Dump the Dollar For Gold? Transition to IDB

June 8 (IPS) — Arab, and other holders of sterling and dollar petro-deposits are actively considering dumping their bankers' paper and running for cover to the traditional depression hedge, namely gold. Such a move would, according to a spokesman for a New York-based firm of International Oil Consultants, mark the beginning of a rapid transition into an international system of payments based on the Comecon transfer ruble.

Ironically, it was exactly those so-called petro-dollar holdings which were scheduled to become the basis of the once much touted Rockefeller New World Economic Order. Now in changed circumstances, it is those same holdings which threaten to break the camel's back of the dollar empire.

Even though such a move is widely anticipated in financial circles in New York and Western Europe, especially in the city of London and in Italy, the dumping of the Arab deposits cannot be understood from a financial, or even strictly economic standpoint. In those limited terms of reference, the Arabs, or those who service their investments, would emerge as the losers. The shifting of these deposits will occur strictly as a political phenomenon. Present discussions make that point clear.

The decision to break the hold of the dollar and its worthless pilot fish, the pound sterling, on the world's productive potentials, as represented by unemployed workers, idle plant, and unused inventories of raw materials, is being made possible by the rapid intersection of two related phenomena. First, the Soviets are making strenuous efforts to pull together the necessary tripartite arrangements, between the Comecon countries, the advanced sector and selected Third World countries for economic development. Such arrangements, in selected cases, such as Western Africa, parts of the Middle East, the Indian subcontinent and Southeast Asia, are already in advanced stages of negotiation. Secondly, the fascist policies of the genocidal Rockefeller financial faction are meeting increasingly vigorous opposition in both Western Europe and North America.

Both working class forces and sections of primarily industrially and trade-based finance capital are seizing on Labor Committee initiatives as political ammunition for the fight.

In that conjuncture, rumors are now circulating in London and New York to the effect that the dollar is about to be dumped. Already such financiers' gossip has moved out of the boardrooms, and into the back pages of the press, thereby signalling that financiers and Arabs alike, to preserve their own political existence are prepared to take the step of wrecking Rockefeller's dollar and pound.

Il Sole 24 Ore, the financial paper associated with the Cefis interests of Italy's Confindustria, printed an interview with British financier Jim Slater June 5. Slater, according to this report, considered that the battle to protect the dollar and the pound had already been lost. Simultaneously he noted that the City of London was alive with rumors that the Arabs were about to move into gold. Just one day previously the London Daily Telegraph reported Slater's advice to would-be gold investors. He declared that he would not be getting out of the market at this point, because there is no point getting out of an investment until all potential buyers are in. He went on to declare that the gold market would remain a good buy, until Arab funds moved in.

Slater's opinion in such matters is, of course, of only secondary or even tertiary significance — notwithstanding the fact that he represents the kind of reborn layer of mercantile pirates that has built its fortunes by stripping the bones of bankrupt and illiquid capitalist enterprises for more than a decade.

Pragmatic Questions

There are presently approximately $20 billion worth of short-term Arab deposits in London. Given the present state of the dollar-based banking system, those deposits cannot be reinvested in even speculative short term boondoggles at a profit.

The case of Kuwaiti investments is exemplary. Kuwait's oil funds have been consistently invested in highly liquid short term bonds. Using World Bank auxiliaries like the European Investment Bank, Kuwait has underwritten the debts of countries such as Turkey and Britain, on the basis of the short term refinancing of such debt. Now when even the World Bank's own publication, Euromoney, admits that Turkey is in de facto moratorium ~~on its~~ state and municipal debts, and it is public knowledge that Turkey is by no means unique, Kuwait's investment advisers have to find a safe roosting place for their short term funds. Gold is their answer.

Rocky's Answer — "Jump"

Such a prospect has U.S. government and financial institutions scared witless. Donald Rumsfield, ex-NATO ambassador at the White House, has according to reliable sources instructed the Treasury Department to draw up plans to fix foreign exchange rates and exert military-style control transactions through central banks, in an attempt to prevent mass defections from the dollar. Treasury Secretary Simon, meanwhile, is selling 500,000 ounces of U.S. gold in order to keep the market price low. Ironically initial reports suggest that the French have taken up half that offering precisely because they want to dump their dollars at no matter what the price.

Simultaneously Rockefeller corporations, such as Mobil, Standard, Dow Chemicals have launched a massive propaganda campaign among European capitalists in an attempt to convince them that petro-dollars still represent a viable form of development investment in the Mideast. Press accounts report that $142 billion worth of projects are on tender in Saudi Arabia for long term investors. Such is the stuff mirages are made of.

Yet U.S. government and financial officials are now in such a realm of pure paranoia that their moves will fuel the very developments they are designed to avert. No capitalist acting on the basis of his heteronomically perceived interest in survival would willingly choose the alternative of jumping out of his office window — exactly what Rumsfield recommends.

The problems remains one of order. A mad rush out of the dollar and sterling would create unparalleled chaos. A New York foreign exchange dealer, while reporting that he was beginning to move into gold, added the rider that the volume of present transactions on the London gold market is in the order of $100 million a day. A leap to a volume of $1 billion, he argued, in a day would create crisis conditions in all of the world's financial and commodities markets. Kuwait and Nigeria could accomplish as much on their own, and that is exactly what we're faced with.

For the **political** destruction of the Rockefeller dollar to succeed, the transition to the creation of its replacement must be organized. The International Development Bank has been put on the agenda by the Labor Committees for exactly that reason. The capitalists' only alternative is to jump.