hunting," the late-1950 policy meant a real effort to bring integrated mass-scale advanced production to Europe, a policy in the immediate interests of USSR-Third World customers and U.S. exporters. A comparative "miracle" of European production and living-standard increases did occur at this point.

Although some of Kennedy's chief advisors on foreign policy not only sanctioned but welcomed the deGaulle-Adenauer alliance as in the European *and* American interest (see below), the Democratic administration's financial team moved at once to choke off direct private investment in Europe. This policy built up the Eurodollar market and also led to the 1971 U.S. trade deficit and dollar crash, while restoring the Cold War. In the early 1970s, the Nixon Administration proved that, with government political and financial sponsorship, America and Europe could simultaneously achieve rapid expansion of manufactured exports. During the Ford interregnum and throughout the Carter Administration, Europe ardently maintained private ties with groupings in the "Sunbelt," Midwest, and New York in an effort to restore and expand positive U.S. economic weight.

It is therefore the case that chatter about "Europe versus America," and actual policy mistakes like de Gaulle's backfiring pressure tactics against the dollar in 1967-68, are the product, not of reflection on national interests, but of London balance-of-power thinktanks and Rothschild manipulations.

Instructively, the linchpin West German financial diplomat during the Ford-Carter years, Jürgen Ponto, did not run around proposing European "blocs," "pegs," "coordinations," "zones," and the like. He pushed on all fronts for nuclear energy development, Third World industrialization, and state financing for both. His monetary proposals involving Soviet transfer rubles and South African gold supplies were, and are, strictly means to that end — which precisely explains their potency. When, in the words of French national radio, Schmidt and Giscard prepare to sort out "the incoherence of American foreign policy" and "educate President Carter," they do not express the repellent arrogance of Old World *declassés*, but an effort to draw practical prescriptions from the past 33 years of European-American experience.

—Susan Johnson

Rockefeller's Development Proposal

From the French financial daily Les Echos *, April 4, "U.S. Initiatives to Better Cooperate with the Oil Producers," by Ralph Back:*

M. Nelson Rockefeller, former Republican Vice-President of the United States, one of the most influential men in the country in political and economic matters, is presently negotiating with Saudi Arabia setting up a joint-venture corporation whose aim would be to use the Saudi petrodollars for investments in the United States as well as in developing countries.

At the same time, at the request of the Rockefeller Foundation a group of energy experts, including some of the most famous, just pulled together a report advocating the creation of an international forum by the governments of the industrialized countries and the oil producers. Expecting a grave crisis in world oil supply, the experts estimate that such a forum should take certain measures to deal with this situation and avoid competition among consumer countries in the face of scarcity. Thus, a number of recommendations:

(1) Industrialized countries must establish incentives for oil exporters such as Saudi Arabia, the United Arab Emirates, Kuwait, and Libya (i.e., producers with small-size populations) to increase production to a maximum.

That would notably involve the possibility of facilitating their investment in industrialized countries, and the inclusion of the oil producers in the economic and political "summits."

(2) The exporting countries would be invited to play an increased role in the public and private international institutions dealing with finance, currency and trade.

(3) Participation in the effort of certain countries such as Mexico and Iraq, for them to be able to develop their energy resources.

(4) The objectives and agenda of certain oil exporters' development plans should be revised to avoid any shortfalls that could jeopardize their political stability, economic progress and the production of exported oil.

(5) Industrialized countries should economize efficiently on energy and develop alternate forms of energy.

The report further underlines the importance of continued friendly relations between the United States on the one hand, and Iran and Saudi Arabia on the other, so as to further political and military stability in the Gulf, provided, however, that those relations do not put the United States in a privileged position for oil supply, to the detriment of other consumer countries. Expert observers of White House policymaking see those two initiatives of the Rockefeller clan — when put side by side with the Caracas declarations of Jimmy Carter in favor of an economic "New Deal" with Third World countries, as a sign that Washington policy is in the process of shifting. The Rockefellers, who, it is known, have the President's ear, were, like the Carter Administration, hostile to OPEC investments in the U.S. and any institutionalized collaboration with developing countries.

The adversaries of Jimmy Carter, the "big business" faction in both the Democratic and Republican parties which opposed him along with the U.S. Labor Party which is very active in this battle against what it (the Labor Party) calls "zero growth," do not hesitate to welcome the initiatives of Mr. Rockefeller, whom they had fought up until now.

