

Q: Is it not possible to control the situation, control the British unions, control Western European economies through Jenkins' "Europa currency"?

A: Look, this would be a nice idea, but the trouble is that we are living in democracies. Britain is not yet one of those nice, neat dictatorships, where things are so much

simplified. I am not advocating it, but the situation of Britain and the pound is based on emotions. And you know that emotions can go in all directions. If the Labour Party does not stand up against the unions and its own left, well, the situation will become very emotional.

City Of London In Hot Water

Oct. 28 — FLASH — As of this writing, news from Europe indicates that British Chancellor of the Exchequer Denis Healey and the Bank of England have failed in their most recent bid to force the Arab governments of the Mideast to move their oil revenues out of the dollar and into the pound sterling.

Saudi and Kuwaiti guests at the Bank of England's Oct. 20 strategy session in London refused to pull the plug on the dollar and move into pounds, according to late reports. Taher Radwan, the chief Saudi delegate at the European-Arab conference now ongoing in Brussels, shifted discussion sharply away from Arab investment policies themselves telling an audience yesterday that Europe should use its industrial resources to develop the Arab world. According to Texas sources close to the Saudi royal family, the Saudis and the Kuwaitis now believe that the City of London controlled Eurodollar market is a swindle, and that their best alternative to continued investments in London is the creation of a local, Arab-controlled capital market, including a stock exchange and banking operations, to funnel oil revenues into development projects.

Only the day before Radwan's speech, the French financial daily *Les Echos* highlighted the vulnerability of Saudi and Kuwaiti short-term investments in speculative paper in London by contrasting the Arab's investment policy to recent French deals that have recycled petrodollars into long-term investments.

This resistance to London's plans from the Arabs, matched at home by profound anti-austerity sentiment in the trade unions, has stymied London's plans to use the cash from increased speculative investments flowing into the city as the basis for a new wave of sterling lending that would give the London-based investment houses strategic leverage over the world economy. Healey was able to announce only a partial lifting of the World War II-era exchange controls that prohibit such lending on Oct. 27, when more sweeping measures were anticipated. Healey's "minibudget" announcement was met with derision by the entire British financial press, which complained bitterly that it would do little to help the City of London control Europe.

London on Last Leg?

The actual weakness of the City of London has been recently exposed in a publication of Drexel, Burnham, Lambert — a financial operation controlled by Belgian Baron Lambert — and by the latest edition of the Morgan Guaranty monthly *World Financial Markets*.

Drexel, Burnham, Lambert, reflecting the views of realistically opportunistic circles of West European finance, advises its readers to invest in West German, French and Australian equities, while reducing exposure in the United Kingdom — except for short-term bonds. Their estimation is that the "dramatic financial improvement" in Britain is based on a "combination of facts and expectation," and can last "six months or so" — a situation which justifies only short-term positions and profits. A test will come after that period, they stress, at the point that the Bonn-Paris axis is reinforced by a stabilized political situation in France and the British trade-unions call for wage increases after "three years of falling living standards." Their final estimation is that "industrial confidence continues to be rather shaky in the United Kingdom," and that there is "unjustified euphoria," because the British government will have no choice but to reflate to "placate the labor movement" and this is "a route not without dangers."

In short, Drexel, Lambert, Burnham is planning to withdraw its investments from Britain by next spring and move into France and West Germany, where they see "a strong recovery" by then.

World Financial Markets even more sternly warns that the sterling situation is shakier than it might seem, pointing out that the British North sea oil bonanza is yet to come, because the country is still running an oil trade deficit of as much as \$1 billion for the third quarter of this year. They warn that the pound should not rise past its current level because most of the capital inflows to the City of London are "hot" money that could be withdrawn overnight; their conclusion is that the British public debt should be repaid ahead of schedule to mop up the excess liquidity, e.g. to Morgan, while the going is good.

The financial press on both sides of the Atlantic is now entering the debate. The New York *Journal of Commerce* today stresses the risky short-term nature of much of London's desposits. The *Guardian* and the *London Times* on the other hand, defend the future trustworthiness of the pound, demanding that Healey push ahead and dump currency controls regardless of "technicalities." The *Financial Times* added that no attention should be paid to the U.S. or West German objections to a sterling mania.

At Least As Good As Gold

Despite their current rocky road, the London Rothschild and the New York-based Lazard Freres interests are confident that they can rule the gold sphere, as a last fall-back option. This is especially true since no

competent alternative to their hegemony has been put forward by the opposition.

