilateral exchanges between world trading partners must be put into effect to maintain the continuity of trade in the absence of dollar trade-financing. The basis for the success of such interim arrangements is the application of the principles simultaneously under discussion towards the creation of a global International Development Bank.

The discussions I have held during the past week with political and industrial leaders in Italy have shown that a correlation of forces exists throughout Europe to put this program into immediate effect. The anti-austerity, pro-development faction in Italy is fully committed to

the International Development Bank perspective, and preparing to form a government to replace the jerry-rigged Moro government.

In France, the most strategically-placed leaders of the Gaullist movement and the majority of French industry have indicated their total unwillingness to accept Atlanticist austerity, and are moving towards a commitment to the International Development Bank. Several leaders of the Swiss financial community supporting Italian efforts towards a debt moratorium. In the United States, representatives of Midwestern banks and industrial firms have told my organization that moves by Europe towards debt moratorium and the International Development Bank are acceptable to them.

The declaration of the Foreign Ministers of the Group of 77 last week at Manila show that the Third World is immediately prepared to satisfactorily conclude the necessary arrangements with Western Europe and other sectors. Finally, the Soviet Union has responded to calls by Italian nationalized industries for extraordinary measures to expand Soviet-Italian trade in a positive fashion, including a call for the trebling of Soviet-Italian trade by Boris Borisov, Chairman of the All-Union Chamber of Commerce.

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sents an opportunity to rid the world of the Atlanticist financier faction, which is at a nadir of confusion and demoralization. The Atlanticists' psychotic efforts to destroy the basis for continued human existence on this planet on behalf of the illiquid structure of dollar debt has met a major reversal. The self-estimation of this faction has been summed up by one of its representatives as that of "a corpse that will not be buried—we prefer to go down with our sinking ship." From this standpoint, the Atlanticists themselves have thrown out the possibility of rational negotiations. We must end their rule before they end the human race.