From the New York Daily News, *April 6, "Rocky Will Go To Mideast" by Robert Geline. On March 29 the* News *published the first report on Rockefeller's development proposal.*

Nelson Rockefeller will fly to Saudi Arabia and Kuwait within the next few weeks to discuss with the Saudi royal family his plans to form a corporation that would use billions of Arab petrodollars to finance energy and food projects here and in lesser developed nations.

It was learned that the purpose of the trip is to move the delicate talks with the Saudis toward closing a deal to fund the new corporation, which would be based in New York City.

Rockefeller has informed the State Department of his impending trip. Sources at the department said that he had done so "as a matter of courtesy." They added that Rockefeller is pursuing his talks with the Arabs as a private citizen.

The News disclosed last week that Rockefeller has been pursuing plans for a new development corporation that could create thousands of new jobs, affect balance of payments accounts, currency valuations and the standard of living in many countries.

Apparently all that stands between Rockefeller and his key associates in the project, former CBS president Arthur Taylor, and George Woods who used to head the World Bank, is a commitment from the Saudis to provide the fledgling corporation with investment capital.

A plan for the new corporation has been on file with the New York secretary of state's office since March, 1977. Incorporated here as the SARABAM Corp., the company's certificate of incorporation gives it a broad charter to undertake practically any aspect of food and energy development, from exploration to sales or distribution.

Pound Plunge Foreseen...

No Technical Solutions For The Dollar

Despite outgoing U.S. Federal Reserve chief Arthur Burns's March 31 call for large-scale intervention in defense of the beleaguered U.S. dollar — including U.S. gold sales — international currency markets remain panicky. Burns's proposal was welcomed by Swiss National Bank head Fritz Leutwiller, and is widely regarded as a concession to European central bankers, who are standing by to purchase U.S. gold at the revalued market price if and whenever a public auction should be held.

FOREIGN EXCHANGE

Nevertheless, central bank intervention remains at best a "bridge" to tide the dollar over until a major Eximbank-financed export drive can be gotten underway.

Ironically, the British pound sterling is in much worse shape than the dollar, and if it were not for the dollar's weakness the pound could undergo an "unstoppable plunge," in the phrase of the April 4 *Daily Telegraph* of London. The British currency has declined nearly 10 cents in the last two months to the $1.86 level and, according to the *London Times*, the Bank of England has had to spend nearly $900 million in its defense in the last few weeks.

To avert a pound collapse, City of London merchant bankers and British monetary officials have orchestrated the recent round of rumor-mongering about an expansion of the European currency snake to include the French franc, Italian lira, and the pound sterling. Other central banks would then have to bear the burden of intervention to keep the bloated sterling in line with other European currencies.

Burns's Gold Initiative

In a parting interview with Washington reporters on March 31, his last day at the Fed, Arthur Burns called on the Carter Administration to mobilize a total of $70 billion in financial resources to support the dollar. Burns suggested that U.S. gold reserves — whose total market value is $50 billion — be sold on the open market in exchange for foreign currencies, that the U.S. market $10 billion worth of foreign currency-denominated bonds, and that the U.S. sell $2 billion worth of SDR (Special Drawing Right) holdings and utilize its borrowing rights at the International Monetary Fund. Underlining his differences with Blumenthal's "malign neglect" stance toward the dollar, Burns declared, "I fear that if the dollar continues to depreciate, it may bring along serious international and political troubles. In other words, the recovery of the international economy which has been sluggish may be cut short. This is not only of economic importance but it has far-reaching political consequences for the Western world."

Burns's call for a public gold auction was immediately seconded by Thomas Wolfe, a well-known gold expert who was in Gerald Ford's Treasury Department.

According to a U.S. stock broker — and subsequently confirmed by a source close to the Swiss National Bank — any public gold auction would involve a behind-the-scenes arrangement with other leading European central bankers, who would take up the bulk of the gold as payment for the foreign currency swap loans that they have been extending to the U.S. government. Thus, despite all public protestations to the contrary, gold will in effect have been "remonetized" — brought back into the international monetary system.

Sources close to Burns say that Burns himself hopes gold remonetization can be avoided, but this is nonetheless the logical result of his proposal.