U.S. to the Schlesinger energy package, wage-price controls, and London's other schemes to "stabilize the dollar" by collapsing the U.S. economy, but Administration inaction on a positive defense of the dollar — which would center on a hookup between the U.S. and the emerging European Monetary System — has left the door open for another Aug. 15, 1971 "shockwave."

In a recent interview with press representatives from American labor organizations, Carter said that he would not look to mandatory wage-price controls "unless our nation faces a very serious emergency or crisis." Such as that created by tthe continuing London-orchestrated run against the U.S. currency, perhaps? Given an "emergency or crisis" like that, Carter's "philosophical" opposition to mandatory controls would dissolve.

Further in the interview, Carter made the serious blunder of not dissociating himself from the recessionary high-interest rate policy of Miller at the Fed. "I don't believe that the present Chairman of the Federal Reserve has any substantial difference in philosophy from my own about the proper balancing of inflation control and keeping full employment in our country," Carter said.

Bosworth's Comeback

Equally ominous, the new task force which is formulating the next phase of the "anti-inflation" fight is headed up by Barry Bosworth, director of the Council on Wage and Price Stability. Bosworth had been censured by Carter earlier in the summer for his confrontationist approach to the U.S. trade union movement—playing the complementary role to UAW president Doug Fraser who is predicting "class war."

Bosworth was supplanted by Special Trade Negotiator Robert Strauss as the Administration's chief inflation watcher, but has continued to make provocative statements without White House clearance. Last month he attacked the Teamsters in a speech before the trucking industry's bargaining group and threatened government intervention in the upcoming contract negotiations. His political resurgence in the new task force indicates its coloration.

The overall scenario for dollar collapse laid out in a recent document being circulated by the Bank of England was reiterated in the Aug. 28 issue of the *Investment Index* published in Zurich. Nothing the U.S. does will stop the fall of the dollar, according to *Investment Index.* The U.S. government is unwilling to adopt strong anti-inflationary policies; the American trade balance will continue sharply negative whether or not oil imports are reduced; foreign central banks are no longer willing to support the dollar; etc. Prompting a massive run out of the dollar, *Investment Index* asks, "Will the oil producers wake up?"

The *Investment Index* was started in 1962 by the German-born Baron von Plettenberg, a friend of Otto von Hapsburg, and one Romolo Honegger. Honegger published the newsletter after the two split up several years ago. It isn't hard to see who the dollar's enemies are. According to *Investment Index:*

> Regardless of whether the U.S. government tries to reverse the decline of the U.S. dollar against other major currencies by such lightweight measures as a one-half percent increase in the discount rate, the weakness of the U.S. dollar is likely to resume . . .
>
> Assuming that before the current supercycle, which started in 1929, ends in a worldwide economic collapse, a period of "muddling through" will take place (before a "New Dollar," a split into a trade and finance dollar), some foreign investors (such as the oil producers) may realize that their only way of exchanging their dollars for real value will be investment in U.S. assets (including shares, although these are not a real inflation hedge) which, measured in other currencies, are becoming cheaper by the day . . .
>
> In the end, trust in all paper currencies will be lost, including in the DM, these having been undermined by the constant float of excess dollars taken up for years by central banks as ever decreasing monetary "reserves."

Incomes Policy Won't Work

An August 1978 study by Alice Roth and Andre Sharon at Drexel Burnham Lambert warns against the imposition of wage-price controls, demonstrating conclusively that they won't work. The study reviews the miserable experience of the incomes policies in the

Who Will Save The U.S. Economy From The Bank Of England?

Further investigation has revealed that the report now being circulated by the Bank of England entitled the "Growing Structural Vulnerability of the U.S. Dollar" (see last issue of the *Executive Intelligence Review*) was actually written by a still unidentified economist at a U.S. bank in collaboration with the Cambridge Economic Research Group. This accounts for some of the report's Americanisms, and it also serves to underline the threat to the U.S. economy and sovereignty from within.

Circulation of the report to business leaders and public officials has elicited appropriately concerned responses. One Federal Reserve official commented, "If the Bank of England is doing this with the dollar, it's a national security issue." A staffer at the Council of Economic Advisors said it was "totally inappropriate for a central bank to circulate the report" and that the report was "totally inaccurate." Washington sources indicate that the House Banking Committee sent a formal request to the Treasury for a copy of the document, much to the distress of certain members of the Treasury Department.