On Oct. 28, the head of N.M.R. Metals, the new Rothschild gold trading operation in New York, confided that his factional allies expect "24-hour control of the markets" since "Mr. Rothschild is chairman of the London gold-fixing" and the speculative flurry in New York has opened "new possibilities." It is reported from Wall Street sources that other British bankers are now moving or planning to move into New York to control the

gold market, supporting the initiative of N.M. Rothschild.

Such speculation in gold can be stopped only with a new international credit system based on long-term investment and pegged on gold — not as a speculative commodity but as a basis for economic development. Short of such a political initiative, the world's entire industrial and financial structure is threatened with destabilization by such a Rothschild manipulation.

NATO In Caesar's Foolish Footsteps

The following statement was released on oct.29 by Lyndon LaRouche, Chairman of the U.S. Labor Party.

The last article in the October issue of *NATO Review*, by former U.S. Ambassador to NATO Robert Strausz-Hupé, is representative of the way British influences have corrupted United States policy to the grave disadvantage of our nation's actual vital interests. Mr. Strausz-Hupé is not a gifted thinker. He is rather well informed and his article is not only semiofficial, but an orderly, clinically relevant representation of the kind of disorientation we must finally extirpate from our policy-formulating processes.

The Britain Issue

Since I have had the strongest reasons to lambast the damned British in print (and elsewhere) during recent weeks, I should interpolate a qualifying comment on that fact here before turning fuller attention to the special case of Mr. Strausz-Hupé.

During 1976 and into 1977, I had good reason to hope that the United Kingdom of Prime Minister James Callaghan, the United Kingdom of the Trades Union Congress, of Barclay's Bank and other representative institutions, was in the process of remedying its perspectives. It was ostensibly moving according to the combined light of experience and of the pressures of the present monetary decline and deepening world depression.

I hoped that Mr. Roy Jenkins and what he represented was as safely tucked away from British government as most members of the Labour Party had hoped when Callaghan's supporters shoved that potential "Ramsay MacDonald," Jenkins, off into the European Economic Community Commission. The situation in England began to deteriorate visibly at approximately the close of 1976, although only barely noticeably. It grew bad during the late spring, and took a decided turn for the worse with the untimely death of Mr. Crosland and Mr. Crosland's succession by a Denis Healey protégé, present Foreign Secretary David Owen. From about the end of May of this year, the United Kingdom turned monstrously evil. Most influential British citizens and institutions, grumblingly or otherwise, either actively or passively subscribed to this unwholesome policy turn.

We hope for a change. In course, England must come to her senses. She must cast her lot according to the actual self-interests of her citizens, cast her lot with the

nuclear energy development and high-technology-exports policies adopted by leading forces in France, West Germany, and other countries.

However, even if that happy change develops, the caution I underlined in my book, *The Case of Walter Lippmann*, early this past spring will continue to apply. British ideology is a hideous heritage, which the majority of British people must extirpate from their mental habits before other nations can be confident of that nation's qualifications to be raised to the level of equal among nations united by a community of principle.

It is the British ideology to which most British institutions and people have become habituated which made the United Kingdom susceptible to becoming the instrument for the evil policies of Mr. Jenkins and his accomplices. It is that British ideology, as it permeates Anglo-American and NATO policies, and as that same mental disease continues to impair the judgment of America's policy-making strata, which we confront in a specific form in Robert Strausz-Hupé's *NATO Review* piece.

It is politically and practically indispensable to pinpoint Mr. Jenkins in this connection. However, just as it is necessary to recognize that many within the Labour Party share, to one degree or another, our estimate of Jenkins, Healey, and others of the same ilk, it is necessary to emphasize that behind Jenkins, outside the Labour Party, stands the presently institutionalized form of that cumulative evil of its ideology since the Stuart Restoration of 1660. Just as forces of the British Guelph monarchy, its Foreign Office and the circles of Lord Shelburne, Adam Smith, Jeremy Bentham and Thomas Malthus, linked to the Barings' financial interests, represented the evil against which the American Revolution was fought during the 18th century and the War of 1812, that same essential combination of forces is mobilized behind the facade of Jenkins, Healey, and Owen today.

It is not so much Jenkins himself that is our present problem with Britain, but rather his key role as the instrument of an institutionalized force, an evil ideology traceable directly to the traitorous Cecils of the late 16th century.

Without understanding those facts about Britain, we cannot understand any major problem confronting the United States during the present crisis, and cannot understand that British ideological influence for folly and