

# Saudis To Dump Sterling In Retaliation For British Terrorism

## *Exclusive to the Executive Intelligence Review*

Authoritative sources in the French intelligence community report that Saudi Arabia plans to initiate an attack against the pound sterling on the foreign exchange markets, in retaliation for the British role in last week's terror attacks against Arab installations in Western Europe. The French report, corroborated by European banking and Arab government sources, specifies an expected sterling parity against the dollar of roughly half today's \$1.92. The Saudis, according to banking estimates, hold roughly £2 billion in sterling-denominated investments.

According to the French and other sources, the Saudi-led Arab Monetary Fund, created last year with \$700 million capitalization, will establish a formal link with the European Monetary Fund, as early as September. The French and West German governments, who won approval for the plan at the July 7-8 summit meeting of European Community leaders at Bremen, have advanced the implementation schedule for the European Monetary Fund up to September from the original target date of Jan. 1, 1979. All leave for French and West German officials has been canceled for the month of August, and officials have been working 16-hour days, in the haste to put the new fund together.

The agreement to link the European Monetary Fund and the Arab Monetary Fund, to be vastly expanded under the new plan, was achieved at an Aug. 1 meeting in Bonn between Saudi Foreign Minister Prince Saud and West German Chancellor Helmut Schmidt.

## *Oppose Britain*

French intelligence believes that leading policy circles in the City of London, who are irrevocably opposed to the Bremen agreement, want to stop the Arab connection from developing at all costs. In particular, the British policy circles are alarmed by Saudi diplomatic success in bringing the Iraqis and other Arab states with whom they previously had difficulties, into line through an "Arab unity" initiative. Saudi diplomacy orchestrated Egyptian President Sadat's new Arab unity approach. Among the results expected from this initiative is unanimity in the Arab world concerning the European-Arab monetary agreement.

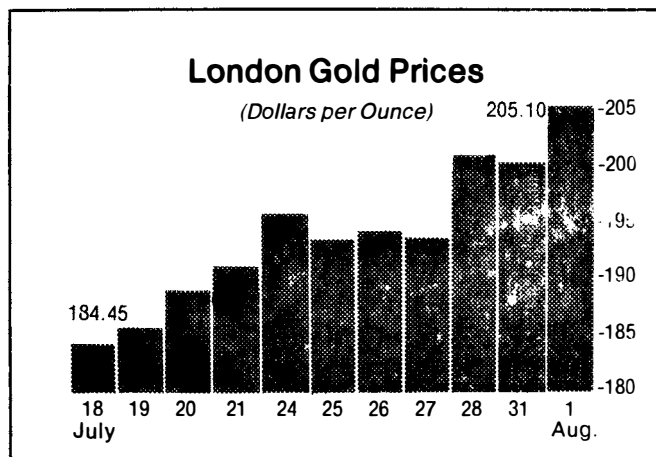
The importance of the Iraqi government in bringing this about motivated last week's assault against the Iraqi embassy in Paris, the French sources report. They warn against a bloodbath in Europe and the Mideast, unless the British terror campaign is stopped. (For more on this story, see INTERNATIONAL.)

Saudi leading circles have already targeted the vulnerable pound sterling as the weak point in British armor. Sophisticated foreign exchange market operators, including previously pro-British Swiss banks and a large American oil company operating in the Mideast, are already preparing a devastating blow against the British currency. "Even without the political retaliation motive, sterling would have collapsed," said the treasurer of a giant U.S. multinational with a strong presence in Saudi Arabia. "We dumped every pound we had, and took short positions on top of it, a month ago."

## *Going to Gold*

Meanwhile, it has become general knowledge that Saudi and other Arab gold purchases were a leading factor in the spectacular rise in the gold market last week. The gold price topped out at \$207.50, and then fell back to about \$201. But the consensus view among gold market operators, including the gold department chiefs of the largest West German and Swiss banks, is that gold will rise to \$230-250 this year.

