

tervention purposes, but to finally give the central banks the resources with which to outgun the speculators (see *Gold*). The view of this author as published in Vol. V, No. 8 of the *Executive Intelligence Review*, that for special reasons remonetization of gold would help, rather than hurt the dollar as usually assumed, is presently shared by a large number of influential people in the Administration.

The Administration also appears to be leaning in the direction of the viewpoint of this publication, namely that the payments deficit must be corrected on the exports side, and that export-support institutions such as Eximbank, Overseas Private Investment Corporation, and the Commodity Credit Corporation must undergo

major expansion. Robert Strauss played down the gains to be expected on the payments side from energy conservation in a breakfast meeting with reporters Thursday. Eximbank President Moore called for long-term, low interest credits to support exports to developing countries in testimony before the Stevenson subcommittee of Senate Banking on Thursday, prompting Sen. Stevenson to demand an Administration study of the problem — and prompting ex-Kissinger aide Robert Hormats, testifying on behalf of the State Department, to climb the walls of the committee room. The Eximbank staff is also reported to favor direct Eximbank borrowing on the Eurodollar markets, to convert surplus dollar liquidity into trade credits.

—David Goldman

Fight To Save Dollar Goes Public

Various international forces have initiated a public fight to reverse the decline of the U.S. dollar, and put a stop to the currency dumping raids kicked off by British banks intent on collapsing the U.S. economy. Western European corporations and public officials, U.S. com-

Informed Western European circles concur with a March 8 report in France's *Le Figaro* that the Carter Administration has been pressured to agree in principle to some kind of stabilization arrangement, pegging the dollar to the deutschemark and yen. Moreover, these circles have revealed that the President and U.S. monetary officials have been told by responsible Western European leaders that the optimal policy for bringing this about is the creation of an expanded Western European currency "snake" linked to central bank gold reserves.

FOREIGN EXCHANGE

Simultaneously, a consensus is building in informed U.S. circles that long-term resolution of the dollar crisis must be grounded in a government policy commitment to gear up U.S. exports. As shown by an analysis in the Feb. 27 *Money Manager* magazine, U.S. industry has rejected the approach applied to the pathetic British economy — and most recently proposed by former Treasury Secretary Henry Fowler, a Goldman Sachs partner, at an international bankers' gathering in Brussels — that currency depreciation be urged to increase the U.S.

mercial banking representatives, and officials from Japan and Saudi Arabia undertook measures this week aimed at not only stabilizing the dollar, but pressuring sensible layers in the U.S. Administration to adopt longer-term policies adequate to backing up the international reserve currency with strong U.S. industry.

As a direct result of these actions, the dollar ceased falling under British "bear raid" pressure in the early hours of March 6, nervously held to a 2.025-2.035 deutschemark range in Western Europe through March 9.

The Dollar: 'Treasury Is Just Not Interested'

A Washington monetary official told an interviewer this week that Treasury Secretary Blumenthal intends to let the dollar collapse:

Q: Did Pierre Longuetin of the Swiss Central Bank propose to Treasury Secretary Blumenthal that the U.S. swap gold to European central banks at market price to support the dollar? What was the U.S. reaction?

A: Look, Longuetin did his best; he proposed that, he proposed all sorts of things. But the Treasury told him to go to hell. They have no intention of using gold, or foreign exchange swaps, or foreign currency bonds, or SDRs, or anything to stabilize

the dollar. They intend to let the dollar go as far as it goes.

Q: What about U.S. corporations and commercial banks? Rumor has it that the oil company and Saudi-linked types are especially concerned to keep the Saudis and OPEC in the dollar and are putting some pressure on Treasury...

A: Some pressure, are you kidding, the New York banks are calling up Blumenthal every day to demand he turn the dollar situation around. They tell him the dollar is way undervalued, that all it would take would be one, good quick intervention to turn the situation around and send the dollar back up in the markets. But Treasury is just not interested.