Dollar Collapse Signalling Worst Depression in History

NEW YORK, Feb. 22 (IPS) — With the threatened dissolution of its major prop, Rockefeller's Arab oil producers' cartel (OPEC), the U.S. dollar this week entered the terminal phase of collapse. The imminent drastic drop in the price of oil — to its acknowledged current market value of approximately $1 per barrel — will definitely seal the fate of the "wastepaper" currency, instantly plunging the world economy one giant step further into the worst Depression crisis in world history.

Seeing the handwriting on the wall, European capitalists, Latin American banana republics and Arab sheiks alike are scrambling to cut themselves loose from the dollar, hoping thereby to protect themselves from inevitable economic chaos as the linchpin of world trade and finance gives way.

Underlying this new phase in the ratchet collapse of the Dollar Empire is a grim and horrifying reality: Since October, 1974 industrial production in the United States alone has contracted at an annual rate of 40 per cent — a rate of industrial collapse that already outpaces that of the disastrous 1929-1933 Depression years.

Since Rockefeller's October Revolution — the quadrupling of oil prices in the fall of 1973 otherwise known as the Great Oil Hoax — the oil price weapon wielded by Standard Oil's frontmen in the Middle East has provided the Rockefeller faction with a means of looting real income — the equivalent of 2-3 per cent of the world working class's wage bill — to re-finance the collective debts of the world financial structure. The sheikhdoms' $60 billion in surplus oil revenues last year, funneled into the international banking system or to governments and private corporations, papered over the gaping fissures in the world payments structure, even as production was slashed worldwide in a desperate capitalist cost-cutting spree. Further, the $15 per barrel price of oil promised the Rockefeller gang a healthy return — that is, a new accelerated round of looting — on the Rockefeller slave-labor "energy development" projects.

After a year of steadily contracting industrial production and the gutting of working class incomes, the accumulated glut of oil — if the factories aren't running who needs oil? — now threatens the carefully rigged oil price mechanism that was the dollar's last claim to loot, the sine qua non of a viable capitalist credit instrument.

If the price of oil falls to $1 per barrel, the total volume of oil revenues will fall to $10 billion. The oil-exporting countries would be immediately forced to withdraw approximately $30 to $40 billion in previously "surplus" petrodollar deposits from the international dollar market just to pay current bills. Amounting to more than one-sixth of total "Eurodollar" funds, this would bankrupt the Eurodollar market, the world's chief lending pool, overnight — fatally detonating the entire international monetary system.

Panicked recognition of just this fact was reflected this week in the foreign exchange markets where despite heavy support operations by the U.S. Federal Reserve, the dollar continued its month-long plunge into obscurity, registering a record low again yesterday against the Swiss franc and a 15-month low against the French franc. Italian press reports indicated that major financiers in London "linked to the Arab world" were converting substantial quantities of dollars into "especially deutschmarks" — with the lawful consequence that the dollar fell a full percentage point against the West Germany currency!