At that point, European central banks will step in to stabilize the gold price on the open market, completing the process of gold remonetization that began at the Bremen summit. The European Monetary Fund will consist of 20 percent of the dollar and gold reserves of the nine European Community countries, according to the official communiqué. Proponents and opponents of the scheme agree that the Bremen plan involves remonetization of gold and pegging the dollar to a tightly-coordinated European currency bloc, and possibly also the Japanese yen. Japanese foreign exchange operators report that they are now under instructions to pay first attention to the deutschmark-yen cross-rate, in



preparation for a yen link to the European Monetary System. Saudi and other Arab gold purchases are preparatory to a direct link between the European system and an expanded Arab Monetary Fund.

At deadline, the pound sterling had already begun to weaken — from over \$1.93 to \$1.92 flat — and New York foreign exchange traders reported that sterling had been singled out for special pressure. "It's already started!" said the chief foreign exchange dealer of one of the large New York banks, commenting on predictions of a major attack on sterling.

In a related development, West German banks began an attack against the Dutch guilder and Belgian franc Aug. 2 which may force a major devaluation of those currencies within the European snake, according to circulating reports.

The Belgian and Dutch governments have been aligned with the British on major European Community policy matters. According to the consensus view among foreign exchange dealers, frantic intervention operations by the Belgian and Dutch central banks to keep their currencies within the snake late this week produced temporary pressure against the dollar, since the central banks — contrary to the proposed rules of the European Monetary System — were using dollars for intervention purposes.

A total commitment of European and Arab monetary resources to a linked fund would not only wipe the International Monetary Fund and World Bank out of the running, but would create an international development fund in the range of a quarter of a trillion dollars.

— David Goldman

## Trial Testimony Proves Murder Plot Set-Up On LaRouche

*Assailant of USLP's Gallagher convicted in New York*

David Newsome, a brainwashed ex-convict, was found guilty of both robbery and assault on Thursday, Aug. 3, by a New York City jury. Before the conviction, this week's testimony had confirmed in court the U.S. Labor Party's revelations concerning the "Black International" assassination operation against the party's national chairman which surrounded the trial.

Newsome had been charged with a January attempt to rob the New York regional headquarters of the U.S. Labor Party and with using a lead pipe to fracture the skull of the U.S. Labor Party regional director, Paul Gallagher.

The trial, ostensibly a straightforward criminal matter, became the cover for a well-deployed assassination attempt against U.S. Labor Party chairman Lyndon H. LaRouche. Newsome's defense attorney, Frederick Block—apparently guided in his trial strategy by British-connected, Zionist lobby lawyer Nahum Bernstein—twisted the focus of the trial away from making any plausible defense of Newsome, and towards forcing the personal court appearance of LaRouche.

The Manhattan District Attorney's office, under the direction of Anti-Defamation League-connected Robert Morgenthau, then insisted upon LaRouche's testimony and balked at providing any adequate security precautions. This would have established a fixed time and place appointment for LaRouche, around which an assassination could be prepared.

### *Setup Demonstrated*

A major international mobilization of concern ensured that proper security for LaRouche was provided. However, once his testimony was completed—a conditional examination with the jury outside the

courtroom—the set-up nature of the entire trial was very clearly demonstrated. Block insistently made the peculiar claim that he would defend his client by placing him on the stand to testify that he had been authorized by LaRouche personally to take money from the Labor Party regional office. Lawyer Block put forward this claim despite the fact that LaRouche had resided in Wiesbaden, West Germany, for months before, during and after the commission of the crime.

Once LaRouche was actually in the courtroom and established that he did not know Newsome and had never "authorized" him to commit robbery and assault, Block lost interest in his defense theory. On cross examination he concentrated on a fishing expedition into USLP organizational structure, decision making, financial control, salaries, etc.

He then announced that he would not place Newsome on the witness stand to testify on his own behalf. Thereupon the judge ruled LaRouche's testimony inadmissible as evidence.

Further confirming the complete set-up, U.S. Labor Party communications were disrupted just prior to and during LaRouche's testimony, returning to normal later in the day.

Investigation also revealed that operatives of the Black International's Jerusalem Foundation, a branch of the Order of St. John of Jerusalem and the Knighthood of Malta, had been besieging the Assistant District Attorney with telephone complaints of U.S. Labor Party security activity. As well, they charged (ironically) that Labor Party exposure of their assassination setup constituted interference in a criminal trial!

The jury's verdict confirms exactly that understanding of the case. The jury took minutes' deliberation to reach their verdict. Newsome's conviction carries a probable six- to 12-year prison sentence.