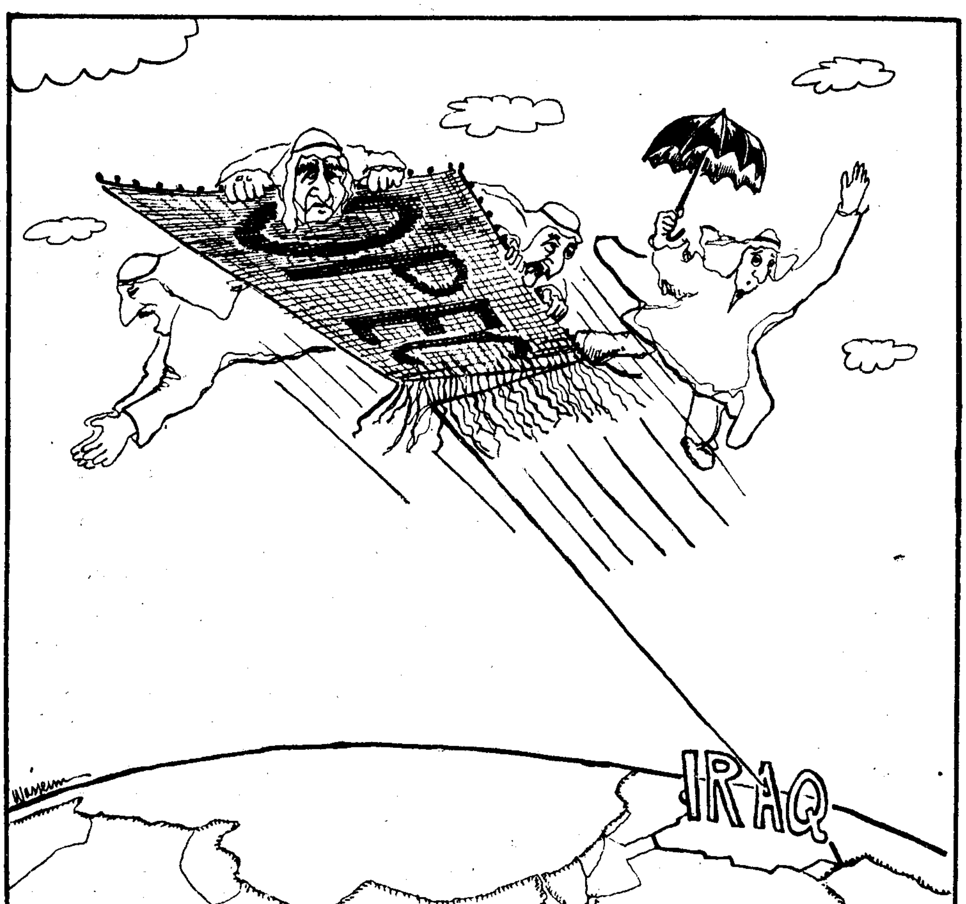
According to foreign exchange traders contacted by IPS, this stepped-up round of dollar dumping was occasioned by the news of Algeria and Iraq's call for oil payments to be made in currencies other than the dollar. Still, as this newspaper reported last week, Washington is maintaining an official silence on the U.S. currency bust with Treasury spokesmen denying that anything would be done about the dollar.

The most dramatic display of breakaway came this week from Rockefeller's own private haven, Latin America. Desperately attempting to get some "independent" footing from which to weather the dollar collapse, Venezuelan and Colombian finance ministers in a Feb. 15 meeting proposed the creation of an "Andean Compensation System" to serve as a clearing-trade, circumventing the usual mediation of Rockefeller's New York banks, but based at least in part on Venezuela's own soon-to-be-worthless petrodollars!

However, like the schemes for a continental "basket of currencies" newly-revived by French Finance Minister Fourcade and now circulating among panic-stricken European banking circles, such "survival" gimmicks are meaningless pipe-dreams in the face of the full-scale rout of production and trade. Not only will the dollar collapse shortly wipe out every currency based on it — and that means every currency in the world with the sole exception of the Soviet bloc's Ruble — but since world trade is carried out in dollars, swift and massive devaluation as a result of the oil price collapse will immediately shut down that most elementary feature of economic activity, sending production into a final nosedive.

The only way to stave off the economic and ecological holocaust that will otherwise inevitably accompany the death throes of the dollar empire is the immediate collaboration of European, Latin American, oil-producing and other Third World governments with the international working class movement to restart useful production on the basis of a Euro-Ruble trade bloc guided by the requirements for expanded world food production.

There is not a moment to lose. Right now there is no one anywhere in the world, save Rockefeller himself, his chief goon Henry Kissinger, their Domestic Council and assorted mindless lackeys in the U.S. State Department and Treasury, who seriously believes that the price of oil can be kept at the present price of $15 per barrel. Rockefeller and his henchmen are stupid and dangerous, as was clearly indicated in the State Department's response to Japan's negotiations this week with Abu Dhabi for oil at a mere 60 cents below the current extortionate price. At a meeting of the American-Japan society in Tokyo, William Culbert, minister for economic affairs of the U.S. embassy in Japan, addressed just such a "hypothetical" situation. "I think industrial country importers of Japanese goods would have to protect themselves against imports under-priced due to substantially different energy costs...we must prevent different energy costs and the acrimony this would entail," he told the gathering, in an open self-righteous threat of trade war.



Clearing the Air

